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IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered preliminary placement document of Sudarshan Chemical Industries Limited (the “**Company**”), dated January 23, 2025, in relation to the proposed qualified institutions placement of equity shares of face value ₹2 each (“**Equity Shares**”) by the Company filed with BSE Limited and National Stock Exchange of India Limited (the “**Stock Exchanges**”) (such document, the “**Preliminary Placement Document**”) attached to this e-mail, and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Preliminary Placement Document. In accessing the Preliminary Placement Document, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Preliminary Placement Document is confidential and subject to updating, completion, revision, verification, amendment and change without notice. None of IIFL Capital Services Limited (the “**Book Running Lead Manager**”) nor any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Preliminary Placement Document or their respective contents or otherwise arising in connection therewith. **You acknowledge that the Preliminary Placement Document is intended for use by you only and you agree not to forward it to any other person, internal or external to your company, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person.**

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THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE EQUITY SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS, AS DEFINED IN, AND IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”) AND THE APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES OCCUR. FOR A DESCRIPTION OF THE SELLING RESTRICTIONS IN CERTAIN OTHER JURISDICTIONS, SEE “SELLING RESTRICTIONS” ON OF THE PRELIMINARY PLACEMENT DOCUMENT. THE EQUITY SHARES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED IN “TRANSFER RESTRICTIONS” OF THE PRELIMINARY PLACEMENT DOCUMENT.

THE ATTACHED PRE-NUMBERED PRELIMINARY PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE

GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES DESCRIBED IN THE ATTACHED PRELIMINARY PLACEMENT DOCUMENT.

The Issue and the distribution of the Preliminary Placement Document is being done in reliance on Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder, each as amended (“**Companies Act**”). The Preliminary Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors, other than Eligible QIBs.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Confirmation of your Representation: You are accessing the attached Preliminary Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to the effect that: (1) (i) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States (including its territories or possessions, any state of the United States and the District of Columbia) and to the extent that you purchase the securities described in the attached Preliminary Placement Document, you will be doing so pursuant to Regulation S in “offshore transactions” (as defined in Regulation S); (2) the securities offered hereby have not been registered under the Securities Act; (3) that you consent to delivery of the attached Preliminary Placement Document and any amendments or supplements thereto by electronic transmission; (4) you are the intended recipient of the attached Preliminary Placement Document and are a “Qualified Institutional Buyer” as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws including FEMA and not excluded pursuant to Regulations 179(2)(b) of the SEBI ICDR Regulations and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, if any; (5) you are eligible to invest in India under applicable law, including the FEMA Non-Debt Rules, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India; (6) to the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size; (7) you are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Non-Debt Rules or a multilateral or bilateral development financial institution ; (8) You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the attached Preliminary Placement Document), and will honour such obligations; (9) you agree and acknowledge that if you are allotted more than 5% of the equity shares in the Issue, the Company shall be required to disclose your name and the number of equity shares allotted to you to the Stock Exchanges, and they will make the same available on their website and you consent to such disclosures; (10) that you consent to delivery of the attached Preliminary Placement Document and any amendments or supplements thereto by electronic transmission; and you are eligible to invest and hold the Equity Shares of the Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Non-Debt Rules.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Book Running Lead Manager to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute shall not constitute a “general solicitation” or “general advertising” (each as defined in Regulation D under the Securities Act) or “directed selling efforts” (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Preliminary Placement Document has been

delivered to you on the basis that you are a person into whose possession the attached Preliminary Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Preliminary Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Book Running Lead Manager or any affiliate of the Book Running Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Book Running Lead Manager or such affiliate on behalf of the Company in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under any applicable law, by or on behalf of either the Company or the Book Running Lead Manager to subscribe for or purchase any of the Equity Shares described in the attached Preliminary Placement Document.

THE PRELIMINARY PLACEMENT DOCUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS OR A STATEMENT IN LIEU OF PROSPECTUS WITH ANY REGISTRAR OF COMPANIES IN INDIA UNDER COMPANIES ACT AND IS NOT AND SHOULD NOT BE CONSTRUED AS AN OFFERING CIRCULAR, AN OFFERING MEMORANDUM, AN ADVERTISEMENT, AN OFFER OR AN OFFER DOCUMENT UNDER THE SEBI ICDR REGULATIONS, COMPANIES ACT OR ANY OTHER APPLICABLE LAW. FURTHER, NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OR AN INVITATION TO THE PUBLIC UNDER THE COMPANIES ACT, AS AMENDED, BY OR ON BEHALF OF THE COMPANY OR THE BOOK RUNNING LEAD MANAGER TO SUBSCRIBE FOR OR PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN. THE PRELIMINARY PLACEMENT DOCUMENT SHALL BE FILED AS A PRIVATE PLACEMENT OFFER LETTER WITH THE STOCK EXCHANGES. THE COMPANY SHALL ALSO MAKE THE REQUISITE FILINGS WITH THE REGISTRAR OF COMPANIES, GUJARAT AT AHMEDABAD, WITHIN THE PERIOD STIPULATED UNDER APPLICABLE LAW. THE PRELIMINARY PLACEMENT DOCUMENT HAS NOT BEEN AND WILL NOT BE REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE RESERVE BANK OF INDIA, ANY REGISTRAR OF COMPANIES IN INDIA OR ANY STOCK EXCHANGE IN INDIA. THE PRELIMINARY PLACEMENT DOCUMENT IS NOT AND SHOULD NOT BE CONSTRUED AS AN INVITATION, OFFER OR SALE OF ANY SECURITIES TO THE PUBLIC IN INDIA.

The Preliminary Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, Book Running Lead Manager or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Placement Document distributed to you in electronic format and the hard copy version available to you on request from the Book Running Lead Manager. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Preliminary Placement Document is intended only for use by the addressee named herein and may contain legally privileged and / or confidential information. If you are not the intended recipient of the attached Preliminary Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Preliminary Placement Document is strictly prohibited. If you have received the attached Preliminary Placement Document in error, please immediately notify the sender or the Book Running Lead Manager by reply email and destroy the email received and any printouts of it.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of the Book Running Lead Manager named herein, nor any person who controls them or any director, officer, employee or agent of them, or affiliate or associate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Actions That You May Not Take: You should not reply by e-mail to this document, and you may not purchase any of the Equity Shares described in the attached pre-numbered Preliminary Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD, DISTRIBUTE OR DELIVER THE ATTACHED PRELIMINARY PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR (2) REPRODUCE THE ATTACHED PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISSEMINATION, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Preliminary Placement Document attached hereto.



SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Registered and Corporate Office: 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411069, Maharashtra, India
Tel No.: +91-20-68281200; **Website:** www.sudarshan.com; **Email:** shares@sudarshan.com; **CIN:** L24119PN1951PLC008409

Sudarshan Chemical Industries Limited ("SCIL" or the "Issuer" or our "Company") was originally incorporated as "Sudarshan Chemical Industries Private Limited" on February 19, 1951, under the Indian Companies Act No. VII of 1913 with the Registrar of Companies, Maharashtra at Bombay. The name of our Company was subsequently changed to "Sudarshan Chemical Industries Limited" pursuant to approval of the shareholders vide special resolution, at its extraordinary general meeting held on December 31, 1974 and a certificate of change of name was issued by the Registrar of Companies, Maharashtra at Bombay on May 15, 1975 under the provisions of the Companies Act, 1956. For further details of brief history of our Company, see "General Information" on page 274.

Our Company is issuing up to [●] equity shares of face value of ₹ 2 each ("Equity Shares") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "Issue Price"), aggregating up to ₹ [●] lakhs (the "Issue"). For further details, see "Summary of the Issue" on page 41.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES MADE THEREUNDER, AS AMENDED (THE "COMPANIES ACT, 2013").

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "NSE") and the BSE Limited (the "BSE" and together with NSE, the "Stock Exchanges"). The closing prices of the outstanding Equity Shares on the NSE and the BSE as on January 22, 2025 were ₹ 1,112.45 and ₹ 1,112.30 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended (the "SEBI Listing Regulations") for listing of the Equity Shares to be issued pursuant to this Issue, from each of BSE and NSE on January 23, 2025. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTIONS 42 AND 62 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND OTHER RULES MADE THEREUNDER, AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

Except for this Preliminary Placement Document, the information on the website of our Company, our Subsidiaries, or any website directly or indirectly linked to our Company's website or the website of the Book Running Lead Manager (as defined hereinafter) and their affiliates or agents does not form part of this Preliminary Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the Registrar of Companies, Maharashtra at Pune ("RoC"), within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("SEBI"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Preliminary Placement Document is meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 52, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. (AS DEFINED HEREINAFTER) PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document and the Placement Document together with the Application Form and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "Issue Procedure" on page 219. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transaction" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, please see "Selling Restrictions" on page 237. Also see, "Purchaser Representations and Transfer Restrictions" on page 245 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Preliminary Placement Document is dated January 23, 2025

BOOK RUNNING LEAD MANAGER



IIFL CAPITAL SERVICES LIMITED (formerly known as IIFL Securities Limited)

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and our Subsidiaries (collectively, our “**Group**”) and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Group and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Group and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Group. There are no other facts in relation to our Group and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Group has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Group nor the IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*) (the “**Book Running Lead Manager**” or “**BRLM**”) has any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein, as applicable. This Preliminary Placement Document is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the particular securities described herein. The BRLM has not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Manager nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Manager and/or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Group and the Issue of the Equity Shares or distribution of this Preliminary Placement Document. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the Book Running Lead Manager or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person’s investigation of the accuracy of such information or such person’s investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Equity Shares issued pursuant to this Issue. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or by or on behalf of the Book Running Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Preliminary Placement Document and the issue of Equity Shares and the offering of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company nor will be taken and the Book Running Lead Manager that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Purchasers of the Equity Shares offered in this Issue will be deemed to make the representations, warranties, acknowledgements and agreements set forth in. For a description of the restrictions applicable to the offer, transfer and sale of the Equity Shares in the Issue in certain jurisdictions, see “**Selling Restrictions**” and “**Purchaser Representations and Transfer Restrictions**” on pages 237 and 245, respectively.

This Preliminary Placement Document does not purport to contain all the information that any Eligible QIB may require in order to make an investment decision in relation to the Equity Shares offered in the Issue. In making an investment decision, the prospective investors must rely on their own examination of our Group and the Equity Shares and the terms of this Issue, including merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, our Company and the Book Running Lead Manager are not making any representations to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality or suitability of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial advisor and/or legal advisor.

Each investor, subscriber, offeree or purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Sections 42 and 62 of the Companies Act, 2013 and Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and rules made thereunder, and is not prohibited by SEBI or any other statutory, regulatory or judicial authority, in India or any other jurisdiction from buying, selling or dealing in securities, including the Equity Shares or otherwise accessing the capital markets in India. Each investor, subscriber, offeree or purchaser of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

The information on our Company's website, viz, www.sudarshan.com or any website directly or indirectly linked to our Company or on the website of the Book Running Lead Manager or any of their respective affiliates, does not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites. This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

Our Company does not undertake to update the Preliminary Placement Document to reflect subsequent events after the date of the Preliminary Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with our Company. Neither the delivery of this Preliminary Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

Our Company and the Book Running Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of the Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereinafter) and the QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations (as defined hereinafter) and other applicable laws, rules, regulations, guidelines and circulars.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN THE UNITED STATES AND U.S. PERSONS

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States

regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, please see “***Selling Restrictions***” on page 237. Also see, “***Purchaser Representations and Transfer Restrictions***” on page 245 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

NOTICE TO INVESTORS IN CERTAIN JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see “***Selling Restrictions***” and “***Purchaser Representations and Transfer Restrictions***” on pages 237 and 245, respectively.

REPRESENTATIONS BY INVESTORS

All references herein to “you” or “your” in this section are to the prospective investors in this Issue. By bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to sections set forth in “**Notice to Investors**”, “**Selling Restrictions**” and “**Purchaser Representations and Transfer Restrictions**” on pages 1, 237 and 245, respectively, and to have represented, warranted, acknowledged to and agreed with our Company and the Book Running Lead Manager, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Group which is not set forth in this Preliminary Placement Document;
- You are a “**Qualified Institutional Buyer**” (“QIB”) as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with all requirements under SEBI ICDR Regulations, the Companies Act, and all other applicable laws in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;
- You are eligible to invest in India under applicable laws, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;
- If you are not a resident of India, but a QIB, you are an Eligible FPI (as defined hereinafter) (and are not an individual, corporate body or a family office), having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the SEBI FPI Regulations, FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI (as defined hereinunder). You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;
- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI (as defined hereinafter), subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI.
- You will provide the information as required under the provisions of the Companies Act, 2013, the PAS Rules and applicable SEBI ICDR Regulations and rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, see “**Selling Restrictions**” and “**Purchaser Representations and Transfer Restrictions**” on pages 237 and 245, respectively;
- You are eligible to invest in and hold the Equity Shares of our Company in accordance with the Consolidated FDI Policy, read along with the press note no. 3 (2020 Series) dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign investments can only be made through the Government approval route, as prescribed in the FEMA Regulations;
- You are aware that this Preliminary Placement Document and the Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed, verified or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs. The Preliminary Placement Document has been filed (and the Placement Document shall be filed) with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;
- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;
- You are aware that, our Company, the Book Running Lead Manager or any of its respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions that you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Manager. The Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in a fiduciary capacity;
- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the “**Company Presentations**”) with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;
- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made on the basis of any information, which is not set forth in this Preliminary Placement Document;
- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association (as defined hereinafter) and Articles of Association (as defined hereinafter) of our Company and will be credited as fully paid and will rank pari passu in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared.
- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company, or our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Group will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company nor the Book Running Lead Manager or any of its respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;
- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category other than Eligible QIBs and the Allotment of the same shall be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;
- You are aware that in terms of the requirements of the Companies Act upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document, as applicable. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;
- You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;
- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety; including, in particular, "**Risk Factors**" on page 52.
- In making your investment decision, you have (i) relied on your own examination of the Company, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue based on information as is publicly available, and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;
- Neither our Company nor the Book Running Lead Manager nor any of its respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Manager or their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;
- If you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;
- You are not a “promoter” (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to any of our Promoters, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any of our ‘Promoters’, or members of our ‘Promoter Group’ (as defined under the SEBI ICDR Regulations) or persons or entities related thereto;
- You have no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on our Board (as defined hereinafter), other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares. (A QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);
- You agree that in terms of Section 42(7) of the Companies Act and Rule 14 of the PAS Rules, we shall file the list of Eligible QIBs (to whom this Preliminary Placement Document will be circulated) along with other particulars including your name, complete address, phone number, e-mail address, permanent account number and bank account details, including such other details as may be prescribed or otherwise required even after the closure of the Issue with the RoC and SEBI within 30 days of circulation of this Preliminary Placement Document and other filings required under the Companies Act;
- You will have no right to withdraw your Bid or revise your Bid downwards after the Bid/Issue Closing Date (as defined hereinafter);
- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible, as per any applicable law;
- The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance, if any with all other applicable provisions of the SEBI Takeover Regulations;
- Your aggregate equity shareholding in our Company, together with other Eligible QIBs that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation;
 - (i) Eligible QIBs “belonging to the same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise

control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

(ii) ‘Control’ shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for such Equity Shares to be issued pursuant to this Issue, are issued by the Stock Exchanges;
- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Company nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;
- You are aware and understand that the Book Running Lead Manager has entered into a Placement Agreement with our Company, whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;
- You understand the contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Manager nor any person acting on its behalf or any of the counsel or advisors to the Issue has, or shall have, any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Manager or our Company or any other person, and neither the Book Running Lead Manager nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Book Running Lead Manager and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;
- You understand that the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations or warranties by us, whether to you or otherwise;
- You are able to purchase the Equity Shares in accordance with the restrictions described in “**Selling Restrictions**” on page 237 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in “**Selling Restrictions**” on page 237;
- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in “**Purchaser Representations and Transfer Restrictions**” on page 245 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in “**Purchaser Representations and Transfer Restrictions**” on page 245;
- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered

within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws;

- You are outside the United States, and you are subscribing for the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S, and are not our Company’s or the Book Running Lead Manager’s affiliate or a person acting on behalf of such an affiliate;
- You are not acquiring or subscribing for the Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act;
- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Pune, Maharashtra, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;
- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;
- You agree to indemnify and hold our Company, the Book Running Lead Manager and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;
- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;
- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;
- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with Consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and Rule 6 of the FEMA Rules;
- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Manager;
- You represent that you are not an affiliate of our Company or the Book Running Lead Manager or a person acting on behalf of such affiliate. However, affiliates of the BRLM, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see “*Offshore Derivative Instruments*” on page 10;
- Our Company, the Book Running Lead Manager, their respective affiliates, directors, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Manager; and
- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the Book Running Lead Manager, which is registered as a Category I FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as “**P-Notes**”), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with ‘know your client’ requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Such P-Notes can be issued subject to compliance with the KYC norms and such other conditions as specified by SEBI from time to time, including payment of applicable regulatory fee. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including without limitation any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control,) is not permitted to be 10% or above of our post-Issue paid-up Equity Share capital on a fully diluted basis (“**Investment Restrictions**”). The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the “**FPI Operational Guidelines**”), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the Investment Restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI investment and as a subscriber of P-Notes, these Investment Restrictions shall apply on the aggregate of the FPI and P-Notes positions held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the Consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the Book Running Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and does not constitute any obligations of or claims on the Book Running Lead Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own

financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Please also see “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” on pages 237 and 245, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;
2. warrant that the Equity Shares to be issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or
3. take any responsibility for the financial or other soundness of our Company, our Subsidiaries, our Promoters, our management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'Bidder', 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'our Company', 'Company', 'the Company' and the 'Issuer', are to Sudarshan Chemical Industries Limited and references to 'we', 'us', or 'our' are to our Company together with our Subsidiaries as well as at and during relevant fiscal/period on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

All the numbers in this Preliminary Placement Document have been presented in ₹ lakhs, unless stated otherwise. The amounts derived from financial statements included herein are presented in ₹ lakhs. Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parentheses represent negative figures.

In this Preliminary Placement Document, references to "Lakhs" represents "1,00,000", "million" represents "10 lakh" or "1,000,000", "Crore" represents "1,00,00,000" or "10 million" or "100 lakhs", and "billion" represents "1,000,000,000" or "1,000 million" or "100 Crore".

Page Numbers

Unless stated otherwise, all references to page numbers in this Preliminary Placement Document are to the page numbers of this Preliminary Placement Document.

Financial Data and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'fiscal' or 'FY' refer to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that particular year.

Our Company has published its Audited Consolidated Financial Statements for the Fiscal 2022, Fiscal 2023 and Fiscal 2024 in Indian Rupees in lakhs and the Unaudited Interim Condensed Consolidated Financial Statements as at and for the half-year ended September 30, 2024 in Indian Rupees in lakhs. As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

- Each of the audited consolidated financial statements of our Company and its Subsidiaries (collectively, the "Group") as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS"), as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India and other relevant provisions of the Companies Act (collectively, the "Audited Consolidated Financial Statements");

- Unaudited interim condensed consolidated financial statements of our Group for the half-year ended September 30, 2024, prepared in accordance with the Indian Accounting Standard 34 “Interim Financial Reporting” as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India (the “**Unaudited Interim Condensed Consolidated Financial Statements**”).

The consolidated financial statements as at and for the Financial Year ended March 31, 2024 and March 31, 2023, have been audited by S R B C & CO LLP, Chartered Accountants, our Statutory Auditors, on which they have issued audit reports dated May 17, 2024 and May 23, 2023, respectively. The consolidated financial statements as at and for the Financial Year ended March 31, 2022, have been audited by B S R & Associates LLP, Chartered Accountants, our Previous Statutory Auditors, on which they have issued audit report dated May 26, 2022. Additionally, review of the Unaudited Interim Condensed Consolidated Financial Statements has been carried out in accordance with the Standard on Review Engagements (SRE) 2410 by S R B C & CO LLP, Chartered Accountants, our Statutory Auditors, on which they have issued their review report dated January 23, 2025. The Audited Consolidated Financial Statements should be read along with the respective audit reports, the Unaudited Interim Condensed Consolidated Financial Statements should be read along with the corresponding review report. Further, our Unaudited Interim Condensed Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information provided as at and for the Fiscal Year 2024, 2023 and 2022 included in this Preliminary Placement Document have been derived from the Audited Consolidated Financial Statements. Further, except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as at and for the half-year ended September 30, 2024, included in this Preliminary Placement Document has been derived from the Unaudited Interim Condensed Consolidated Financial Statements.

Our Company prepares its annual financial statements in accordance with Ind AS and interim condensed financial statements in accordance with Indian Accounting Standard 34 “Interim Financial Reporting” as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. (“**U.S. GAAP**”) or International Financial Reporting Standards (“**IFRS**”). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Financial Information to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader’s familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision. Please see, “*Risk Factors – Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Preliminary Placement Document*” on page 86.

Our Statutory Auditors and our Previous Statutory Auditors have provided no assurance or services related to any prospective financial information in this Preliminary Placement Document.

The information on our Company’s website shall not form a part of this Preliminary Placement Document.

Non-GAAP measures

We have included certain non-GAAP measures relating to our operations and financial performance such as, “Adjusted capital employed”, “Adjusted EBIT”, “Adjusted EBITDA”, “Adjusted EBITDA Margin”, “Adjusted interest service coverage ratio”, “Adjusted profit for the period / year”, “Adjusted profit for the period / year Margin”, “Adjusted return on capital employed”, “Adjusted return on equity”, “Adjusted working capital”, “Earnings available for interest service”, “EBIT”, “EBITDA”, “Finance costs (gross)”, “Net borrowings”, “Net borrowings to Adjusted EBITDA ratio”, “Net borrowings to equity ratio”, “Profit before exceptional items and tax Margin”, “Profit before tax Margin”, “Working capital” and “Working capital turnover ratio” (together, “**Non-GAAP Measures**” and each, a “**Non-GAAP Measure**”) in this Preliminary Placement Document. For details of

these Non-GAAP Measures, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations –Non-GAAP Measures Reconciliation*” on page 136. These Non-GAAP Measures are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP.

We compute and disclose such Non-GAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the Company’s businesses, many of which provide such Non-GAAP Measures and other statistical and operational information as part of their financial reporting. However, note that these Non-GAAP Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. Other companies may calculate these Non-GAAP Measures differently from us, limiting their usefulness as a comparative measure. The presentation of these Non-GAAP Measures is not intended to be considered in isolation or as a substitute for the financial information included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial information included in “*Financial Information*” and “*Risk Factors- We have in this Preliminary Placement Document included certain Non-GAAP Measures that may vary from any standard methodology that is applicable across the pigment industry and may not be comparable with financial information of similar nomenclature computed and presented by other companies*” on pages 276 and 83, respectively.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations and analysts and on data from other external sources, and on our knowledge of markets in which we compete.

Unless the context otherwise requires, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled “*Chemicals and Pigment Industry report*” prepared by Lattice Technologies Private Limited dated January 14, 2025 (“**One Lattice Report**”). This information is subject to change and cannot be verified with complete certainty due to limitations on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey.

This data is subject to change and cannot be verified with complete certainty due to limitations on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “**Risk Factors – Certain sections of this Preliminary Placement Document contain information from the One Lattice Report which we commissioned and purchased and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.**” on page 83.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled “*Business*”, “*Risk Factors*”, “*Management’s Discussions and Analysis of Results of Operations and Financial Condition*” and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the One Lattice Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends solely on the reader’s familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Book Running Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute forward-looking statements. The prospective investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “estimate”, “expect”, “goal”, “intend”, “may”, “will”, “plan”, “objective”, “potential”, “project”, “pursue”, “seek to”, “shall”, “should”, “will”, “would”, “will likely result”, “will continue”, “will pursue”, “will achieve”, “is likely” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements, among others include:

- Our ability to complete the acquisition of the global pigment business operations of the Heubach Group pursuant to the purchase and transfer agreement and a sale and purchase agreement, each dated October 11, 2024, which are subject to customary closing conditions and regulatory approvals. We may not be able to achieve the expected benefits from our acquisition of the Heubach Group, or other future acquisitions, which could materially or adversely affect our business, results of operations, cash flows and financial condition.
- Our ability to continue to undertake strategic investments and acquisitions in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial condition and result of operations.
- Our dependency on our revenue from operations outside of India. Our revenue by location of customers outside of India was 50.62% and 42.05%, respectively, of our revenue from operations in the half-year ended September 30, 2024 and in Fiscal 2024. The demand of our products outside India is subject to international market conditions and foreign regulatory risks that could adversely affect our business, results of operations, cash flows and financial condition.
- Our dependency on the availability and cost of our raw materials and we are dependent on third party suppliers for meeting our raw material requirements which are on purchase order basis. Any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations, cash flows and financial condition.
- During the half-year ended September 30, 2024 and in Fiscal 2024, we derived more than 9.00 % of our revenue from operations from our top three customers, with our single largest customer contributing more than 4.50%, of our revenue from operations in these periods. Loss of any of these customers or a reduction

in purchases by any of them could adversely affect our business, results of operations, cash flows and financial condition.

- Our customers are primarily Indian, international and multi-national companies engaged in diverse end-user industries, including paints, plastics, inks and cosmetics. Any adverse changes in these sectors or any other sector in which our large customers operate could adversely impact our business, results of operations, cash flows and financial condition.
- We rely on our distributors and channel partners for the distribution of our pigment products. A termination of our distribution arrangements or if our distributors or channel partners do not effectively sell or market our products, our business, results of operations, cash flows and financial condition may be adversely affected.
- Our pigment manufacturing facilities are concentrated in the Raigad district of Maharashtra. Any significant social, political, economic or seasonal disruption, natural calamities or civil disruptions in Maharashtra could have an adverse effect on our business, results of operations, cash flows and financial condition

Additional factors that could cause our actual results, performance or achievements of our Company to differ include, but are not limited to, those discussed under the sections “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*” and on pages 52, 112, 160 and 177, respectively.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither our Company nor any of the Book Running Lead Manager nor any of their respective affiliates undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, our actual results of operations or cash flows or financial condition of our Group could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company and the Book Running Lead Manager will ensure that the Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company, limited by shares incorporated under the laws of India. All of our Directors and Key Managerial Personnel and members of Senior Management named in this Preliminary Placement Document are residents of India and majority of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A, respectively, of the Civil Procedure Code (as defined hereinafter), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

1. where the judgment has not been pronounced by a court of competent jurisdiction;
2. where the judgment has not been given on the merits of the case;
3. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;
4. where the proceedings in which the judgment was obtained were opposed to natural justice;
5. where the judgment has been obtained by fraud; and
6. where the judgment sustains a claim founded on a breach of any law then in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards (even if such an award is enforceable as a decree or a judgement). The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code as mentioned above.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally, and any such amount may be subject

to income tax pursuant to execution of such a judgment in accordance with applicable laws. It is unlikely that an Indian court would enforce foreign judgments that would be contrary to or in violation of Indian law. Our Company and the Book Running Lead Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), for the years / periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (“**FBIL**”), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts, could have been, or could be, converted into U.S. dollars or any other exchange rates at any particular rate, the rates stated below, or at all.

(₹ per US\$)				
Period	Period end ⁽¹⁾	Average ⁽²⁾	High ⁽³⁾	Low ⁽⁴⁾
Fiscal ended:				
March 31, 2024	83.37	82.79	83.40	81.65
March 31, 2023	82.22	80.39	83.20	75.39
March 31, 2022	75.81	74.51	76.92	72.48
Month ended:				
December 31, 2024	85.62	84.99	85.62	84.66
November 30, 2024	84.50	84.36	84.50	84.11
October 31, 2024	84.09	84.03	84.09	83.81
September 30, 2024	83.79	83.81	83.98	83.49
August 31, 2024	83.87	83.90	83.97	83.73
July 31, 2024	83.74	83.59	83.74	83.40

Source: www.rbi.org.in and www.fbil.org.in, as applicable.

Period end, high, low and average rates are based on the FBIL reference rates and rounded off to two decimal places. The RBI reference rates are rounded off to two decimal places.

Notes:

1. The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.
2. Average of the official rate for each Working Day of the relevant period.
3. Maximum of the official rate for each Working Day of the relevant period.
4. Minimum of the official rate for each Working Day of the relevant period.

In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further, any references to any statute, rules, guidelines, regulations, agreement, document or policies shall include amendments thereto, from time to time

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section “*Statement of Possible Tax Benefits*”, “*Industry Overview*”, “*Financial Information*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Legal Proceedings*” beginning on pages 256, 160, 276, 112 and 268, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
“Issuer”, “SCIL”, “Company”, “Our Company”, “the Company”	Unless the context otherwise indicates or requires, refers to Sudarshan Chemical Industries Limited, a limited company incorporated under the Companies Act, 1913 having its registered and corporate office at 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411069, Maharashtra, India.
“we”, “us” or “our” or “Group”	Unless the context otherwise indicates or requires, refers to our Company together with our Subsidiaries, on consolidated basis.

Company related terms

Term	Description
Articles or Articles of Association	Articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board of Directors, as disclosed in “ Board of Directors and Senior Management- Committees of the Board of Directors ” on page 206.
Audited Consolidated Financial Statements	Collectively Fiscal 2024 Audited Consolidated Financial Statements, Fiscal 2023, Audited Consolidated Financial Statements and Fiscal 2022 Audited Consolidated Financial Statements.
Auditors / Statutory Auditors	The current statutory auditors of our Company namely S R B C & CO LLP, Chartered Accountants.
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof.
Chief Financial Officer / CFO	The chief financial officer of our Company, being Nilkanth Natu.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Mandar Velankar.
CSR Committee	The corporate social responsibility committee of our Board, as disclosed in “ Board of Directors and Senior Management - Committees of the Board of Directors ” on page 206.
Director(s)	The director(s) on the Board of our Company, as may be appointed from time to time.
Equity Share(s)	The equity shares of our Company of face value of ₹ 2 each.
Fiscal 2022 Audited Consolidated Financial Statements	The audited consolidated financial statements as at and for the Financial Year ended March 31, 2022, comprising the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity, for the year ended March 31,

Term	Description
	2022, read along with the notes thereto including a summary of significant accounting policies and other explanatory information of our Company and its Subsidiaries (collectively, the “ Group ”), prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act.
Fiscal 2023 Audited Consolidated Financial Statements	The audited consolidated financial statements as at and for the Financial Year ended March 31, 2023, comprising the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity, for the year ended March 31, 2023, read along with the notes thereto including a summary of significant accounting policies and other explanatory information of our Company and its Subsidiaries (collectively, the “ Group ”), prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act.
Fiscal 2024 Audited Consolidated Financial Statements	The audited consolidated financial statements as at and for the Financial Year ended March 31, 2024, comprising the consolidated balance sheet as at March 31, 2024, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flow and the consolidated statement of changes in equity, for the year ended March 31, 2024, read along with the notes thereto including a summary of material accounting policies and other explanatory information of our Company and its Subsidiaries (collectively, the “ Group ”), prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act.
Heubach Group	Heubach group includes Heubach Holding Switzerland AG along with its subsidiaries, Heubach Holding S.a.r.l. along with its subsidiaries and companies under insolvency administrator namely (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH (c) Dr. Hans Heubach GmbH (d) Heubach Group GmbH.
Independent Director(s)	The independent Director(s) of our Company as per section 2(47) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations, being Shubhalakshmi Panse, Naresh T. Raisinghani, Bhumiika Batra, Sudha Pravin Navandar and Anu Arun Wakhlu
Insured Assets	Insured Assets is calculated as the sum of Gross block of Property, plant and equipment, Current assets – Inventories reduced by Gross block of Freehold land.
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in “ <i>Board of Directors and Senior Management- Key Managerial Personnel</i> ” on page 207
Managing Director	The managing director of our Company, being Rajesh Balkrishna Rathi
Material Subsidiaries	The material subsidiaries, as per SEBI Listing Regulations, of our Company, namely, Sudarshan Europe B.V and RIECO Industries Limited
Memorandum or Memorandum of Association	Memorandum of association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee constituted by our Board of Directors.
Non-Executive Director(s)	Non-executive directors of our Company, unless otherwise specified
One Lattice	Lattice Technologies Private Limited appointed by our Company pursuant to the engagement letter dated November 08, 2024

Term	Description
One Lattice Report	Report titled “ <i>Chemicals and Pigment Industry report</i> ” dated January 14, 2025 issued by Lattice Technologies Private Limited and commissioned by our Company for an agreed fee exclusively in connection with the Issue
Previous Statutory Auditors	Previous statutory auditors of our Company namely B S R & Associates LLP, Chartered Accountants
Promoters	The promoters of our Company in terms of SEBI ICDR Regulations and the Companies Act, being Pradeep Ramwilas Rathi and Rajesh Balkrishna Rathi
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Proposed Acquisition	Proposed Acquisition is the proposal by our Company to acquire Heubach Group through its Material Subsidiary Sudarshan Europe B.V.
“Registrar of Companies”/ “RoC”	The Registrar of Companies, Maharashtra at Pune
Registered and Corporate Office	The registered and corporate office of our Company located at 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411069, Maharashtra, India
Risk Management Committee	The risk management committee constituted by our Board of Directors
Senior Management	Senior management of our Company as determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in “ <i>Board of Directors and Senior Management</i> ” on page 200
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time.
SPA	Sale and Purchase Agreement dated October 11, 2024 with SK Neptune Husky Finance S.à.r.l for the acquisition of entire shareholding in Heubach Holdings S.a.r.l
PTA	Purchase and Transfer Agreement dated October 11, 2024 entered our Company along with Sudarshan Europe B.V. with the Attorney Dr. Andreas Kleinschmidt, (“ Administrator ”), acting in his capacity as insolvency administrator over the assets of (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH (c) Dr. Hans Heubach GmbH, and, with the consent of the Administrator in his capacity as creditors’ trustee of, Heubach Group GmbH
Stakeholders Relationship Committee	The stakeholders relationship committee constituted by our Board of Directors
Subsidiaries	The subsidiaries/ step-down subsidiaries of our Company in accordance with the Companies Act, 2013 as on the date of this Preliminary Placement Document, as described in “Organisational Structure” on page 217. For the purpose of financial information, the term ‘Subsidiary’ shall mean our Subsidiaries as at and during the relevant Fiscal/ period. The term “Subsidiary”/ “Subsidiaries”/ “Step-down Subsidiaries” shall be construed accordingly.
Sudarshan ESOP 2018	Sudarshan Employee Stock Option Plan 2018
Total borrowings	Total borrowings as the sum of Non-current liabilities - Borrowings and Current liabilities - Borrowings
Unaudited Interim Condensed Consolidated Financial Statements	The unaudited interim condensed consolidated financial statements of our Company and its subsidiaries (collectively, the “Group”) as at and for the half-year ended September 30, 2024, prepared in accordance with Indian Accounting Standard 34 “Interim Financial Reporting” as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India
Whole-time Director	Whole-time Director on our Board, i.e. Ashish Vij

Issue related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares by our Company, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in consultation with the Book Running Lead Manager and in compliance with Chapter VI of the SEBI ICDR Regulations.
Allot/ Allotment/ Allotted	Unless, the context otherwise requires, allotment of Equity Shares to be issued pursuant to the Issue.
Allottees	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue.
Application Amount	The aggregate amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form.
Application Form	The form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Bid/ Issue Period. An indicative format of such form is set forth in “Sample Application Form” beginning on page 567.
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by a Bidder and payable by the Bidder in the Issue at the time of submission of the Application Form.
Bid(s)	Indication of an Eligible QIB’s interest, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares, pursuant to the Issue. The term “Bidding” shall be construed accordingly.
Bid/ Issue Closing Date	[●] 2025, the date after which our Company (or the Book Running Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount.
Bid/ Issue Opening Date	January 23, 2025, the date on which our Company (or the Book Running Lead Manager on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount.
Bid/ Issue Period	Period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids including any revision and/or modifications thereof.
Bidder(s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form.
Book Running Lead Manager/ BRLM	IIFL Capital Services Limited (<i>formerly known as IIFL Securities Limited</i>)
CAN/ Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and shall include details of amount to be refunded, if any, to such Bidders.
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●], 2025.
Designated Date	The date of credit of Equity Shares, pursuant to the Issue, to the Allottee’s demat account, as applicable to the respective Allottee.
Eligible FPIs	FPIs that are eligible to participate in the Issue in terms of applicable law, other than individuals, corporate bodies and family offices.
Eligible QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under applicable law. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in “offshore transactions”, as defined

Term	Description
	in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made.
Escrow Agent/ Escrow Bank	Standard Chartered Bank
Escrow Agreement	Agreement dated January 23, 2025 entered into amongst our Company, the Escrow Agent and the Book Running Lead Manager for collection of the Application Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders in relation to the Issue.
Escrow Account	Special non-interest bearing, no-lien, escrow bank account without any cheques or overdraft facilities, opened with the Escrow Agent by our Company in the name and style of “ <i>Sudarshan Chemical Industries Limited QIP Escrow Account 2024-25</i> ” subject to the terms of the Escrow Agreement, into which the Application Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted, as set out in the Application Form.
Floor Price	The floor price of ₹ 1,107.89 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders of our Company accorded through their special resolution passed by way of postal ballot on November 30, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company pursuant to this Issue
Issue	The offer, issue and allotment of [●] Equity Shares at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating ₹ [●] lakhs to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of Companies Act, 2013 and the rules made thereunder.
Issue Price	₹ [●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹ [●] lakhs.
Listing Agreement(s)	The agreement entered into by our Company with each of the Stock Exchanges in relation to Equity Shares listed on each of the Stock Exchanges
Monitoring Agency	CRISIL Ratings Limited, being a credit rating agency registered with SEBI, appointed by our Company in accordance with the provisions of the SEBI ICDR Regulations
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue.
Placement Agreement	Agreement dated January 23, 2025 entered into amongst our Company and the Book Running Lead Manager.
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
Preliminary Placement Document	This preliminary placement document cum application form dated January 23, 2025 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and other applicable sections of the Companies Act, 2013, read with applicable provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue.
Refund Intimation	The letter from the Company to relevant Bidders intimating them of the Refund Amount, if any, to be refunded to their respective bank accounts.

Term	Description
Regulation S	Regulation S under the U. S. Securities Act
Relevant Date	January 23, 2025, which is the date of the meeting of the Fund-Raising Committee of the Board, a committee duly authorised by our Board, deciding to open the Issue.
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Equity Shares pursuant to the Issue.
U.S. Securities Act	United States Securities Act of 1933, as amended
U.S. / U.S.A/ United States	United States of America, its territories and possessions, any State of the United States and the District of Columbia
Wilful Defaulter or Fraudulent Borrower	Means a person or an issuer who or which is categorized as wilful defaulter or a fraudulent borrower by any bank or financial institutions (as defined under the Companies Act, 2013) or consortium thereof, in terms of Regulation 2(1)(III) of SEBI ICDR Regulations.
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India or a trading day of the Stock Exchanges, as applicable.

Technical and Industry Related Terms

Terms	Description
AI	Artificial Intelligence
B	Billion
CY	Calendar year
CPDS	Chemical Promotion Development Scheme
CAGR	Compounded Annual Growth Rate
CPI	Consumer Price Index
Cr	Crore
DIY	Do it yourself
EU	European Union
FY	Fiscal Year
FDI	Foreign Direct Investment
GDP	Gross domestic product
GVA	Gross Value Added
INR	Indian National Rupee
IT	Information Technology
IMF	International Monetary Fund
L	Lakhs
PCPIRs	Petroleum, Chemical & Petrochemical Investment Regions
P	Predicted
PLI	Production-Linked Incentive
PPO	Public Procurement Order
R&D	Research and Development
RBI	Reserve Bank of India
T	Trillion
UV	Ultraviolet
UK	United Kingdom
US\$	United State Dollar
USA	United States of America
VOC	Volatile Organic Compounds
WEF	World Economic Forum

Conventional and General Terms/Abbreviations

Terms	Description
₹ / Rs. / Re./ Rupees / INR	Indian Rupee
AGM	Annual General Meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India, as required under the Companies Act.
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1913	The erstwhile Companies Act, 1913 along with the rules made thereunder.
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder.
Companies Act / Companies Act, 2013	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified.
Consolidated FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Government of India bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020.
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended.
Depository Participant/ DP	A depository participant as defined under the Depositories Act.
DP ID Number	Depository Participant Identification Number
DIN	Director Identification Number
EBIT	Earnings Before Interest and Tax
EGM	Extraordinary General Meeting
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ESG	Environment, social and governance
EPS	Earnings per share
FBIL	Financial Benchmark India Private Limited
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended and the Regulations issued thereunder.
FEMA Non-Debt Rules/ FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder.
Financial Year / Fiscal Year / Fiscal / FY	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year.
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI/ Foreign Portfolio Investor(s)	Foreign Portfolio Investors, as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended.
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GAAP	Generally accepted accounting principles
GBP	Great Britain Pound Sterling

Terms	Description
GDP	Gross domestic product
General Meeting	AGM or EGM
GoI / Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
Ind AS	Indian accounting standards as notified by the MCA pursuant to Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Income Tax Act / IT Act	The Income tax Act, 1961
Indian GAAP	Generally accepted accounting principles in India.
IRDAI	Insurance Regulatory and Development Authority of India
KYC	Know Your Customer
Lakh / Lac	Lakhs
MCA	Ministry of Corporate Affairs, GoI
Mn / mn	Million
N.A. / NA	Not Applicable
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NR / Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI.
Non-Resident Indian(s) / NRI	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, as amended.
NRO	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax / profit for the respective period / year
PBT	Profit before tax
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
S&P CNX NIFTY	Regional stock market index endorsed by Standard & Poor's which is composed of 50 of the largest and most liquid stocks found on the National Stock Exchange of India.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended

Terms	Description
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
STT	Securities Transaction Tax
TDS	Tax deducted at source
USA or U.S. or United States	The United States of America, its territories and possessions, any State of the United States and the District of Columbia
U.S. GAAP	Generally accepted accounting principles in the United States of America.
\$/ U.S.\$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America.
U.S. Securities Act / Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

Non-GAAP Measures related definitions

Terms	Description
Working capital	Working capital is calculated as Total Current assets as reduced by Total Current liabilities. Total Current assets is calculated as sum of Current assets -Inventories, Financial assets (Investments, Trade receivables, Cash and cash equivalents, Bank balances other than Cash and cash equivalents, Derivative instruments, Other financial assets) and Other current assets. Total Current liabilities is calculated as sum of financial liabilities (Borrowings, Lease liabilities, Trade payables - Dues to micro enterprises and small enterprises and Trade payables - Dues to other than micro enterprises and small enterprises, Derivative instruments, Other financial liabilities), Current liabilities - Provisions, Other current liabilities and Current tax liabilities (net). Working capital is a Non-GAAP measure. For a reconciliation of Working capital, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Adjusted working capital	Adjusted working capital is sum of Current assets Inventories and Current assets – Financial assets - Trade Receivables as reduced by Current liabilities – Financial liabilities - Trade payables - Dues to micro enterprises and small enterprises and Current liabilities – Financial liabilities - Trade payables - Dues to other than micro enterprises and small enterprises. Adjusted working capital is a Non-GAAP measure. For a reconciliation of Adjusted working capital, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Working capital turnover ratio	Working capital turnover ratio is calculated as Sale of goods and services divided by Working capital. Working capital turnover ratio is a Non-GAAP measure. For a reconciliation of Working capital turnover ratio, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136

Terms	Description
Net borrowings	Net borrowings is calculated as Total borrowings reduced by Current assets - Cash and cash equivalents and Current assets - Investments. Net borrowings is a Non-GAAP measure. For a reconciliation of Net borrowings, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Net borrowings to equity ratio	Net borrowings to equity ratio is calculated by dividing Net borrowings with Total equity. Net borrowings to equity ratio is a Non-GAAP measure. For a reconciliation of Net borrowings to equity ratio, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Adjusted capital employed	Adjusted capital employed is calculated as the sum of Total equity, Total borrowings, and Deferred tax liabilities (net) which is reduced by Goodwill, Intangible assets, Intangible assets under development and Right-of-use assets (wherever applicable). Adjusted capital employed is a Non-GAAP measure. For a reconciliation of Adjusted capital employed to equity ratio, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Adjusted profit for the period / year	Adjusted profit for the period / year is the sum of Profit for the period / year and Tax on Exceptional item and adjusted by Exceptional Items gain / (loss). Adjusted profit for the period / year is a Non-GAAP measure. For a reconciliation of Adjusted profit for the period / year, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Adjusted profit for the period / year Margin	Adjusted profit for the period / year Margin is calculated by dividing Adjusted profit for the period / year with Revenue from operations. Adjusted profit for the period / year Margin is a Non-GAAP measure. For a reconciliation of Adjusted profit for the period / year Margin, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
EBITDA	EBITDA is the sum of Profit for the period / year, Total tax expense, Finance costs, and Depreciation and amortisation expense. EBITDA is a Non-GAAP measure. For a reconciliation of EBITDA, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Adjusted EBITDA	Adjusted EBITDA is calculated as EBITDA adjusted by Other income and Exceptional Items gain / (loss). Adjusted EBITDA is a Non-GAAP measure. For a reconciliation of Adjusted EBITDA, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Adjusted EBITDA Margin	Adjusted EBITDA Margin is computed as Adjusted EBITDA divided by Revenue from operations. Adjusted EBITDA Margin is a Non-GAAP measure. For a reconciliation of Adjusted EBITDA Margin, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136

Terms	Description
Net borrowings to Adjusted EBITDA ratio	Net borrowings to Adjusted EBITDA ratio is calculated by dividing Net borrowings with Adjusted EBITDA. Net borrowings to Adjusted EBITDA ratio is a Non-GAAP measure. For a reconciliation of Net borrowings to Adjusted EBITDA ratio, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
EBIT	EBIT is calculated as the sum of Profit for the period / year, Total tax expense, and Finance costs. EBIT is a Non-GAAP measure. For a reconciliation of EBIT, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Adjusted EBIT	Adjusted EBIT is calculated as EBIT adjusted by Exceptional Items gain / (loss). Adjusted EBIT is a Non-GAAP measure. For a reconciliation of Adjusted EBIT, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Adjusted return on capital employed	Adjusted return on capital employed is calculated as Adjusted EBIT divided by Adjusted capital employed. Adjusted return on capital employed is a Non-GAAP measure. For a reconciliation of Adjusted return on capital employed, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Profit before exceptional items and tax Margin	Profit before exceptional items and tax Margin is calculated by dividing Profit before exceptional items and tax for the period / year with Revenue from operations. Profit before exceptional items and tax Margin is a Non-GAAP measure. For a reconciliation of Profit before exceptional items and tax Margin, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Profit before tax Margin	Profit before tax Margin is calculated by dividing Profit before tax for the period / year with Revenue from operations. Profit before tax Margin is a Non-GAAP measure. For a reconciliation of Profit before tax Margin, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Earnings available for interest service	Earnings available for interest service as EBITDA which is adjusted by Exceptional Items gain / (loss), Interest income on Bank deposits and other deposits and Interest income on Others (on refunds of taxes and on delayed payments from customers). Earnings available for interest service is a Non-GAAP measure. For a reconciliation of Earnings available for interest service, see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136
Finance costs (gross)	Finance costs (gross) is calculated as the sum of Finance costs and Borrowing cost capitalised. Finance costs (gross) is a Non-GAAP measure. For a reconciliation of Finance costs (gross), see “<i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i>” on Page 136

Terms	Description
Adjusted interest service coverage ratio	Adjusted interest service coverage ratio is calculated as Earnings available for interest service divided by Finance costs (gross). Adjusted interest service coverage ratio is a Non-GAAP measure. For a reconciliation of Adjusted interest service coverage ratio, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136
Adjusted return on equity	Adjusted return on equity is calculated by dividing Adjusted profit for the period / year by Total equity (i.e. sum of Equity share capital and Other equity). Adjusted return on equity is a Non-GAAP measure. For a reconciliation of Adjusted return on equity, see “ <i>Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Measures Reconciliation</i> ” on Page 136

Certain nomenclatures as used within above definitions should be read as below for Fiscal 2022 / for the year ended March 31, 2022:

Nomenclatures used in above Non-GAAP Measures definitions	Nomenclatures to be read as below for Fiscal 2022 / for the year ended March 31, 2022
Current liabilities - Derivative instruments	Current liabilities - Financial liabilities - Derivative liabilities
Current assets - Derivative instruments	Current assets - Financial assets- Derivative assets
Current liabilities – Financial liabilities - Trade payables - Dues to micro enterprises and small enterprises	Current liabilities – Financial liabilities - Trade payables - Dues to micro and small enterprises
Current liabilities – Financial liabilities - Trade payables - Dues to other than micro enterprises and small enterprises	Current liabilities – Financial liabilities - Trade payables - Other than Dues to micro and small enterprises
Sale of products	Sale of products (including revenue based on POC method)
Intangible assets	Other Intangible assets
Finance costs	Finance costs (net)
Interest income on - Bank deposits and other deposits	Interest Income from financial assets carried at amortised cost - Bank Deposits
Interest income on - Others (on refunds of taxes and on delayed payments from customers)	Interest Income from financial assets carried at amortised cost - Others
Borrowing Costs Capitalised	Finance costs capitalised as property, plant and equipment and CWIP

SUMMARY OF BUSINESS

Overview

With over seven (7) decades of experience in the industry, we manufacture, produce and supply an extensive range of pigments to international and domestic markets. We are a leading player in the Indian pigments market (excluding black and white pigments) in India, according to the One Lattice Report. In Fiscal 2024, we had (i) a share of approximately 33% of the Indian pigments market (excluding black and white pigments) in terms of value and (ii) a share of approximately 6% of the overall Indian pigments market in terms of value. Globally, we had approximately 3% share of the global pigments market (excluding black and white pigments) in terms of value in calendar year 2023. (Source: One Lattice Report)

We offer a comprehensive product portfolio of pigments categorized into two (2) product categories, namely (i) specialty pigments and (ii) non-specialty pigments. These pigments find application in a diverse array of finished products and end user industries, including paints, plastics, inks, and cosmetics. In addition to our pigment business, we, through our domestic subsidiary (RIECO Industries Limited), are also present in the capital goods industry and engage in the manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

The table below shows our revenue from operations by product categories for the period / fiscal years as indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
Specialty Pigments	86,008.6	64.69%	1,52,183.4	59.94%	1,43,472.8	62.33%	1,38,280.8	62.83%
Non-specialty Pigments	38,897.7	29.25%	70,139.9	27.63%	64,432.7	28.00%	63,685.5	28.94%
Others(1)	8,064.5	6.06%	31,554.4	12.43%	22,267.7	9.67%	18,114.3	8.23%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Note (1): "Others" comprise of revenue from manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

In addition, to cater to different customer preferences and budgets, our products are classified into various brands. See "Business – Our Products – Our Brands" for details.

During the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in major global markets, including Europe, the United States, Mexico Japan and China. We also appointed distributors in major international markets to help us promote and sell our products. Our project engineering business is mainly focussed on the domestic market.

The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

We manufacture our pigments at our two (2) manufacturing units located in Roha and Mahad. Our technical capabilities and production processes are a result of our R&D efforts. As of September 30, 2024, we have three (3) R&D centres and a R&D team comprising of 80 qualified employees with global experience. Our R&D activities are mainly focused on developing new products and processes, improving our existing production processes, adopting advance production technology, and improving the quality of our existing products coupled with cost efficiency.

We have received the following ISO certifications: ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management). As of September 30, 2024, we have a quality control team of 75 employees. Our quality control team ensures that we adopt high-quality standards for all our manufacturing stages, from raw materials to the production of the final products.

Our Promoter and Managing Director, Rajesh Balkrishna Rathi, has been on our board since 2008. Mr. Rajesh Balkrishna Rathi has been in the pigment business since 1992 and has led our sales, technical marketing, supply chain and various other functions. Our Executive Director, Ashish Vij, is a certified Six Sigma Black Belt and Lean Practitioner. Our Promoters and Directors are supported by an experienced and professional management teams. We believe that the collective experience and capabilities of our Promoter, management team and supporting staff enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences.

On October 11, 2024, our Company, through its Material Subsidiary Sudarshan Europe B.V., entered into a definitive agreement with Heubach Group on the acquisition of Heubach, a German-based chemical group and the second largest manufacturer in the global pigments market (excluding black and white pigments) with focus on organic and inorganic pigments in calendar year 2023. (Source: One Lattice Report). See “Our Business – Our Strategy – Acquisition of Heubach Group” for details.

Our competitive strengths

We have the following competitive strengths:

Well positioned in Indian and international pigments markets

We were established in 1951 and since then have operated in multiple business lines including in the manufacturing of Pigments, Agro chemical and in the Masterbatch businesses. Since Fiscal 2019, we began to focus on one business segment – Pigments. Since then, we have grown and have exported pigments globally. We are a leading player in the Indian pigments market (excluding black and white pigments), according to the One Lattice Report. In Fiscal 2024, we had (i) a share of approximately 33% of the Indian pigments market (excluding black and white pigments) in terms of value and (ii) a share of approximately 6% of the overall Indian pigments market. Globally, we had approximately 3% share of the global pigments market (excluding black and white pigments) in terms of value, according to the One Lattice Report. We attribute our growth to various factors including commitment to product quality, comprehensive product offerings, advanced manufacturing infrastructure and continued product and process improvisation, coupled with cost effectiveness led by our R&D

efforts. In addition, we offer customers customised solutions, not just products. For example, we provide shades and variants of colour in accordance with customers' needs

During the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in global markets, including Europe, the United States, Mexico, Japan and China. We also appointed distributors in international markets to help us promote and sell our products. Our approach to global expansion, consisting of local regional sales offices and sales teams, customer services support, technical marketing teams, and local stocking points, has enabled us to serve global pigment markets directly.

The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Pigments manufacturing requires technical know-how and high-quality manufacturing infrastructure compliant with stringent environmental norms, which imposes substantial capital requirements on any potential new entrants to the industry. Further, the pigments registration and approval requirements in various countries are stringent and time-consuming; for example, approval times for automotive coating pigments can range from one to five years. (Source: One Lattice Report)

According to the One Lattice Report, the value of the Indian pigments industry (excluding black and white pigments) is expected to grow at a CAGR of 8.7% from US\$0.4 billion in Fiscal 2024 to US\$0.5 billion in Fiscal 2029, while the value of the Indian overall pigments industry is expected to grow at a CAGR of 8.4% from US\$2.4 billion in Fiscal 2024 to US\$3.6 billion in Fiscal 2029. According to the One Lattice Report, the global pigments industry (excluding black and white pigments) is expected to grow at a CAGR of 3.4% from US\$9.9 billion in calendar year 2023 to US\$11.7 billion in calendar year 2028. We believe our market position in the Indian and international pigments markets as well as our distribution networks has well positioned us to capture the future growth in the Indian and global pigments industry.

Diverse customer base with long-term business relationships

In respect of our pigments business, we served 1,451 customers during the half-year ended September 30, 2024, 1,708 during Fiscal 2024, 1,610 customers during Fiscal 2023 and 1,577 customers in Fiscal 2022. Our business is conducted on a business-to-business basis. Our customers are primarily Indian, international and multi-national companies engaged in different end-user industries, including paints, plastics, inks, and cosmetics. We believe that client diversification hedges our business operations from potential sector-specific risks, and results in greater revenue diversification and more sustainable operations in the long term.

While we do not enter into long term contracts with our customers, we have a long-term business relationship with many of our customers. As of September 30, 2024, we have business relationships with terms in excess of three years with 9 of our top 10 customers.

In addition to producing quality products and fulfilling orders and projects on-time, we believe that we can maintain our relationships with our customers by:

1. approachable management addressing their concerns and relationships developed by our marketing team;
2. nurturing customer centric culture that focuses on quality assurance and performance standards;
3. building strong technical and R&D team; and
4. offering modern facilities with an emphasis on sound environmental and safety practices.

Our customer relationships have also helped us expand our product offerings and geographic reach of our revenue from operations. Our market positions coupled with our long-term relationships and ongoing active engagements with customers allow us to plan our capital expenditure well in advance as well as benefit from increasing economies of scale, strong purchasing power for raw materials and a lower cost base.

Strong technical capabilities and infrastructure leading to quality products

We have three (3) dedicated R&D centres in India on which we have made significant capital investments. As of September 30, 2024, we have a R&D team comprising of highly qualified team members with global experience. We invested in dedicated application testing facilities – to ensure that our products suit the application precisely. Our R&D centres are well equipped with modern equipment, application lab and analytical testing facility.

With the R&D efforts, we are able to develop a comprehensive portfolio and enhance our product offerings. Our R&D efforts have led to new product launches and technological advancements that can be used to develop superior and sustainable color solutions. For example, through our R&D efforts we developed a comprehensive portfolio within the CICP product market, allowing us to offer a wide range of products available in the industry. In the High-Performance Pigments (HPP) market, our R&D team enhanced our product line with yellow and violet pigments.

In our manufacturing process, quality checks are institutionalized across the entire manufacturing process. We have made investments in advanced instrumentation and other equipment to enhance our accuracy and speed of sample testing. We have received the following ISO certifications: ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management). We have received various awards and certifications over the years – see “*Our Business - Award and Accreditation*”. 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, which ensure consistency in the end application. As of September 30, 2024, we have a quality control team with 75 employees to ensure that we adopt and maintain high-quality standards for all our manufacturing stages, from raw materials to the production of the final products.

Our focus on quality and R&D has strengthened our technical capabilities. Our R&D efforts are important to maintain our competitive position in various product categories as well as to address evolving customer needs and industrial development. We will continue to invest in our production facilities and R&D activities to maintain our competitiveness.

Comprehensive range of product offerings catering to diverse end-user industries

We have developed a comprehensive product offering of pigments comprising 693 products half-year ended September 30, 2024. We constantly launch new products as part of our product development efforts. Our pigment products can be classified into two (2) product categories, namely (i) specialty pigments and (ii) non-specialty pigments. Our products are catered to different end-user industries, including paints, plastics, inks, and cosmetics.

In addition, to cater to different customer preferences and budgets, our products are classified into various brands. See “*Our Business – Our Products – Our Brands*” for details.

Our comprehensive product offering allows us to make inroad into new geographies, driving market share gains, along with capturing higher market share with existing customers.

Track record of financial performance supported by cash flows

We believe that our operational efficiency, productivity and low operating costs are inherent strengths of our Company. We have a consistent track record of delivering operating profitability.

A summary of our financial performance and other measures is as follows:

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations	1,32,970.8	2,53,877.7	2,30,173.2	2,20,080.6
Profit for the year / period	5,933.8	35,744.7	4,476.9	12,996.6
Profit before tax for the period / year	8,391.5	47,053.0	5,973.9	17,112.2
Adjusted EBITDA	17,505.1	31,641.2	21,064.7	27,480.2
Adjusted EBITDA Margin (%)	13.16%	12.46%	9.15%	12.49%
Adjusted profit for the period / year Margin (%)	5.30%	4.35%	1.95%	5.91%
Equity share capital	1,384.5	1,384.5	1,384.5	1,384.5
Other equity	1,19,800.3	1,13,519.2	81,437.9	81,934.4
Total equity	1,21,184.8	1,14,903.7	82,822.4	83,318.9
Adjusted return on equity (%)	5.82%	9.61%	5.41%	15.60%
Adjusted return on capital employed (%)	6.17%	11.69%	6.08%	11.48%

For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Non-GAAP Measures Reconciliation*” on page 136

Our Revenue from operations has grown at a CAGR of 7.40% from ₹2,20,080.6 lakhs in Fiscal 2022 to ₹2,53,877.7 lakhs in Fiscal 2024. Our Revenue from operations was ₹1,32,970.8 lakhs in the half-year ended September 30, 2024. Our Profit for the year has grown at the CAGR of 65.84% from ₹ 12,996.6 lakhs in Fiscal 2022 to ₹ 35,744.7 lakhs in Fiscal 2024. Our Profit for the period was ₹ 5,933.8 lakhs in the half-year ended September 30, 2024. Our Adjusted EBITDA has grown at a CAGR of 7.30% from ₹27,480.2 lakhs in Fiscal 2022 to ₹31,641.2 lakhs in Fiscal 2024. Our Adjusted EBITDA was ₹17,505.1 lakhs in the half-year ended September 30, 2024. This is attributable to our continued focus on productivity, competitive pricing and cost rationalisation. Our strong financial performance reflects the efficacy of our management protocols that we have implemented and strong working capital management across our business. For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Non-GAAP Measures Reconciliation*” on page 136.

Non-current liabilities – Borrowings of our company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹19,331.5 lakhs, ₹44,920.6 lakhs, ₹36,857.6 lakhs. Current liabilities – Borrowings of our company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹24,761.5 lakhs, ₹36,828.9 lakhs, ₹45,016.4 lakhs. Current assets – Cash and cash equivalents of our company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹4,723.7 lakhs, ₹2,039.2 lakhs, ₹2,531.6 lakhs. Net borrowings to Adjusted EBITDA ratio (times) of our Company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was 1.2 times, 3.8 times and 2.9 times, respectively, and our Net borrowings to equity ratio (times) for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was 0.3 times, 1.0 times and 1.0 times, respectively. For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Non-GAAP Measures Reconciliation*” on page 136.

Our borrowings have been rated IND AA (Rating Watch with Developing Implications) and IND A1+ / Rating Watch with Developing Implications on October 22, 2024 by *India Ratings and Research*. Our Net borrowings was ₹35,905.8 lakhs as at September 30, 2024, which includes Non-current liabilities – Borrowings of ₹3,863.1 lakhs and Current liabilities – Borrowings of ₹49,259.1 lakhs. For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Non-GAAP Measures Reconciliation*” on page 136.

For our percentage of growth in revenue compared to the previous fiscal years and other financial information for the half-year ended September 30, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022, see “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on page 112.

Experienced and qualified team

Our Promoter and Managing Director, Rajesh Balkrishna Rathi, and our Executive Director, Ashish Vij, have an average experience of more than 25 years in the pigments industry. Their extensive experience and understanding of the business have been instrumental to our customer satisfaction and relationships.

Our Promoters and Directors are supported by an experienced and professional management team. We believe that our management team's experience and their understanding of the industry will enable us to continue to take advantage of both current and future opportunities. Our senior management includes domain experts many of whom have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. For further details on education, experience and other details of our Directors and senior management, kindly refer to the Section titled “*Board of Directors and Senior Management*” beginning on page 200.

In addition, approximately 40% of our senior management come from different countries, such as the United States, Europe, Brazil, China, Turkey, etc. We believe this diversity fosters innovation and collaboration, enhance problem-solving capabilities and development of unique fitness solutions. Our continuous training programs also ensure employees to stay up to date with industry trends and technical knowledge as well as improve productivity.

Strategies

We have the following key business strategies to grow our business.

Growth through strategic acquisitions

We will look to capitalize on the growth in the global pigments market by pursuing strategic acquisitions with a focus on expansion of capabilities in terms of capacity or products. In particular, we will look for targets with R&D and manufacturing assets that are in line with our existing or desired competencies, as well as having the profitability and operational metrics that fit in with our business philosophy. We also will look for opportunities to acquire businesses to add additional chemistry or technological competencies, to expand our pigment product portfolio, to enter into new industry sectors or expand our reach into existing industry sectors, and/or enter into new geographies where we are currently not present or are in early stages of establishment. In addition, we will look for targets that present backward integration opportunities that could improve our supply chain efficiency, working capital and reliability of raw material procurement. Further, we are focused on identifying acquisition targets that have natural synergies with our business and that will benefit from our management expertise, our financial strength, our R&D and manufacturing competencies and the scale of our global distribution network.

Acquisition of Heubach Group

On October 11, 2024, our Company, through its Material Subsidiary Sudarshan Europe B.V. entered into a definitive agreements with Heubach Group (“**Heubach**”) on an acquisition of Heubach, which is structured as a combination asset and share deal. In respect of the insolvent entities of Heubach, we have entered into asset purchase and transfer agreements to acquire certain assets from such entities. In respect of the solvent entities of Heubach, we have entered into share purchase agreements to acquire such entities, which will become step-down subsidiaries of the Company upon completion of the transaction. The transaction remains subject to customary closing conditions, including receipt of the requisite regulatory approvals. We are expecting to complete the acquisition of Heubach in the fourth quarter of Fiscal 2025 (i.e., first quarter of calendar year 2025).

The purchase price subject to provisions of PTA and SPA to be paid by the Company is Euro 127.50 million (approx. ₹ 1,13,743 lakhs converted at exchange rate of ₹ 89.21 as on January 20, 2025) on a debt-free basis.

Funding for the purchase price and post-completion cash infusion is expected to be met through a combination of cash generated from our operations, borrowings from banks and equity financing. For more information, please refer to the section titled, “*Use of Proceeds*”, on page 94.

Heubach is a Germany-based chemical company. Heubach is the second largest manufacturer in the global pigments market (excluding black and white pigments) in terms of value in calendar year 2023. (Source: *One Lattice Report*) In calendar year 2023, Heubach had a share of approximately 9.3% of the global pigments market (excluding black and white pigments), according to the One Lattice Report.

Expand our export business and increase our wallet share with existing customers

During Fiscal 2023 and Fiscal 2024, we completed all major commissioning of production capacities and operationalised manufacturing lines for new colour indices of pigments. With our expanded manufacturing capabilities and benefiting from the customer base of Heubach after our proposed acquisition, we are well positioned as a global reliable pigment supplier.

During the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in major global markets, including Europe, the United States, Mexico, Japan and China. Our approach to global expansion, consisting of local regional sales offices and sales teams, customer services support, technical marketing teams, and local stocking points, has enabled us to serve global pigment markets directly. We also appointed distributors in international market to help us promote and sell our products. We also intend to focus our export expansion efforts in key markets, such as South Korea, and South America.

We also aim to expand our business with our existing customers. We believe that the long-standing relationships that we have enjoyed with our customers over the years, including repeated and increasing orders from these customers, are an indication of our position as a preferred partner and supplier. We believe that our continuing reputation for quality and comprehensive product offerings will help us to increase our wallet share and product portfolio with existing customers.

Maintain and further develop environmentally sustainable practices

We are committed to implementing sustainable and environmentally friendly practices across our operations. We have achieved EcoVadis Gold rating. We are now amongst the top 3 % of companies in the chemical sector as per the EcoVadis Assessment by virtue of us being identified in the 97th percentile. Also, we received a Score of “B” on CDP (formerly known as Carbon Disclosure Project) for Climate change and Water Security in 2023. We have taken various measures to ensure sustainable business practices, such as purchasing approximately 68% of procured power from renewable energy sources, adopting a strong de-carbonisation plan and committing to SBTi targets. In 2023, we have achieved a more than 5% year-on-year reduction on GHG emissions and more than 19% year-on-year reduction in Specific Water Withdrawal Intensity per metric ton of product. We intend to continue identifying other opportunities for emission reduction across the entire value chain.

We intend to continue and enhance our environmentally friendly business practices in the future and strive to lead by example in promoting sustainability in the pigments industry.

Continue to focus on R&D activities

Through our extensive R&D activities, we launched four (4) new verticals recently, namely, CICP, Solvent Dyes, Pigment Preparation and Digital Inks. New and high-performance products resulted from our R&D activities have gained acceptance by customers. We intend to continue our focus on R&D activities, with an aim to introduce new and better products as per the market requirements. We intend to continue to have our R&D drive our portfolio expansion with a time-bound product development and scale-up process.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including under the sections “**Risk Factors**”, “**Use of Proceeds**”, “**Placement and lock-up**”, “**Issue Procedure**” and “**Description of the Equity Shares**” beginning on pages 52, 94, 235, 219 and 252, respectively.

Issuer	Sudarshan Chemical Industries Limited
Face value	₹ 2 per Equity Share
Issue Price	₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share)
Floor Price	₹ 1,107.89 per Equity Share calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price, in accordance with the approval of the Shareholders accorded by way of a special resolution through postal ballot passed on November 30, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of [●] Equity Shares aggregating up to ₹ [●] lakhs. A minimum of 10% of the Issue Size i.e. [●] Equity Shares shall be available for Allocation to Mutual Funds only, and balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board resolution authorizing the Issue	October 16, 2024
Date of Shareholders’ resolution authorizing the Issue	November 30, 2024
Eligible investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered and who are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations or restricted from participating in this Issue under the SEBI ICDR Regulations. FVCIs are not permitted to participate in this Issue. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered shall be determined by our Company in consultation with the Book Running Lead Manager, at its discretion. For further details, see “Issue Procedure”, “Selling Restrictions” and “Purchaser Representations and Transfer Restrictions” on pages 219, 237 and 245, respectively.
Dividend	Please see section “ Description of the Equity Shares ”, and “ Dividends ” on pages 252 and 110, respectively of this Preliminary Placement Document.
Issue procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see “ Issue Procedure ” on page 219.
Indian taxation	For statement of tax benefits available to our Company and the shareholders of our Company under the tax laws in India, see “ Statement of Possible Tax Benefits ” on page 256.
Equity Shares issued and outstanding immediately prior to the Issue	7,10,96,750 * Equity Shares of ₹2 each *Allotment of 500 equity Shares having face value of ₹2 each issued by way of rights issue has been held in abeyance as the matter is sub-judice.
Subscribed and fully paid-up Equity	₹1,421.93 lakhs (7,10,96,250 * fully paid-up Equity Shares of ₹2 each)

Share Capital prior to the Issue	* Not considering allotment of 500 equity shares having face value of ₹2 each issued by way of rights issue which has been kept held in abeyance as the matter being is sub-judice. * Allotment of 18,69,000 equity shares were made pursuant to preferential allotment dated January 13, 2025 by our Company. Further, our Company has received the final listing approval for such Equity shares and an application for the final trading approval shall be made by our Company to the Stock Exchanges.		
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares		
Listing and trading	Our Company has obtained in-principle approvals each dated January 23, 2025, from the Stock Exchanges in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares pursuant to this Issue, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants. The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges.		
Lock-up	For details of the lock-up, see “ <i>Placement – Lock-up</i> ” on page 235.		
Proposed Allottees	See “ <i>Proposed Allottees in the Issue</i> ” on page 563 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company.		
Transferability restrictions	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised Stock Exchange. Allotments made to VCFs, and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. Please see section “<i>Issue Procedure</i>”, “<i>Purchaser Representations and Transfer Restrictions</i>” and “<i>Selling Restrictions</i>” on pages 219, 245 and 237, respectively.		
Use of proceeds	The gross proceeds from the Issue will be aggregating to approximately ₹ [●] lakhs. The net proceeds from the Issue, after deducting Issue related expenses is expected to be approximately ₹ [●] lakhs. See “<i>Use of Proceeds</i>” on page 94 for information regarding the use of Net Proceeds from the Issue.		
Risk factors	Please see section “ <i>Risk Factors</i> ” on page 52 for a discussion of risks you should consider before investing in the Equity Shares.		
Closing date	The Allotment of the Equity Shares is expected to be made on or about [●], 2025.		
Status, ranking and dividends	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank <i>pari passu</i> with the existing Equity Shares of our Company, including rights in respect of voting rights and dividends. The Shareholders of our Company (who hold Equity Shares as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Bid/ Issue Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders’ meetings in accordance with the provisions of the Companies Act. Please see sections “<i>Dividends</i>” and “<i>Description of the Equity Shares</i>” on pages 110 and 252, respectively.		
Voting rights	Please refer to the section titled “ <i>Description of Equity Shares- Voting rights</i> ” on page 252.		
Security codes/ symbols for the Equity Shares	ISIN	INE659A01023	
	BSE Code	506655	
	NSE Symbol	SUDARSCHEM	

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements. The following tables set forth our selected financial information and should be read together with the more detailed information contained in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Information*”, on pages 112 and 276, respectively.

SUMMARY OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	1,00,311.9	1,03,974.8	1,07,331.5
(b) Capital work-in-progress	3,174.0	1,454.3	4,426.8
(c) Goodwill	684.4	684.4	684.4
(d) Intangible assets	2,475.4	2,866.5	3,405.0
(e) Intangible assets under development	3.6	3.7	22.0
(f) Right-of-use assets	2,768.5	2,629.3	1,194.1
(g) Financial assets			
i Investments	263.5	244.1	205.3
ii Derivative instruments	19.2	127.6	353.0
iii Other financial assets	875.1	833.2	790.9
(h) Income tax assets (net)	1,009.1	1,657.2	2,698.8
(i) Deferred tax assets	2,145.4	921.7	928.7
(j) Other non-current assets	1,075.3	778.4	671.0
	1,14,805.4	1,16,175.2	1,22,711.5
II Current assets			
(a) Inventories	60,795.7	43,760.0	49,407.9
(b) Financial assets			
i Investments	14,098.7	-	-
ii Trade receivables	56,405.4	58,531.9	48,614.6
iii Cash and cash equivalents	3,117.7	4,723.7	2,039.2
iv Bank balances other than (iii) above	651.6	866.8	902.1
v Derivative instruments	290.6	703.5	1,338.2
vi Other financial assets	898.0	753.1	778.6
(c) Other current assets	10,173.9	9,989.0	10,560.9
	1,46,431.6	1,19,328.0	1,13,641.5
III Assets held for sale	-	-	2,845.5
Total assets	2,61,237.0	2,35,503.2	2,39,198.5
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	1,384.5	1,384.5	1,384.5
(b) Other equity	1,19,800.3	1,13,519.2	81,437.9
Total equity	1,21,184.8	1,14,903.7	82,822.4
B Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
i Borrowings	3,863.1	19,331.5	44,920.6
ii Lease liabilities	2,415.1	2,267.9	855.6
iii Other financial liabilities	161.3	161.3	156.3
iv Derivative instruments	-	-	379.8

SUMMARY OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023
(b) Provisions	3,319.8	3,175.0	2,822.7
(c) Deferred tax liabilities (net)	8,641.1	9,111.6	7,164.5
(d) Other non-current liabilities	203.7	302.8	746.9
	18,604.1	34,350.1	57,046.4
II Current liabilities			
(a) Financial liabilities			
i Borrowings	49,259.1	24,761.5	36,828.9
ii Lease liabilities	403.4	345.6	300.1
iii Trade payables			
Dues to micro enterprises and small enterprises	4,426.2	6,121.6	6,453.7
Dues to other than micro enterprises and small enterprises	55,645.8	45,083.0	44,419.2
iv Derivative instruments	223.8	82.0	58.3
v Other financial liabilities	3,296.4	4,262.4	4,194.4
(b) Provisions	429.4	349.5	270.5
(c) Other current liabilities	6,237.1	4,977.0	6,600.8
(d) Current tax liabilities (net)	1,526.9	266.8	203.8
	1,21,448.1	86,249.4	99,329.7
Total liabilities	1,40,052.2	1,20,599.5	1,56,376.1
Total equity and liabilities	2,61,237.0	2,35,503.2	2,39,198.5

SUMMARY OF CONSOLIDATED BALANCE SHEET

(₹ in lakhs, unless otherwise stated)

Particulars	As at March 31, 2022
ASSETS	
I Non-current Assets	
(a) Property, plant and equipment	79,150.6
(b) Right-of-use-Assets	452.2
(c) Capital work-in-progress	27,322.6
(d) Goodwill	684.4
(e) Other Intangible assets	2,876.2
(f) Intangible assets under development	1,144.1
(g) Financial assets	
i. Investments	166.6
ii. Other financial assets	99.1
(h) Deferred tax assets (net)	765.5
(i) Other non-current assets	1511.1
(j) Non-current tax assets (net)	2,186.0
	1,16,358.4
II Current Assets	
(a) Inventories	56,598.4
(b) Financial assets	
i. Trade receivables	50,065.6
ii. Cash and cash equivalents	2,531.6
iii. Bank balances other than (ii) above	997.8
iv. Derivative assets	1,218.1
v. Other financial assets	3,533.3
(c) Other current assets	5,567.8
	1,20,512.6
	2,36,871.0
EQUITY AND LIABILITIES	
A Equity	
(a) Equity Share Capital	1,384.5
(b) Other Equity	81,934.4
	83,318.9
B Liabilities	
I Non-current Liabilities	
(a) Financial liabilities	
i Borrowings	36,857.6
ii Lease liabilities	333.1
iii Other financial liabilities	167.3
(b) Provisions	2,635.3
(c) Deferred tax liabilities (net)	5,952.9
(d) Other non-current liabilities	1,248.1
	47,194.3
II Current Liabilities	
(a) Financial liabilities	
i. Borrowings	45,016.4
ii. Lease liabilities	51.3
iii. Trade payables	
1.Dues to micro and small enterprises	2,679.0
2.Other than (1) above	49,497.0
iv Derivative liabilities	59.1
v Other financial liabilities	5,284.5
(b) Other current liabilities	3,219.5
(c) Provisions	246.9
(d) Current tax liabilities (net)	304.1
	1,06,357.8
	2,36,871.0

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	1,32,970.8	2,53,877.7	2,30,173.2
Other income	847.5	1,708.6	479.0
Total income (i)	1,33,818.3	2,55,586.3	2,30,652.2
Expenses			
Cost of materials consumed	80,508.2	1,38,049.3	1,31,352.1
Purchase of stock in trade	1,404.9	1,923.5	1,317.2
Changes in inventories of finished goods and work-in progress	(10,988.1)	1,566.5	4,158.6
Employee benefits expense	11,116.4	20,995.0	18,395.4
Finance costs	1,591.6	3,690.2	4,147.1
Depreciation and amortisation expense	7,253.8	14,116.7	11,422.7
Other expenses	33,424.3	59,702.2	53,885.2
Total expenses (ii)	1,24,311.1	2,40,043.4	2,24,678.3
Profit before exceptional items and tax for the period / year (i-ii)	9,507.2	15,542.9	5,973.9
Exceptional Items gain / (loss) (iii)	(1,115.7)	31,510.1	-
Profit before tax for the period / year	8,391.5	47,053.0	5,973.9
Tax expense			
Current tax	4,050.9	9,456.2	588.1
Adjustment of tax related to earlier periods (net)	-	-	(83.6)
Deferred tax	(1,593.2)	1,852.1	992.5
Total tax expense	2,457.7	11,308.3	1,497.0
Profit for the period / year	5,933.8	35,744.7	4,476.9
Other comprehensive income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans	(18.1)	(187.2)	17.7
Income tax effect	4.6	47.1	(4.5)
	(13.5)	(140.1)	13.2
(b) Items that will be reclassified to profit or loss			
Net movement on effective portion of cash flow hedges	655.8	20.0	(2,184.4)
Income tax effect	92.9	(149.2)	(51.4)
Gain / (Loss) on translation of foreign operations	267.9	10.4	602.2
	1,016.6	(118.8)	(1,633.6)
Other comprehensive income / (loss) for the period / year (net of taxes)	1,003.1	(258.9)	(1,620.4)

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023
Total comprehensive income for the period / year (net of taxes)	6,936.9	35,485.8	2,856.5
Earnings per equity share			
[(Nominal value per share ₹2)]			
Basic (in ₹) *	8.6	51.6	6.5
Diluted (in ₹) *	8.5	51.6	6.5

*Not annualised for the half-year ended September 30, 2024

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2022
Income	
Revenue from operations	2,20,080.6
Other income	500.2
Total Income	2,20,580.8
Expenses	
Cost of materials consumed	1,37,397.6
Purchase of stock in trade	1,276.8
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(11,634.0)
Employee benefits expense (net)	18,397.0
Finance costs (net)	1,942.3
Depreciation and amortisation expense	8,925.9
Other expenses (net)	47,163.0
Total Expenses	2,03,468.6
Profit before tax from operations	17,112.2
Tax Expense	
Current tax	3,828.3
Tax adjustment related to earlier year (net)	-
Deferred tax	287.3
Total Tax Expense	4,115.6
Profit for the year	12,996.6
Other Comprehensive Income (OCI)	
(a) Items that will not be reclassified to profit or loss	
Re-measurement gains / (losses) on post employment benefits obligations	(106.0)
Income tax relating to above	26.6
	(79.4)
(b) Items that will be reclassified to profit or loss	
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	360.3
Gain / (Loss) on translation of foreign operations	(174.6)
Income tax related to gain / (loss) on hedging instruments in cash flow hedges	(90.7)
	95.0
Total other comprehensive income for the year (net of taxes)	15.6
Total comprehensive income for the year	13,012.2
Earnings per share	
[Nominal Value per share ₹ 2 (31st March 2021 - ₹ 2)]	
Basic ₹ per share	18.8
Diluted ₹ per share	18.7

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from operating activities			
Profit before exceptional items and tax	9,507.2	15,542.9	5,973.9
(Loss) / Gain on exceptional items (net)	(1,115.7)	31,510.1	-
Adjustment to reconcile profit before exceptional items and tax to net cash flow			
Depreciation and amortisation expense	7,253.8	14,116.7	11,422.7
Loss / (gain) on sale / disposal of property plant and equipment - Exceptional item	-	(31,510.1)	-
Loss / (gain) on sale / disposal of property plant and equipment – Others	(55.8)	(9.0)	6.4
Net gain on fair valuation on financial instruments	(19.4)	(38.8)	(38.8)
Liabilities no longer required, written back	(88.0)	(107.3)	(14.7)
Share based payment expenses	36.5	126.1	108.4
Unrealised foreign exchange loss / (gain)	(5.5)	(23.7)	105.7
Net gain on sale of financial instruments	(118.1)	(833.5)	-
(Reversal) / provision for net realisable value adjustment/ inventory obsolescence	293.9	266.1	211.3
Fair value loss / (gain) on derivatives	172.1	114.2	(94.5)
Charge / (reversal) of provision for bad and doubtful debts / advances (including expected credit loss)	71.4	(142.9)	84.1
Finance costs	1,591.6	3,690.2	4,147.1
Interest income	(104.6)	(405.6)	(133.0)
Operating profit before working capital changes	17,419.4	32,295.4	21,778.6
Working capital adjustments:			
Increase / (decrease) in trade payables	8,971.3	412.6	(1,384.0)
Increase / (decrease) in provisions	206.6	244.1	228.7
Increase / (decrease) in other liabilities	1,161.0	(2,068.0)	2,751.4
Increase / (decrease) in other financial liabilities	(1,085.2)	510.3	(494.2)
(Increase) / decrease in trade receivables	2,164.4	(9,653.4)	1,792.7
(Increase) / decrease in inventories	(17,195.7)	5,381.8	7,280.3
(Increase) / decrease in other assets	(185.5)	555.8	(2,763.4)
(Increase) / decrease in other financial assets	(186.8)	(16.8)	536.5
(Increase) / decrease in other bank balances	215.2	35.3	95.7
Cash generated from operations	11,484.7	27,697.1	29,822.3
Income taxes paid (net of refunds) including tax related to exceptional items	(2,146.1)	(8,351.6)	(1,117.6)
Net cash flow from operating activities (A)	9,338.6	19,345.5	28,704.7
Cash flow from investing activities			
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)	(4,635.3)	(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)	56.8	34,540.3	180.0

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023
Investments in financial instruments	(43,000.0)	(26,500.0)	-
Proceeds from sale of financial instruments	29,019.4	27,333.5	-
Interest received	104.6	405.6	133.0
Net cash flow generated from / (used in) investing activities (B)	(18,454.5)	27,932.1	(18,927.1)
Cash flows from financing activities :			
Proceeds from long-term borrowings	-	-	22,319.1
Repayment of long-term borrowings	(7,145.7)	(26,682.9)	(14,534.8)
Dividend paid on equity shares and tax thereon	(918.0)	(3,329.1)	(3,427.7)
Proceeds from short-term borrowings	64,517.4	2,382.7	1,00,017.8
Repayments of short-term borrowings	(47,181.5)	(13,010.7)	(1,11,077.3)
Finance costs paid	(1,466.9)	(3,500.7)	(3,466.4)
Payment of lease liabilities	(295.4)	(452.4)	(100.7)
Net cash flow generated from / (used in) financing activities (C)	7,509.9	(44,593.1)	(10,270.0)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,606.0)	2,684.5	(492.4)
Cash and cash equivalents at the beginning of the period / year	4,723.7	2,039.2	2,531.6
Cash and cash equivalent at the end of the period / year (excluding earmarked balances)	3,117.7	4,723.7	2,039.2
Cash and cash equivalents			
Cash on hand	10.6	9.7	9.0
Balance with Banks (On current account)	3,107.1	4,714.0	2,030.2
Total	3,117.7	4,723.7	2,039.2

SUMMARY OF CONSOLIDATED CASH FLOW STATEMENT

(₹ in lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2022
Cash flow from operating activities	
Profit before tax from operations	17,112.2
Adjustment for	
Depreciation / amortisation	8,925.9
Gain on sale or write off of property, plant and equipments and Intangible assets	(23.2)
Liabilities no longer required, written back	(39.5)
Unrealised foreign exchange (Gain) / Loss	825.0
(Reversal) / Provision for Inventory Obsolescence	(75.4)
Provision for employee stock option scheme	102.7
Fair value Gain on derivatives	(1,000.9)
Provision for expected credit loss established / (reversed) and bad debts	175.0
Finance costs	1,942.3
Interest income	(297.6)
Operating profit before working capital changes	27,646.5
Working capital adjustments:	
Changes in trade payables	7,993.3
Changes in provisions	154.6
Changes in other liabilities	536.0
Changes in other financial liabilities	(404.9)
Changes in trade receivables	(1,534.9)
Changes in inventories	(15,366.0)
Changes in other assets	1,953.4
Changes in other financial assets	852.9
Changes in other bank balances	(211.2)
Cash generated from operations	21,619.7
Income taxes paid (net of refunds) on operations	(3,805.5)
Net cash flow from operating activities from operations (A)	17,814.2
Cash flows from investing activities	
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	(31,020.7)
Proceeds from sale of property, plant and equipment / Intangible assets	106.3
Interest received	258.6
Net cash flow (used in) investing activities (B)	(30,655.8)
Cash flows from financing activities:	
Proceeds from long-term borrowings	19,225.3
Repayment of long-term borrowings	(13,730.1)
Dividend and tax thereon	(4,112.3)
Proceeds from / (Repayments of) short-term borrowings (net)	14,420.2
Finance costs paid	(1,942.3)
Lease liabilities paid	(85.3)
Net cash flow financing activities (C)	13,775.5
Net increase in cash and cash equivalents (A+B+C)	933.9
Cash and cash equivalents at the beginning of the year	1,597.7
Cash and cash equivalents at the end of the year	2,531.6
Components of cash and cash equivalents	
Cash on hand	8.4
On current account	2,523.2
Total cash and cash equivalents	2,531.6

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before evaluating our business and making an investment in the Equity Shares pursuant to the Issue. This section should be read in conjunction with “Industry Overview”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information”, on pages 160, 177, 112 and 276, respectively, before making an investment decision in relation to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us, the Equity Shares or the industry and sector in which we operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, cash flows and financial condition. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of their investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.

In making an investment decision, prospective investors must rely on their own examination of our Group and the terms of the Issue, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences they may encounter from investing in the Equity Shares.

This Preliminary Placement Document contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For details, see “Forward-Looking Statements” on page 17.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements included in this Preliminary Placement Document. For further information, see “Financial Statements” on page 276. Our financial or fiscal year ends on March 31 of each calendar year. Accordingly, references to a “Fiscal” or “fiscal year” are to the 12-month period ended March 31 of the relevant year. References in this section to a “six months period” or “half-year” refers to the half-year ended September 30 of a particular fiscal year.

Unless otherwise indicated, industry and market data used in this section has been derived from the report entitled “Chemicals and Pigment Industry Report”, dated January 14, 2025, prepared by One Lattice, commissioned and paid for by our Company in connection with the Issue. One Lattice is not related in any manner to our Company, its Promoters, Subsidiaries, Directors, Key Management Personnel, members of Senior Management, or the Book Running Lead Manager.

In this Preliminary Placement Document, unless specified otherwise, any reference to “the Company” or “our Company” refers to Sudarshan Chemical Industries Limited, on a standalone basis, and a reference to “we”, “us”, “our” or “Group” is a reference to our Company together with its Subsidiaries, on a consolidated basis, as applicable, as of and for the relevant fiscal year or period.

Risks Relating to our Business

- 1. We aim to complete the acquisition of the global pigment business operations of the Heubach Group pursuant to the purchase and transfer agreement and a sale and purchase agreement, each dated October 11, 2024, which are subject to customary closing conditions and regulatory approvals. We may not be able to achieve the expected benefits from our acquisition of the Heubach Group, or other future acquisitions, which could materially or adversely affect our business, results of operations, cash flows and financial condition.**

Our Board has approved an acquisition of the global pigment business operations of the Heubach Group (“Heubach Group” and such acquisition, the “Heubach Acquisition”) through our Material Subsidiary

Sudarshan Europe B.V for Euro 127.50 million (approx. ₹ 1,13,743 lakhs converted at exchange rate of ₹ 89.21 as on January 20, 2025) pursuant to definitive agreements, viz purchase and transfer agreement and a sale and purchase agreement each dated October 11, 2024. The said purchase price is subject to provisions of PTA and SPA. The proposed transaction comprises of the acquisition by our Material Subsidiary Sudarshan Europe B. V of the following:

- a. assets and business operations of (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH (c) Dr. Hans Heubach GmbH, and (d) Heubach Group GmbH and participations held by Heubach Holding Switzerland AG, in downstream group companies in various countries from insolvency administrator in the aforesaid countries; and
- b. 100% shareholding of Heubach Holdings S.a.r.l., a Luxemburg based Heubach Group Company having investments in shareholding in companies based in India and USA.

Our acquisition is subject to customary closing conditions and regulatory approvals including the approvals of the regulatory authorities from respective jurisdictions wherein Heubach Group have presence, and we can make no assurances that the acquisition will close in the first quarter of calendar year 2025 as expected. We expect to use the proceeds from the Issue to finance this acquisition in part. See “*Use of Proceeds*” on page 94.

Our ability to realize the anticipated benefits of the Heubach Group acquisition will depend, to a large extent, on our ability to integrate its business. The combination of two independent businesses is a complex, costly and time-consuming process. The overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customers and other business relationships. As a result, we will be required to devote significant management attention and resources to integrate our business practices and operations with the Heubach Group. The integration process may disrupt the businesses and, if implemented ineffectively, would restrict the realisation of the full expected benefits. Our failure to meet the challenges involved in integrating the Heubach Group and to realize the anticipated benefits of the transaction could cause an interruption of, or a loss of momentum in, the activities of the combined businesses and could adversely affect our business, results of operations, cash flows and financial condition.

Our ability to acquire new businesses and integrating them into our business is dependent on a number of factors including our ability to identify suitable businesses to acquire in synergy with our existing operations and limitations on our capital resources, amongst others. In addition, the acquisition and integration of new businesses like our acquisition of the Heubach Group involve a number of risks, including:

- lack of proper implementation or remediation of controls, procedures and policies at the acquired company;
- use of available cash, new borrowings or borrowings under existing credit facilities to consummate the acquisition may not yield targeted or desired benefits;
- economic risk in relation to business and operations of Heubach Group in various jurisdictions wherein they operate;
- lower than expected sales of the acquired company;
- problems in integration of the acquired company’s accounting, human resources and other administrative systems, including management information, purchasing, accounting, finance, billing, payroll and benefits and regulatory compliance;
- expiry and renewal of the government and business approvals of such entities including compliance with current non-compliances, if any
- inability to identify all the risks, liabilities and challenges in relation to the proposed acquisition;
- demands placed on our management related to the increase in our overall business size after an acquisition;
- diversion of management’s attention from existing operations to the integration of acquired companies;

integration of acquired companies existing systems into our systems;

- difficulties in the assimilation and retention of employees;
- difficulties in the maintenance of relationships with customers and key relationships of an acquired company;
- incurring significantly higher capital expenditures and operating expenses, which could substantially limit our operating or financial flexibility;
- entering new and unfamiliar markets;
- difficulties in coordinating the sales and marketing functions of the acquired business with our existing business;
- ongoing obligations under agreements related to the acquisition;
- infringement claims, violation of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- inheritance of claims or liabilities, as a result of strategic acquisitions, including claims from suppliers and customers, or other third parties and potential adverse effects on our operating results; and
- unexpected economic or political conditions or changes in the regulatory environment.

Accordingly, we cannot assure you that our current or future acquisitions will prove value accretive to us and to our shareholders. If any of the risks described above (or a combination thereof) or any other incidental risks should materialize, our business, results of operations, cash flows and financial condition may be adversely affected. We may not be able to maintain the levels of operating efficiency that acquired companies achieved separately. Successful integration of acquired operations will depend upon our ability to manage those operations and to eliminate redundant and excess costs. We may not be able to achieve the cost savings and other benefits that we would hope to achieve from acquisitions. Failure in effectively acquiring and integrating acquired businesses may result in diminution, loss or write-off of our investments in such businesses, which could materially adversely affect our business, results of operations, cash flows and financial condition.

2. *We have undertaken and may continue to undertake strategic investments and acquisitions in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial condition and result of operations.*

In furtherance of our strategy of inorganic growth, our Board has approved an acquisition of the global pigment business operations of the Heubach Group (“**Heubach Group**” and such acquisition, the “**Heubach Acquisition**”) through our Material Subsidiary Sudarshan Europe B.V for Euro 127.50 million (approx. ₹ 1,13,743 lakhs converted at exchange rate of ₹89.21 as on January 20, 2025) pursuant to definitive agreements, each dated October 11, 2024. The said purchase price is subject to provisions of PTA and SPA. In relation to the Proposed Acquisition, Sudarshan Europe B.V. along with our Company made an open offer for the acquisition of up to 60,01,268 fully paid-up equity shares of face value of ₹10 of Heubach Colorants India Limited (“**Target Company**”) which is pending before SEBI for regulatory approvals. The proposed transaction comprises of acquisition by Sudarshan Europe B.V of (i) assets and business operations of (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH (c) Dr. Hans Heubach GmbH, and (d) Heubach Group GmbH and participations held by Heubach Holding Switzerland AG, in its downstream group companies in various countries from insolvency administrator in the aforesaid countries (ii) 100% shareholding of Heubach Holdings S.a.r.l., a Luxemburg based Heubach Group Company having investments in shareholding in companies based in India and USA. Heubach Group is engaged in manufacturing of speciality chemicals consisting of organic pigments, inorganic pigments, dyes, dispersions and anti-corrosion pigments. For further details, see “*Our Business – Our Strategies*” on page 185. We intend to utilise ₹ 32,500.00 lakhs from the Net Proceeds for investment in Sudarshan Europe B.V to partially fund the payment of the consideration for the Heubach Acquisition.

The success and timing of any such present or future investments will depend on a variety of factors, many of which are not within our control such as the availability of adequate financing and other customary closing conditions and approval from various regulatory authorities including ‘merger control authorities of relevant

jurisdictions' and other regulatory approvals in relation to the Heubach Acquisition. In addition, the ultimate benefit of any such investment or acquisition relies on our ability to successfully integrate the acquired entity or assets into our existing business and to achieve any projected synergies, which is a significant challenge and may incur considerable costs. The consummation of certain acquisitions and amalgamations may require approvals and consents from regulatory authorities and other third parties which we may not receive in a timely manner or at all.

Furthermore, assessing a potential investment or growth opportunity involves extensive due diligence. However, the amount of information we can obtain about a potential investment or growth opportunity can be limited, and we can give no assurance that such future business ventures, acquisitions, and strategic alliances will not adversely affect our financial performance or will perform as planned.

3. We are dependent on our revenue from operations outside of India. Our revenue by location of customers outside of India was 50.62% and 42.05%, respectively, of our revenue from operations in the half-year ended September 30, 2024 and in Fiscal 2024. The demand of our products outside India is subject to international market conditions and foreign regulatory risks that could adversely affect our business, results of operations, cash flows and financial condition.

We are dependent on the sale of our pigment products outside India. In the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific.

The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Any developments in the global chemical industry, in particular Asia, Europe and North America, could have an impact on our business and revenue. In this regard, in Fiscal 2023, there was a slowdown in the demand which impacted the demand-supply trends in the entire sector. We experienced a similar trend to that of the industry in Fiscal 2023. Our business, results of operations, cash flows and financial condition may be impacted in the future by similar industry demand-supply imbalances.

In addition, from time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Union and the United States, among others, where we sell our products will not impose trade restrictions on us in future. We may also be prohibited from selling our products to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States, or by international organisations like the United Nations. Any imposition of trade barriers in the future could adversely affect our business, results of operations, cash flows and financial condition.

We also may be required to apply for export licenses to certain countries and to comply with import restrictions and regulations and other trade and investment policies of the countries where we export our products as well as product registration and product packaging regulations. Although we have not had instances in the half-year ended September 30, 2024 or in Fiscal 2024, Fiscal 2023 or Fiscal 2022 where we our sales outside India have

been obstructed due to such licenses, restrictions, registrations or regulations, we may encounter future regulatory issues that could adversely impact our export sales which could have an adverse effect on our business, results of operations, cash flows and financial condition. Further for information on our intellectual property, see “- We have 93 registered trademarks in India as well as international trademarks. We also rely on a combination of trade secret and contractual restrictions to protect our intellectual property. If we are unable to protect our intellectual property rights, our business, results of operations, cash flows and financial condition may be adversely affected” on page 77.

Our international operations are exposed to additional risks including foreign exchange risk, changes in taxes and tax rates, compliance with a wide range of laws, regulations and practices, exposure to expropriation or other government actions; and political, economic and social instability. See, “*Internal Risks – Financial Risks - Exchange rate fluctuations may adversely affect our results of operations as our sales outside India and a portion of our expenditures are denominated in foreign currencies*” on page 75. Further, our strategy is to continue to expand our sales into new markets and such expansion subjects us to various challenges, including those relating to our lack of familiarity with the culture and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations, and the lack of brand recognition and reputation in such regions. In addition, the risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets. In the eventuality we are unable to successfully expand into new geographical regions, our growth plans and future performance could be adversely affected.

4. Our business and profitability is substantially dependent on the availability and cost of our raw materials and we are dependent on third party suppliers for meeting our raw material requirements which are on purchase order basis. Any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations, cash flows and financial condition.

Our major raw materials for our chemical processes include pigment intermediates, chemicals and solvents, inorganic materials and metals, and we purchase these materials from local suppliers in India as well as internationally. The prices of our raw materials are based on, or linked to, the international prices of such raw material and the variations are typically passed on to the customers.

The table below sets forth our cost of materials consumed, and our Cost of materials consumed as a percentage of Total expenses for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses
Cost of materials consumed	80,508.2	64.76%	1,38,049.3	57.51%	1,31,352.1	58.46%	1,37,397.6	67.53%
Total expenses	1,24,311.1	100.00%	2,40,043.4	100.00%	2,24,678.3	100.00%	2,03,468.6	100.00%

The table below sets forth our raw material purchases from our largest supplier and our top 10 suppliers and our largest supplier and our top 10 suppliers as a percentage of cost of materials consumed for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of cost of materials consumed	₹ lakhs	% of cost of materials consumed	₹ lakhs	% of cost of materials consumed	₹ lakhs	% of cost of materials consumed
Largest supplier	3,780.1	4.70%	5,011.7	3.63%	4,142.4	3.15%	5,335.1	3.88%
Top 10 suppliers	17,960.2	22.31%	29,433.0	21.32%	29,020.1	22.09%	34,293.2	24.96%

We have not entered into long term contracts for the supply of our raw materials and typically source raw materials from direct manufacturers or authorised distributors usually under quarterly contracts. Accordingly, we may encounter situations where we might be unable to manufacture and deliver our products due to, amongst other reasons, our inability to procure raw materials for our products. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. Absence of long-term supply contracts subject us to risks such as price volatility caused by various factors such as commodity market fluctuations, currency fluctuations, climatic and environmental conditions, production and transportation cost, changes in domestic government policies, and regulatory and trade sanctions. Additionally, our inability to predict the market conditions may result in us placing supply orders for inadequate quantities of such raw materials. We are generally able to pass higher raw material costs to our customers in connection with future purchase orders, but we may be exposed to higher raw material costs that occur before existing purchase orders are completed.

Further, our suppliers may not perform their obligations in a timely manner or at all, resulting in possible delays in our operations. Although we have no disruptions in the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we may experience disruptions in the future. While we expect to procure the requisite raw materials from alternate suppliers in the event of any such disruption, there is no assurance whether we would be able to locate such alternate supplies of raw material in a timely manner or at all or at commercially acceptable terms.

In the half-year ended September 30, 2024 and in Fiscal 2024, Fiscal 2023 or Fiscal 2022, our imported raw materials as a percentage of total Cost of materials consumed represented 27.75%, 26.08%, 27.24 % and 31.81%, respectively.

The table below sets forth our raw material purchased from suppliers in India and outside India and as percentage of Cost of materials consumed for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of cost of materials consumed	₹ lakhs	% of cost of materials consumed	₹ lakhs	% of cost of materials consumed	₹ lakhs	% of cost of materials consumed
India	58,170.0	72.25%	1,02,049.7	73.92%	95,574.9	72.76%	93,690.0	68.19%
Outside India	22,338.2	27.75%	35,999.6	26.08%	35,777.2	27.24%	43,707.6	31.81%
Cost of materials consumed	80,508.2	100.00%	1,38,049.3	100.00%	1,31,352.1	100.00%	1,37,397.6	100.00%

Some of our raw material imports in India are regulated by the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 that, *inter alia*, allows the concerned authority to regulate import if it is deemed that the chemicals proposed to be imported may cause major accidents. Although we have not had any such stoppages in the past, we are unable to assure you that no such stoppages of import of raw materials will occur in the future. Further, we are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. Any restriction on purchase of raw materials from outside India could have an adverse effect on our ability to deliver products to our customers, distributors or channel partners, and our business, results of operations, cash flows and financial condition. Although we have not had any instances that have impacted our business in the half-year ended September 30, 2024 and in Fiscal 2024, Fiscal 2023 or Fiscal 2022, if there are any trade restrictions, sanctions or higher tariffs placed by India on purchases made from other countries or similar restrictions are placed by the exporting country for supply of products to India, such trade restrictions, sanctions or higher tariffs may significantly impact our sourcing decisions and may lead to increased cost of purchase, and shortages of raw materials. Trade restrictions, sanctions or higher tariffs, if imposed in future, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

5. ***In the half-year ended September 30, 2024 and in Fiscal 2024, we derived more than 9.00 % of our revenue from operations from our top three customers, with our single largest customer contributing more than 4.50%, of our revenue from operations in these periods. Loss of any of these customers or a reduction in purchases by any of them could adversely affect our business, results of operations, cash flows and financial condition.***

We sell our pigment products to our customers in India and internationally directly through our sales and marketing team and our distributors and channel partners. In the half-year ended September 30, 2024 and in Fiscal 2024, Fiscal 2023 or Fiscal 2022, we sold pigment products to 1,451 customers, 1,708 customers, 1,610 customers and 1,577 customers, respectively. Our customers are primarily Indian, international and multi-national companies engaged in diverse end-user industries, including paints, plastics, inks, and cosmetics.

The table below sets forth our revenue from operations from our largest customer, top 3 customers, top 10 customers and top 20 customers and their contribution to our Revenue from operations for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations
Largest customer	6,337.3	4.77%	11,552.5	4.55%	13,701.5	5.95%	13,143.4	5.97%
Top 3 customers	14,406.4	10.83%	25,368.2	9.99%	25,339.1	11.01%	24,430.4	11.10%
Top 10 customers	33,427.0	25.14%	59,961.4	23.62%	51,124.0	22.21%	48,739.2	22.15%
Top 20 customers	45,220.2	34.01%	86,589.3	34.11%	74,940.8	32.56%	69,771.1	31.70%
Revenue from operations	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

We rely and expect that we will continue to be reliant on our top 10 customers for a substantial portion of our revenue. The loss of any of our top 10 customers (in particular our largest customer) for any reason including due to loss of, or failure to renew existing arrangements; limitation to meet any change in quality specification, change in technology; regulatory changes, disputes with a customer; adverse changes in the financial condition of our customers, such as possible bankruptcy or liquidation or other financial hardship or a reduction in the demand for our products by any of our top customers could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We usually do not enter into long-term supply contracts with any of our customers and typically rely on periodic price negotiations. For certain top customers, we have pricing agreements to fix the pricing of our products for two to three months. However, such purchase orders/delivery schedules may be cancelled unilaterally with or without cause and should such cancellation take place, it may have an adverse impact on our revenue and results of operations. There can be no assurance that our large customers will not cancel orders in the future which may have an impact on our results of operations and business in the future.

There is no assurance that our customers (in particular our top 10 customers) will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all. Any decrease in the demand for our products from our top 10 customers, or a termination of our arrangements altogether, would adversely impact our business, results of operations, cash flows and financial condition.

6. ***Our customers are primarily Indian, international and multi-national companies engaged in diverse end-user industries, including paints, plastics, inks and cosmetics. Any adverse changes in these sectors or any other sector in which our large customers operate could adversely impact our business, results of operations, cash flows and financial condition.***

Our main products are organic, inorganic and effect pigments that are used in paints, plastics, inks and cosmetics. Our customers are primarily Indian, international and multi-national companies engaged in diverse end-user industries, including paints, plastics, inks, and cosmetics. Consequently, our revenues are dependent on the end user industries that use our products as an input.

Factors affecting any of these industries could have a cascading adverse effect on our business, results of operations, cash flows and financial condition. Although certain factors, such as general macroeconomic and consumer trends, have a direct impact on demand for our pigment products, others can have indirect consequences that are difficult to predict. There can be no assurance that we will not be affected by any significant events impacting the paints, plastics, inks, and cosmetics industries or any other sectors in which our customers operate in the future which could have an adverse impact on our business and financial performance.

7. *We rely on our distributors and channel partners for the distribution of our pigment products. A termination of our distribution arrangements or if our distributors or channel partners do not effectively sell or market our products, our business, results of operations, cash flows and financial condition may be adversely affected.*

Our pigment products are distributed through our distribution network comprising of distributors and channel partners. Accordingly, we rely on our distributors and channel partners. Our ability to expand and grow our brands reach significantly depends on the reach and effective management of our distributor and dealer network. We continuously seek to increase the penetration by appointing new distributors and channel partners to ensure wide distribution network targeted at different consumers and areas. We cannot assure you that we will be able to successfully identify or appoint new distributors or dealers or effectively manage our existing distribution network. As we sell and distribute our products through such distributors or dealers, any one of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our business, results of operations, cash flows and financial condition :

- failure to renew agreements with distributors and channel partners;
- failure to maintain and establish relationships with our existing/ new distributors and channel partners;
- inability to timely identify and appoint additional or replacement distributors and channel partners upon the loss of one or more of our distributors or dealers;
- failure to receive timely payments from distributors and channel partners;
- reduction, delay or cancellation of orders from one or more of our distributors and channel partners; and
- disruption in delivering of our products by distributors and channel partners.

Further, we do not have exclusive arrangements with all our distributors and channel partners, which allows them to engage with our competitors. We also compete for distributors and channel partners with other companies engaged into manufacturing pigment products that may have greater brand recognition and financial resources, and a broader product portfolio than we do. If our competitors provide greater incentives to our distributors and channel partners, they may choose to promote the products of our competitors instead of our products. We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor handling by distributors/ dealers of our products, transportation bottlenecks, natural disasters, infectious disease outbreaks such as the COVID-19 pandemic, and labour issues, which could lead to delayed or lost deliveries. In addition, failure to provide our distributors and channel partners with sufficient inventories of our products may result in a reduction in the sales of our products.

8. *Our pigment manufacturing facilities are concentrated in the Raigad district of Maharashtra. Any significant social, political, economic or seasonal disruption, natural calamities or civil disruptions in Maharashtra could have an adverse effect on our business, results of operations, cash flows and financial condition.*

We have two pigment manufacturing facilities concentrated in the Raigad district of Maharashtra, and we have our R&D centre in Ambadwet in the outskirts of Pune, Maharashtra. Our manufacturing facilities and our operations are susceptible to local and regional factors, such as economic and weather conditions, natural disasters, political, demographic and population changes, adverse regulatory developments civil unrest and other unforeseen

events and circumstances. Such disruptions could result in the damage or destruction of one or more of our manufacturing capabilities, significant delays in shipments of our products and/or otherwise materially adversely affect our business, financial condition and results of operations. The occurrence of any of these events could require us to incur significant capital expenditure or change our business structure or strategy, which could have an adverse effect on our business, results of operations, future cash flows and financial condition. While we have not faced any such disruptions in the past in our operations due to the concentration of our manufacturing facilities in Maharashtra, we cannot assure you that there will not be any significant developments in these regions in the future that may adversely affect our business, results of operations, cash flows and financial condition.

9. *The demand and pricing of pigments is volatile and may be impacted by industry demand-supply imbalances. A decrease in specialty chemical prices or a shortfall in availability of raw material may have a material adverse effect on our business, results of operations, prospects and financial condition.*

The prices of our pigment products generally fluctuate based on a number of factors such as the availability and cost of raw material inputs, fluctuations in domestic and international demand and supply, domestic production and capacity of feedstocks, chemical intermediates and the pigment and specialty chemicals themselves, transportation costs, protective trade measures and various social and political factors, in India. When downturns occur, we may experience decreased demand for our pigment products, which may lead to decrease in prices, which may, in turn, have a material adverse effect on business, results of operations, cash flows and financial condition. For example, in Fiscal 2023, there was a slowdown in the demand which impacted the demand-supply trends in the entire specialty chemical sector. We experienced a similar trend to that of the chemicals industry in Fiscal 2023. Our business, results of operations, cash flows and financial condition may be impacted in the future by similar industry demand-supply imbalances.

Further, the prices of essential raw materials like pigment intermediates, chemicals and solvents, inorganic materials and metals etc. have been fluctuating in the past four years, and any fluctuation in raw material prices directly impacts the cost to manufacture our pigment products. In addition, substantial decreases in product prices during periods of economic weakness have not always been balanced by commensurate price increases during periods of economic strength. Any sustained price recovery will most likely require a broad economic recovery, in order to underpin an increase in real demand for pigment products by end users.

10. *We face competition from both domestic as well as international and multinational corporations and our inability to compete effectively may have a material adverse impact on our business, results of operations, cash flows and financial condition.*

Although the pigment products provide for significant entry barriers, competition in our business is based on pricing, relationships with customers, research and development, product registration, product quality, customisation, and innovation. We face pricing pressures from companies, principally in China and India that are able to produce pigments and chemicals at competitive costs and consequently, may supply their products at cheaper prices. We are unable to assure you that we shall be able to meet the pricing pressures imposed by such domestic, international and multinational competitors which would adversely affect our business, results of operations, cash flows and financial condition. Additionally, some of our competitors in the pigment business may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovative new products, offer competitive prices due to economies of scale and also ensure product quality and compliance. Further, our competitors may enter into contract manufacturing arrangements with our customers for products that they are currently purchasing from us that could result in the loss of such customer or loss of revenue from such customer. In addition, our customers may decide to backward integrate their businesses, which could reduce their purchases of our products. For more information regarding our industry peers, see “Industry Overview” on page 160.

11. *Our business is dependent and will continue to depend on our manufacturing facilities, and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations that could interfere with our operations could have an adverse effect on our business, results of operations, cash flows and financial condition.*

We manufacture our pigment products at our manufacturing facilities in Roha and Mahad of the Raigad district, Maharashtra. Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the malfunction or failure of equipment as well as industrial accidents, severe weather conditions and natural disasters. Any significant malfunction or failure

of our machinery, our equipment, our automation systems, our IT systems or any other part of our manufacturing processes or systems (together, our “**Manufacturing Assets**”) may entail significant repair and maintenance costs and cause delays in our operations. Although we have not had any major incidents during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we cannot assure you that we will not experience any malfunction or failure of our Manufacturing Assets in the future. If we are unable to repair Manufacturing Assets in a timely manner or at all, our operations may need to be suspended until we procure the appropriate Manufacturing Assets to replace them. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections, quality inspections by our customers or by certifying agencies or may shut down certain facilities for capacity expansion and equipment upgrades.

Although we have not experienced any significant disruptions at our manufacturing facilities during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we cannot assure you that there will not be any significant disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any such disruption in a timely manner and at an acceptable cost, could lead to the slowdown or shutdown of our operations or the under-utilisation of our manufacturing facilities, which in turn may have an adverse effect on our business, results of operations, cash flows and financial condition. For further information, also see “*Any adverse changes in regulations governing our business, products and the products of our customers, may adversely impact our business, prospects and results of operations*” on page 76.

12. Our success largely depends upon the knowledge and experience of our Promoters, Directors, Key Managerial Personnel, and Senior Management Personnel as well as our ability to attract and retain personnel with technical expertise. Our inability to retain our Promoters, Directors, Key Managerial Personnel and Senior Management Personnel or our ability to attract and retain other personnel with technical expertise could adversely affect our business, results of operations, cash flows and financial condition.

We depend on the management skills and guidance of our Promoters and Board of Directors for development of business strategies, monitoring their successful implementation and meeting future challenges. Further, we also significantly depend on the expertise, experience and continued efforts of our Key Managerial Personnel and Senior Management. Any loss of our Promoters, Directors, Key Managerial Personnel and Senior Management or our ability to attract and retain them and other skilled personnel could adversely affect our business, results of operations, cash flows and financial condition. Our future performance will depend largely on our ability to retain the continued service of our management team. If one or more of our Key Managerial Personnel or Senior Management Personnel are unable or unwilling to continue in his or her present position, it could be difficult for us to find a suitable or timely replacement and our business, results of operations, cash flows and financial condition could be adversely affected.

In addition, we may require a long period of time to hire and train replacement personnel when personnel with technical expertise terminate their employment with us. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining personnel with technical expertise that our business requires. The loss of the services of such persons could have an adverse effect on our business, results of operations, cash flows and financial condition.

The table below set forth the attrition rate based on our actuarial report for our employees for the period/fiscal years as indicated:

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Attrition rate (%)				
Employees age up to 30 years	5.0%	6.0%	6.0%	6.0%
Employees age 31- 45 years	2.0%	4.0%	4.0%	4.0%
Employees age above 45 years	6.0%	2.0%	2.0%	2.0%

While these positions have been appropriately filled and we have not faced any impact due to the resignations, we cannot assure that future resignations will not have any impact on the Company’s business or operations.

There is significant competition for management and other skilled personnel in the pigment and specialty chemicals industries in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors will not offer better compensation packages, incentives and other perquisites to such skilled personnel. Further, as on the date of this Preliminary Placement Document,

we do not have key man insurance policies. If we are not able to attract and retain talented employees as required for conducting our business, or if we experience high attrition levels which are largely out of our control, or if we are unable to motivate and retain existing employees, our business, results of operations, cash flows and financial condition may be adversely affected. For further information, see “Board of Directors and Senior Management” on page 200.

13. Our Company was incorporated in 1951 and we are unable to trace some of our historical records. Any penalty or action taken by any regulatory authorities in future, for non-compliance with provisions of corporate or any other law could impact the financial position of the Company to that extent.

We are unable to trace some of our historical corporate records such as return of allotment, statutory register, annual return and minutes of the meetings of the Board of Directors and Shareholders of the Company in relation to equity share capital history of our Company between 1951 and 2005 including the form filings made with the RoC. in the records maintained by our Company or on the online portal of the Ministry of Corporate Affairs (“MCA Portal”) or in the physical records available with the RoC. In relation to these missing records, we have relied on the search report obtained from M/s J.B Bhawe & Co., Practicing Company Secretary, a valid certificate of practice bearing number S1999MH025400 and membership number FCS 4266, dated January 21, 2025, engaged by our Company, who carried out their inspection and independent verification of the documents available or maintained by our Company, the Ministry of Corporate Affairs, Government of India at the MCA Portal and physical inspections conducted at the offices of the RoC, wherein all the old physical submissions are kept by the RoC, and issued the RoC search report confirming that the relevant statutory filings are also not available at RoC.

We may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. While we believe that the potential liability, if any, in this regard is not material, we cannot assure you that we will not be subjected to any liability on account of such non-compliances. While no legal proceedings or regulatory action has been initiated against us in relation to the corporate filings that cannot be located, as of the date of this Preliminary Placement Document, we cannot assure you that legal proceedings or regulatory actions will not be initiated against us in the future in relation to the corporate records.

14. After the completion of the Issue, our Promoters may not continue to collectively hold substantial shareholding in our Company.

As on January 13, 2025, our Promoters own an aggregate of 26.83% of our issued, subscribed and paid-up Equity Share capital. Following the completion of the Issue, our Promoters will continue to hold approximately [●] % of our post-Issue Equity Share capital. By virtue of their shareholding, our Promoters will have the ability to exercise significant control over the outcome of the matters submitted to our shareholders for approval, including the appointment of Directors, the timing and payment of dividends, the adoption of and amendments to our Memorandum and Articles of Association, the approval of a merger or sale of substantially all of our assets and the approval of most other actions requiring the approval of our shareholders. The interests of our Promoters in their capacity as our Shareholders could be different from the interests of our other shareholders. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

Vide intimation of the Company dated December 14, 2024, (i) Mr. Pradeep Ramwilas Rathi expressed his and his family members i.e., Mrs. Subhadra Rathi and Mr. Rahul Rathi, and (ii) Mr. Anuj Narayandas Rathi expressed his and his family members i.e., Mr Narayandas Jagannath Rathi, Mrs. Archana Anuj Rathi, Anuj Narayandas Rathi (HUF) and NJR Finance Private Limited, intention of no longer continuing to act as part of the Promoter and Promoter Group and to not participate directly or indirectly, in the management and operations of the Company in order to mitigate any potential liability on him and his family members. The Board has noted the intention submitted by the aforesaid Promoters and appropriate actions would be taken once a formal application as per Regulation 31A of SEBI Listing Regulations, 2015 is submitted by the said Promoters. Accordingly, as on the date, the aforesaid members continue to act as members of the Promoter and Promoter Group of the Company.

Operational Risks

15. We are subject to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances.

Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances such as Methanol, Aniline, Acetic Acid, Toluene, Caustic Lye, Sulphuric Acid etc., amongst others. We are

required to obtain approvals from various authorities under Explosives Act, 1884 and Petroleum Act, 1934 for storing hazardous substances. We are subject to operating risks associated with handling of such hazardous materials such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination. Any such occurrences in the future may result in the shutdown of one or more of our manufacturing facilities and expose us to civil and/or criminal liability or penalties or fines which could adversely affect our business, results of operations, cash flows and financial condition. Further, such occurrences may result in the termination of our approvals for storing such substances or penalties thereunder.

Moreover, certain environmental laws impose strict liability for accidents and damages resulting from hazardous substances and, although we have had no such instances during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, any failure to comply with such laws may lead to closure, penalties, fines and imprisonment.

16. We are dependent on our research and development activities for our future success. If we do not successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner, our business, results of operations, cash flows and financial condition may be adversely affected.

We are dependent on our research and development (“R&D”) activities and our chemistry and technology core competencies. Our R&D efforts have led to new product launches and technological advancements that can be used to develop superior and sustainable color solutions. We have three (3) dedicated R&D centres in India on which we have made significant capital investments. As of September 30, 2024, we have a R&D team comprising of 80 team members with global experience.

The following table sets forth our research and development expenditure for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Research and Development Expenditure	2,100.7	3,014.0	3,463.5	2,666.5

Although our R&D spend has been low relative to our overall expenses, our future results of operations will depend, to a significant degree, on our ability to successfully develop new pigment products and continue our product portfolio expansion in a timely and cost-effective manner. In addition, as part of our business strategies, we intend to further diversify our product portfolio by entering new product value chains. Further, we intend to expand our capacities in existing products as well as expand and strengthen our research capabilities to ensure rapid product innovation. The development and commercialisation of new products (whether ours or our customers’ products) are complex, time-consuming, costly and involves a high degree of business risk.

There is no guarantee that our new products will achieve market acceptance or that the timing of market adoption will be as predicted. There is a possibility, therefore, that some of our product or process development decisions, including R&D costs, or investments in technologies, may not meet our expectations, and that our investment in some projects may be unprofitable. While our R&D initiatives have helped us grow our operations in the past, changes in market demand or customer requirements may cause us to discontinue existing or planned developments for new products, which could have a material adverse effect on our business, results of operations, cash flows and financial condition. We cannot assure that we will successfully implement new technologies effectively or adapt our systems based on the R&D initiatives undertaken.

Changes in market demand or investment priorities may also cause us to discontinue existing or planned development for new products, which can have an adverse effect on our relationships with customers, distributors and channel partners. If we fail to make the right investments or fail to make them at the right time or our failure to manage the introduction of new products and services in line with our strategy and as per the changing customer preferences and market trends could have a material adverse effect on our business, results of operations, cash flows and financial condition.

17. Under-utilisation of our installed manufacturing capacities and an inability to effectively utilize our these capacities could have an adverse effect on our business, future prospects and future financial performance. Further, our inability to accurately forecast demand for our products may have an adverse effect on our

business, results of operations, cash flows and financial condition.

We manufacture our pigments at our two manufacturing facilities. Under-utilisation of our existing manufacturing capacities and an inability to effectively utilize such manufacturing capacities in the future could have an adverse effect on our business, prospects and future financial performance.

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, personnel requirements and other resource requirements, based on our estimates of customer orders for our products. We adjust our production periodically to meet the anticipated demand of our customers or significantly reduce production of certain products depending on potential orders. Changes in demand for our products could make it difficult to schedule production and lead to a mismatch of production and capacity utilisation. Further, if we are unable to achieve and consistently maintain high levels of capacity utilisation or if our capacity utilisation falls below the current levels, our revenues and profitability could be adversely affected. In addition, lower manufacturing capacity could also adversely impact our ability to attract additional customers and grow our business. Any such mismatch leading to over or under utilisation of our manufacturing facilities could adversely affect our business, results of operations, cash flows and financial condition.

18. We are subject to strict quality requirements, regular inspections and quality audits by our customers, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our business, results of operations, cash flows and financial condition. In addition, our business may expose us to potential product recalls and returns, which could adversely affect our results operation, goodwill and the marketability of our products. Further, we may be exposed to potential product liability claims which could adversely affect our results of operation, goodwill and the marketability of our products.

We may be exposed to risks of products recalls and returns or where products are returned to be reworked. The table below sets forth our total returns and rejections and such returns and rejections as a percentage of Total revenue from operations for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
Returns and rejections	1,042.5	0.78%	1,693.3	0.67%	2,661.0	1.16%	1,673.5	0.76%
Total revenue from operations	132,970.8	100.00%	253,877.7	100.00%	230,173.2	100.00%	220,080.6	100.00%

We develop, manufacture and market a diverse range of pigment products. Our products go through various quality checks at various stages including random sampling check and quality check internally. Certain of our key customers have quality audited our facilities and manufacturing processes in the past and may undertake similar audits periodically in the future. These successful audits play a critical role in customer retention, and although we have not experienced any loss of customers due to quality audits in the past, any issues that arise during such audits may lead to loss of the particular customer. Further, failure of our products to meet prescribed quality standards may result in rejection and reworking of our products.

While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. While we have not faced such challenges in past, any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, results of operations, cash flows and financial condition.

In addition, we may be exposed to potential product liability claims, and the severity and timing of such claims are unpredictable. While we have taken insurance to protect us from such claims and we have not been subject to

product liability lawsuits in the past, we face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether such claims are valid. We may also be subject to claims resulting from manufacturing defects, contamination, adulteration, product tampering or negligence in production, storage or handling which may lead to the deterioration of our products. We have not been subject to such claims during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, product liability claims, regardless of their merits or the ultimate success of the defence against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation and require our management's time and focus. Accordingly, such product liability claims, may adversely affect our results of operation, goodwill and the marketability of our products.

19. Our business may be adversely affected if we are unable to maintain and grow our brand image. In particular, our failure to maintain certain licenses or certifications may negatively impact our brand and reputation.

Our brands in respect of our pigment solutions is one of our most important assets, and we believe our brands and reputation are significant in attracting customers to our pigment products. We also believe that continuing to develop our reputation and awareness of our brand through focused and consistent business development initiatives among our customers is important for our ability to increase our sales volumes and our revenues, grow our existing market share and expand into new markets. Further for information on our intellectual property, see “- We have 93 registered trademarks in India as well as international trademarks. We also rely on a combination of trade secret and contractual restrictions to protect our intellectual property. If we are unable to protect our intellectual property rights, our business, results of operations, cash flows and financial condition may be adversely affected” on 77.

Although we take many steps to increase awareness of our products and protect the value of our brands through marketing and promotion, our business is dependent on customers' perception of our reputation and brands and such marketing campaigns. If we adopt unsuccessful marketing programs or are otherwise unable to maintain our customer relationships, we may only incur expenses without the benefit of higher revenues. Our competitors also may launch promotional activities, which may increase their brand visibility and we may not be able to match them. Further, we may not be able to invest adequately in marketing or customer engagement which could lead to loss of customers to competitors. If we fail to preserve the value of our brands, maintain our reputation, or attract consumers to our products, or provide good after-sale services to our customers, our business, results of operations, cash flows and financial condition could be adversely impacted. In addition, our failure in maintaining our quality accreditations and certifications may negatively impact our brand and reputation.

Further, our reputation and brands could be damaged by negative publicity in traditional or social media or by claims or perceptions about the quality of products and solutions, regardless of whether such claims or perceptions are true. Any untoward incidents such as litigation, regulatory actions or negative publicity, whether isolated or recurring and whether originating from us or otherwise, affecting our business or suppliers, can significantly reduce our brand value and consumer trust, and accordingly, adversely affect our business, results of operations, cash flows and financial condition.

20. We may be subject to industrial unrest and increased employee costs, which may adversely affect our business and results of operations.

As of September 30, 2024, our workforce comprised 1,466 permanent employees, and we utilised the services of over 3,000 contract labourers. Our employee benefits expense comprise payments made to all the personnel on our payroll and engaged in our operations.

The table below sets forth our Employee benefits expense and such as a percentage of Total expenses for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023	
	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses
Employee benefits expense	11,116.4	8.94%	20,995.0	8.75%	18,395.4	8.19%
Total expenses	1,24,311.1	100.00%	2,40,043.4	100.00%	2,24,678.3	100.00%

The table below sets forth our Employee benefits expense (net) and such as a percentage of Total expenses for Fiscal 2022:

(₹ in lakhs, unless otherwise stated)

Particulars	Fiscal 2022	
	₹ lakhs	% of Total expenses
Employee benefits expense (net)	18,397.0	9.04%
Total expenses	2,03,468.6	100.00%

Our manufacturing operations are significantly dependent on the cooperation and continued support of our workforce, particularly our employees and personnel. Strikes or work stoppages by our workforce at our manufacturing facilities could halt our production activities which could impact our ability to deliver customer orders in a timely manner or at all, which could adversely affect the results of our operations and reputation. We have one recognised labour union at our manufacturing facilities at Roha and Mahad and there have been no disruptions to our manufacturing operations during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022 on account of labour-related disputes including strikes, lockouts, or collective bargaining arrangements. However, there can be no assurance that we will not experience work disruptions in the future due to disputes or other problems with our workforce. Any such event, at our current facilities or at any new facilities that we may commission in the future, may adversely affect our ability to operate our business and serve our customers, and impair our relationships with certain key customers, which may adversely impact our business, results of operations, cash flows and financial condition.

21. We are dependent on contract labour and any disruption to the supply of such labour for our manufacturing facilities or our inability to control the composition and cost of our contract labour could adversely affect our operations.

Our workforce includes personnel that we engage through independent contractors. We incur certain Contract labour charges for engaging workforce through independent contractors. The table below sets forth the Contract labour charges and such Contract labour charges as percentage of Total expenses for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023	
	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses
Contract labour charges	3,787.7	3.05%	7,300.6	3.04%	6,329.0	2.82%
Total expenses	1,24,311.1	100.00%	2,40,043.4	100.00%	2,24,678.3	100.00%

The table below sets forth our labour charges and such as a percentage of Total expenses for Fiscal 2022:

(₹ in lakhs, unless otherwise stated)

Particulars	Fiscal 2022	
	₹ lakhs	% of Total expenses
Labour charges	5,778.1	2.84%
Total expenses	2,03,468.6	100.00%

Although we do not engage these labourers directly, we may be held responsible for any wage payments to these labourers in the event of default by our independent contractors. While the amount paid in such an event can be recovered from the independent contractor, any significant requirement to fund the wage requirements of the engaged labourers or delay in recovering such amounts from the contractors may have an adverse effect on our cash flows and results of operations.

We are also subject to the laws and regulations in India governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. For instance, the GoI has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety,

Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. Furthermore, any upward revision of wages that may be required by the state government to be paid to such contract labourers would increase our costs and may adversely affect the business and results of our operations. Any similar upward revisions could have an adverse impact on our costs and profitability in the future.

If we are unable to obtain the services of skilled and unskilled workmen or at reasonable rates, it may adversely affect our business and results of operations. In addition, our manufacturing process is dependent on a technology driven production system and any inability of the contract labourers to familiarize themselves with such technology could adversely affect our business and results of operations.

22. We use third party transportation and logistics service providers for delivery of our products to our customers, distributors and channel partners as well as raw materials to our manufacturing facilities. Any delay in delivery of our products or raw materials or increase in the charges of these entities could adversely affect our business, results of operations, cash flows and financial condition. We also may be exposed to the risk of theft, accidents and/or loss of our products in transit.

Our manufacturing operations are dependent on timely and cost-efficient transportation of raw materials to our facilities and of our products to our customers, distributors and channel partners. We do not own any vehicles for the transportation of our products and instead use third party transportation and logistics providers for delivery of our products. We also use third party transportation providers for the delivery of raw materials. Such third-party transportation and logistics could stop providing transportation for our products and raw materials at any time. Any disruption in services by such third-party transportation provider could impact our manufacturing operations and delivery of our products to our customers, distributors and channel partners. Further, transportation strikes could also have an adverse effect on supplies and deliveries to and from our customers, distributors or channel partners and suppliers. There have been disruptions to logistics due to Houthi forces in Yemen attacking shipping in the Red Sea as well as numerous logistics disruption during and immediately after the Covid-19 pandemic. Although during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we did not face any significant disruptions due to our use of third party transportation and logistics service providers, any disruptions of logistics in the future could impair our ability to deliver our products on time, which could materially and adversely affect our business, results of operations, cash flows and financial condition.

The following table sets forth our Freight and forwarding expenses and such expenses as a percentage of Total expenses for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses
Freight and forwarding expenses	4,420.3	3.56%	6,435.5	2.68%	5,216.1	2.32%	3,658.1 *	1.80%
Total expenses	1,24,311.1	100.00%	2,40,043.4	100.00%	2,24,678.3	100.00%	2,03,468.6	100.00%

*For Fiscal 2022 Freight and forwarding expenses to be read as Freight and forwarding

In addition, we pay for transportation costs in relation to the delivery of our certain of raw materials and other inputs to our manufacturing facilities. We are subject to the risk of increases in freight costs. If we cannot fully offset any increases in freight costs through increases in the prices for our products, we would experience lower margins.

We are exposed to the risk of theft, accidents and/or loss of our products in transit. While we believe we have adequately insured ourselves against such risk, we cannot assure you that our insurance will be sufficient to cover the losses arising due to such theft, accidents and/or loss of our products in transit. While there have been no material instances of theft, accident or loss not covered by insurance or transportation strikes during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we cannot assure you that such incidents will not occur in future. Any such acts could result in serious liability claims (for which we may not be adequately insured) which could adversely affect our business, results of operations, cash flows and financial condition.

23. We are dependent on third parties for the supply of utilities, such as electricity, water and fuel and any disruption in the supply of such utilities could adversely affect our manufacturing operations.

For our production of our pigments products, we use power, water and fuel to run our machines, equipment and in the production processes itself. Our power requirements are sourced through renewable energy suppliers and the local state power grid. Our Roha facility also has a 15.67 MW co-generation power plant. We also consume a large amount of water for our operations, which is sourced locally. We also procure fuel from local suppliers. The table below sets forth our expenses for Power and fuel and water charges and such expenses as a percentage of Total expenses in the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses
Power and fuel (A)	8,938.9	7.19%	15,259.4	6.36%	15,719.9	7.00%	13,274.3	6.52%
Water charges (B)	666.9	0.54%	1,197.8	0.50%	1,045.7	0.47%	1,337.6	0.66%
Power and fuel and water charges (C=A+B)	9,605.8	7.73%	16,457.2	6.86%	16,765.6	7.47%	14,611.9	7.18%
Total expenses	1,24,311.1	100.00%	2,40,043.4	100.00%	2,24,678.3	100.00%	2,03,468.6	100.00%

Any interruption in the continuous supply of power, water and fuel in the future may negatively impact our manufacturing processes, which may result in delays in delivery of our products or non-delivery, resulting in loss of revenue and damage to our reputation or customer relationship. In case of unavailability of any supply from, any of our utility providers for any reason, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner and at a commercially reasonable cost, which could adversely affect our business, results of operations, cash flows and financial condition.

24. We do not own our Registered and Corporate Office or our manufacturing facilities, which we occupy on a leasehold basis. A failure to renew our existing lease arrangements at commercially favourable terms or at all may have a material adverse effect on our business, results of operations, cash flows and financial condition .

We do not own our registered and corporate office in Pune, Maharashtra, and our manufacturing facilities in Roha and Mahad in Raigad district, Maharashtra which are occupied by us on a leasehold basis. The table below sets forth the details of our lease arrangements with respect to our principal properties under lease:

Purpose	Property Description	Area (square feet)	Lessor	Term
Corporate Office	Unit Nos. 701 to 710 7 th Floor, Eleven West Panchshil, Survey No.25, Near PAN Card Club Road, Baner Pune, 411069, Maharashtra	23,090	Respective Unit Owners	9 years from 01/03/2023 till 29/02/2032
Manufacturing Facility	Plot No.46, Roha Industrial Area, Dhatav, Taluka, Roha, Kolaba	34,86,968.78	Maharashtra Industrial Development Corporation	95 years from 01/09/1971 valid till 31/08/2066
Manufacturing Facility	Plot No. A-19/1 and A-19/2, Mahad Industrial Area, Nadgaon and Kamble, Mahad, Raigad	14,30,426.82	Maharashtra Industrial Development Corporation	95 years from 01/01/1992 valid till 31/12/2086

In addition to the leases set forth above, we also lease our warehouses. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. Further, we have two regional offices in New Delhi, the leases for which expired on September 16, 2024, and we are in the process of renewing them. While we have not failed to renew our lease arrangements for the material properties in the past three fiscal years, in the

event that we are unable to in the future, we may be required to vacate our current premises and make alternative arrangements for new offices and manufacturing operations. We cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations or shut down our manufacturing facilities during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, results of operations, cash flows and financial condition. Furthermore, the deeds for our existing and future leased properties may not be adequately stamped or such stamp duty may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty.

Financial Risks

25. *Our inability to fully pass on costs to our customer may impact our business, results of operations, cash flows and financial condition.*

We typically supply products to our customers, distributors and channel partners based on purchase orders. In respect of many of our purchase orders, we are entitled to pass on price escalations of specified raw materials to our customers. However, this is also dependent on market practice in the pigment and specialty chemicals industries with respect to the particular raw material.

Other production costs such as cost of fuel, manpower, inventory carrying cost and currency fluctuations are typically borne by us. As purchase orders are typically finalized on a monthly or quarterly basis before we commence production of a particular product, we are exposed to the risk of significant increases in these production costs between the time such purchase order is placed and the product is manufactured, which we may not be able to fully recover from our customers. Our ability to pass on costs also ultimately depends on our specific customer relationships and while we attempt to offset these costs through continuous improvements, there can be no assurance that our efforts to pass on all increased costs will be successful, and an inability to pass on these costs may have an adverse impact on our business, results of operations, cash flows and financial condition .

26. *Our financial performance may be adversely affected if we are not successful in forecasting customer demands, managing our inventory levels.*

We need to maintain sufficient inventory levels to meet customer expectations at all times. Accumulating excess inventory could increase our inventory costs, and a failure to have adequate inventory in stock to fulfil customer orders could result in inability to meet customer demand or loss of customers.

If we are unable to accurately predict sourcing levels or customer trends or if our expectations about customer demands and needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our business, results of operations, cash flows and financial condition. Furthermore, we may be required to maintain high inventory levels if we anticipate increases in customer demand for our products, which in turn would require a significant amount of working capital. Our inability to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, could adversely affect our business, results of operations, cash flows and financial condition.

27. *We have substantial capital expenditure and working capital requirements and may require additional financing to meet those requirements, which could have an adverse effect on our business, results of operations, cash flows and financial condition.*

Our business is capital intensive as we require adequate capital to operate and expand our manufacturing. Our historical capital expenditure has been and is expected to be primarily used towards development and enhancement of production capacities and manufacturing infrastructure. Historically, we have funded our capital expenditure requirements through a combination of internal accruals and external borrowings.

The table below sets forth our capital expenditure in Purchases of property, plant and equipment, intangible assets, intangible under development (including net movement in capital work in progress, capital advances and payable for capital goods) for the period/fiscal years as indicated:

(₹ lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023
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)	4,635.3	7,847.3	19,240.1

(₹ lakhs, unless otherwise stated)

Particulars	Fiscal 2022
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	31,020.7

As part of our strategy, we intend to expand our business in India and internationally. There can be no assurance that our expansion plans will be implemented as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. We may experience delays or mishaps in the implementation of the expansion plans or significant cost overruns, and in such instances the overall benefit of such plans to our revenues and profitability may decline. To the extent that the planned expansion does not produce anticipated or desired output, revenue or cost-reduction outcomes, our business, results of operations, cash flows and financial condition would be adversely affected.

Furthermore, we require a significant amount of working capital to maintain optimum inventory levels of raw materials, work-in-progress and finished goods as well as to offer credit to our customers, distributors and channel partners and fulfil our payment obligations towards our suppliers.

The table below sets forth our Total Current assets, Total Current liabilities, Working capital, Working capital turnover ratio, Current assets – Inventories, Current assets - Financial assets - Trade receivables, Current liabilities - Financial liabilities - Trade Payables - Dues to micro enterprises and small enterprises , Current liabilities - Financial liabilities - Trade Payables - Dues to other than micro enterprises and small enterprises and adjusted working capital as at the dates indicated.

(₹ lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Total Current assets	1,46,431.6	1,19,328.0	1,13,641.5	1,20,512.6
Total Current liabilities	1,21,448.1	86,249.4	99,329.7	1,06,357.8
Working capital	24,983.5	33,078.6	14,311.8	14,154.8
Working capital turnover ratio (times)	5.3	7.6	15.9	15.4
Current assets - Inventories	60,795.7	43,760.0	49,407.9	56,598.4
Current assets - Financial assets - Trade receivables	56,405.4	58,531.9	48,614.6	50,065.6
Current liabilities - Financial liabilities - Trade Payables				
Dues to micro enterprises and small enterprises	4,426.2	6,121.6	6,453.7	2,679.0 *
Dues to other than micro enterprises and small enterprises	55,645.8	45,083.0	44,419.2	49,497.0 **
Adjusted working capital	57,129.1	51,087.3	47,149.6	54,488.0

* Dues to micro enterprises and small enterprises to be read as Dues to micro and small enterprises for March 2022

**Dues to other than micro enterprises and small enterprises to be read as Other than Dues to micro and small enterprises for March 2022

For a reconciliation of Non-GAAP measures, see “Management’s Discussion and Analysis of Financial Position and Results of Operations – Non-GAAP Measures Reconciliation” on page 136.

Our working capital requirements may increase if payment terms in our agreements lead to reduced advance payments from our customers, distributors or channel partners or longer payment schedules, and we may need to raise additional capital from time to time to meet these requirements. While we do not anticipate seeking additional working capital financing in the immediate future, an inability to do so on terms acceptable to us could adversely affect our business, results of operations, cash flows and financial condition.

Our sources of additional financing, which are required to meet our capital expenditure plans or working capital requirements, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity upon conversion of debt, on the other hand, would result in a dilution of your shareholding.

28. Our inability to collect receivables in time or at all and default in payment from our customers, distributors or channel partners could result in the reduction of our profits and affect our cash flows.

We sell our products on various payment terms including on a cost, insurance and freight basis, on a consignee basis and door delivery or delivery duty paid basis. There have been delays in payments by some of our customers, distributors and channel partners in the past. However, as the said receivables are expected to be realised in the normal course of business, these have not been considered as impaired. A percentage of our sales are to customers, distributors and channel partners on an open credit basis, with standard payment period of generally between 0 to 180 days. While we generally monitor the ability of our customers, distributors and channel partners to pay these open credit arrangements and limit the credit, we extend to what we believe is reasonable based on an evaluation of financial condition and payment history, we may still experience losses because of the inability to pay. As a result, although we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate, and we cannot assure you that we will not experience such delays in payment or default by our customers, distributors or channel partners in the future.

The table set forth below sets forth our Trade receivables and Bad debts written off as at the dates and Period / Fiscal years ended as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Trade receivables	56,405.4	58,531.9	48,614.6	50,065.6
Bad debts written off	49.6	371.3	44.6	66.1

If we are unable to collect customer receivables or if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our major customers, distributors or channel partners, and as a result could cause delayed payments to us, requests for modifications to payment arrangements, that could increase our receivables or affect our working capital requirements, or default on payment obligations to us. An increase in bad debts or in defaults by our customers, distributors and channel partners may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our business, results of operations, cash flows and financial condition.

29. We could incur losses under our purchase orders with our customers, distributors and channel partners or be subjected to disputes or contractual penalties as a result of delays in delivery or failures to meet contract specifications or delivery schedules which may have a material adverse effect on our business, results of operations, cash flows and financial condition.

We could incur losses under our purchase orders or be subjected to disputes or contractual penalties as a result of delays in delivery or failures to meet specifications or delivery schedules. In the half-year ended September 30, 2024 and in Fiscal 2024, Fiscal 2023 or Fiscal 2022, there have been no instances of time overruns, due to which we have

been required to re-negotiate some of the terms, such as date of delivery of our purchase orders due to a delay in delivery (owing to a combination of internal as well as external factors beyond our control). There can be no assurance that our customers, distributors and channel partners in the future will not rescind their purchase orders with us if there is a delay in delivery beyond the time stipulated in the purchase order. This may have an impact on our reputation, which could have a material adverse effect on our business, results of operations, cash flows and financial condition. Further, payment of damages and renegotiation of terms of purchase orders could also have an adverse impact on our business, results of operations, cash flows and financial condition. In addition, certain of our customer purchase orders, enable our customers, distributors and channel partners to set off payments for goods delivered against previous outstanding balances. Any such instances may also impact our cash flows and have an adverse impact on our business, results of operations, cash flows and financial condition.

30. We have incurred indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition.

The table below sets forth our Non-current liabilities—Borrowings, Current liabilities – Borrowings, our Total borrowings, Net borrowings, Net borrowings to equity ratio and Finance costs as at the dates and Period / Fiscal years ended indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Non-current liabilities – Borrowings	3,863.1	19,331.5	44,920.6	36,857.6
Current liabilities – Borrowings	49,259.1	24,761.5	36,828.9	45,016.4
Total Borrowings	53,122.2	44,093.0	81,749.5	81,874.0
Net borrowings	35,905.8	39,369.3	79,710.3	79,342.4
Net borrowings to equity ratio (times)	0.3	0.3	1.0	1.0
Finance costs	1,591.6	3,690.2	4,147.1	1,942.3 *

*Finance costs for March 2022 to be read as Finance costs (net)

For a reconciliation of Non-GAAP measures, see “Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation” on page 136 .

As of September 30, 2024, we had Total borrowings of ₹53,122.2 lakhs. These borrowings are secured, inter alia, through a charge by way of hypothecation on our entire current assets, and, in case of our term loans, on fixed assets that includes land and building on which our manufacturing facilities are located in favour of lenders. As some of these secured assets pertain to our manufacturing facilities, our rights in respect of transferring or disposing of these assets are restricted. In the event we fail to service our debt obligations, the lenders have the right to enforce the security in respect of our secured borrowings and dispose of our assets to recover the amounts due from us which in turn may compel us to shut down our manufacturing facilities would adversely affect our business, results of operations, cash flows and financial condition.

Furthermore, our loan agreements with our lenders also contain certain negative covenants, including but not limited to, effecting any change in ownership, control, constitution and operating structure capital structure or shareholding pattern and/or management of our Company, any amendment in the constitutional documents, and restrictions on fund raising.

In Fiscal 2023, the Company was unable to fulfil the debt obligations associated with its non-current borrowings in relation to financial covenants. 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 fulfilled its debt obligations for Fiscal 2024.

Any failure on our part to comply with these terms in our financing agreements including the security agreements would generally result in events of default under these financing agreements. In such a case, the lenders under each of these respective loan agreements may, at their discretion, accelerate payment and declare the entire outstanding

amounts under these loans due and payable, and in certain instances, enforce their security which has been constituted.

31. Our contingent liabilities could materially and adversely affect our business, results of operations, cash flows and financial condition.

Our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements disclosed the following contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets as at the dates indicated:

(₹ in lakhs, unless otherwise stated)

Nature of Contingent Liabilities	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023
GST / VAT / CST demands - matters under dispute	6,857.8	2,360.3	106.2
Excise duty / Service tax demands - matters under dispute	507.1	507.1	475.0
Custom duty demands - matters under dispute	330.4	330.4	318.2
Electricity duty on Power Generation	3,020.4	2,810.4	2,371.1
Direct Tax demands - matters under dispute	370.0	370.0	-

Our Audited Consolidated Financial Statements disclosed the following contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets as at March 31, 2022:

(₹ in lakhs, unless otherwise stated)

Nature of Contingent Liabilities	As at March 31, 2022
Excise duty	255.8
VAT/CST	49.2
Custom duty	330.4
Electricity duty on Power Generation	2,043.7

Most of the liabilities have been incurred in the normal course of business. If these contingent liabilities were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, results of operations, cash flows and financial condition.

32. We have experienced negative cash flows in the half-year ended September 30, 2024 and in Fiscal 2023.

We have experienced negative cash flows in the recent past. The following table sets forth our cash flows for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023
Net cash flow from operating activities	9,338.6	19,345.5	28,704.7
Net cash flow generated from/ (used in) investing activities	(18,454.5)	27,932.1	(18,927.1)
Net cash generated from/ (used in) financing activities	7,509.9	(44,593.1)	(10,270.0)
Net increase / (decrease) in cash and cash equivalents	(1,606.0)	2,684.5	(492.4)

The following table sets forth our cash flows for Fiscal 2022:

(₹ in lakhs, unless otherwise stated)

Particulars	Fiscal 2022
Net cash flow from operating activities from operations	17,814.2
Net cash flow (used in) investing activities	(30,655.8)
Net cash flow from financing activities	13,775.5
Net increase in cash and cash equivalents	933.9

Any negative cash flows in the future could adversely affect our business, results of operations and financial condition. For further details, see “*Management’s Discussion and Analysis of our Financial Condition and Results of Operations – Cash Flows*” on page 149.

33. Our statutory auditors have included a qualification, reservation, adverse remark and/or certain emphasis of matter in their report on our Fiscal 2024, Fiscal 2023 and Fiscal 2022 Audited Consolidated Financial Statements

The Auditor’s Report on our Audited Consolidated Financial Statements for Fiscal 2024 and Fiscal 2023 contained certain reservations and certain emphasis of matters as set forth in the table below.

Financial Period	Company Name	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Group	Corrective steps taken and/or proposed to be taken by the Group
March 31, 2024	Sudarshan Chemical Industries Limited – Consolidated	Based on the examination by the Statutory Auditors which included test checks, of the Company and its subsidiary company which is incorporated in India, that use accounting software for maintaining their 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 was not enabled for changes, if any, made using certain administrative access rights to the application and underlying database.	Not Quantifiable	The management is in the process of complying with the audit trail requirements.
March 31, 2023	Sudarshan Chemical Industries Limited – Consolidated	Emphasis of Matter – Managerial Remuneration Our Statutory Auditors have drawn attention to a note of the Fiscal 2023 Audited Consolidated Financial Statements which describes that the managerial remuneration paid/payable by the Company to the directors for the year ended March 31, 2023 was in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 lakhs and ₹ 46.7 lakhs respectively.	Not Quantifiable	The Company has taken the Shareholders approval in the 72nd Annual General Meeting held on August 11, 2023
March 31, 2022	Sudarshan Chemical Industries Limited – Consolidated	No Reservation, qualification, emphasis of matter or adverse remark	Not applicable	Not applicable

We cannot assure you that our Statutory Auditors’ reports for any future financial period will not contain similar matters or other remarks, observations or other matters prescribed under Companies (Auditor’s Report) Order 2020, and that such matters will not otherwise affect our results of operations.

34. We may not have sufficient insurance coverage to cover our economic losses as well as certain other risks, not covered in our insurance policies, which could adversely affect business, results of operations, cash flows and financial condition.

Our operations are subject to various risks inherent to the pigment and specialty chemicals industries and to the sale and maintaining inventory of products, as well as other risks, such as theft, robbery or acts of terrorism and other force majeure events. We maintain insurance coverage for anticipated risks which are standard for our type of business and operations.

The table below sets forth particulars of insured assets and percentage of our insurance coverage as at the period/fiscal years as indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Insured Assets (₹ lakhs)	2,28,772.9	2,08,916.8	2,05,283.8	1,73,796.9
Insured Assets as % of fixed assets (gross block less land cost) and inventory	100.00%	100.00%	100.00%	100.00%

Our insurance policies cover our manufacturing facilities and corporate office from losses in the case of natural calamities and fire. Our incoming and outgoing material (for purchase and sales) are insured. We also have product liability insurance coverage. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, results of operations, cash flows and financial condition could be adversely affected. For further details of insurance, see “Our Business” on page 177.

We have not taken insurance to protect against all risk and liabilities. For example, we do not have key man insurance.

Further, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business. While none of our insurance policies are due for renewal as of the date of this Preliminary Placement Document, we cannot assure you that such renewals in the future (on expiry) will be granted in a timely manner, at acceptable cost or at all.

35. Exchange rate fluctuations may adversely affect our results of operations as our sales outside India and a portion of our expenditures are denominated in foreign currencies.

Our financial statements are prepared in Indian Rupees. Our sales outside of India and a portion of our raw materials expenditures are denominated in foreign currencies, primarily U.S. Dollar and Euro. Accordingly, we have currency exposures relating to buying and selling in currencies other than in Indian Rupees, particularly the U.S. Dollar and Euro. Further, we expect our future capital expenditures in connection with our proposed expansion plans may include expenditures in foreign currencies for imported equipment and machinery.

A significant fluctuation in the Indian rupee to U.S. dollar or other foreign currency exchange rates could materially and adversely affect our business, results of operations, cash flows and financial condition. The exchange rate between the Indian rupee and these currencies, primarily the U.S. dollar and Euro, has fluctuated in the past and any appreciation or depreciation of the Indian rupee against these currencies can impact our profitability and results of operations. Our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, the Indian rupee had depreciated against the U.S. dollar in four of the last five years, which may impact our foreign currency expenditures. We have had gains and losses due to these fluctuations in foreign currency.

We hedge our assets and liabilities against exchange rate movements by entering forward exchange contracts, cross currency swaps and interest rate swaps. We are affected primarily by fluctuations in exchange rates among the U.S. dollar, Euro and the Indian Rupee, and our business, results of operations, cash flows and financial condition may be adversely affected by fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies. Additionally, we have earned gains due to these fluctuations in foreign currency.

The table set forth below provides our Foreign exchange (gain)/loss (net) for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Foreign exchange (gain) / loss (net)	765.8	1,020.9	1,747.0	92.1

These foreign currency losses were primarily related to losses incurred on repayment of term loan instalments where the market exchange rate at the time of payment transaction was not in our favour. We, however, run the risk from time to time that the market exchange rate may be less favourable to us which may result in foreign currency losses. For further information on our exchange rate risk management, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Principal Factors Affecting our Results of Operations – Foreign Exchange Rate Risk*” on page 115.

Legal and Regulatory Risks

36. Any adverse changes in regulations governing our business, products and the products of our customers, may adversely impact our business, prospects and results of operations.

Regulations and policies implemented by the Government of India as well as the countries to which we export our products can affect the demand for, expenses related to and availability of our products. In particular, since large portion of our revenues are derived from exports, any amendments to the export-import policies of the Government of India as well as the registration requirements in the countries where we export products may potentially impact the business of our Company. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. Any changes in government regulations and policies, such as the withdrawal of or changes in tax benefits, incentives and subsidies levied by India or other countries, could adversely affect our business and results of operations. Protectionist measures, including countervailing duties and tariffs and government subsidisation adopted or currently contemplated by governments in some of our export markets could adversely affect our sales.

Further, regulatory requirements with respect to our products and the products of our customers are subject to change. An adverse change in the regulations governing the development of our products and their usage by our customers, including the development of licensing requirements and technical standards and specifications or the imposition of onerous requirements, may have an adverse impact on our operations.

We may be required to alter our manufacturing and/or distribution process, change our product portfolio and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. We cannot assure you that we will be able to comply with the regulatory requirements. If we fail to comply with new statutory or regulatory requirements, there could be a delay in the submission or grant of approval for manufacturing and marketing new products or we may be required to withdraw existing products from the market. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products and/or we may be deemed to be in breach of our arrangements with our customers. Consequently, there is an inherent risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products, which may adversely impact our business, results of operations, cash flows and financial condition.

37. There are outstanding legal proceedings against our Company, one of our Promoters, and some of our Directors. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, results of operations, cash flows and financial condition.

Certain legal proceedings involving our Company, one of our Promoters, and some of our Directors are pending at different levels of adjudication before various courts, tribunals and authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties, we may need to make payments or make provisions for future payments, and which may increase expenses and current or contingent liabilities. For further information, see “*Legal Proceedings*” on page 268 .

We cannot assure you that any of the outstanding litigation matters will be settled in our favour, or that no

(additional) liability will arise out of these proceedings. We are in the process of litigating these matters. Further, such proceedings could divert management time and attention and consume financial resources in their defence. In addition to the foregoing, we could also be adversely affected by complaints, claims or legal actions brought by persons, before various forums such as courts, tribunals, consumer forums or sector-specific or other regulatory authorities in the ordinary course or otherwise, in relation to our products, our technology, our branding or our policies or any other acts/omissions. Further, we may be subject to legal action by our employees and/or ex-employees in relation to alleged grievances such as termination of their employment with us. There can be no assurance that such complaints or claims will not result in investigations, enquiries or legal actions by any courts, tribunals or regulatory authorities against us.

38. Delay/ default in payment of statutory dues may attract penalties and in turn have an adverse impact on our business, results of operations, cash flows and financial condition.

We are required to make certain payments to various statutory authorities from time to time, including but not limited to payments pertaining to employee provident fund, employee state insurance, income tax and excise duty. The Group has generally been regular in payment of statutory dues for the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 and Fiscal 2022. We cannot assure you to that we will be able to pay our statutory dues timely, or at all, in the future. Any failure or delay in payment of such statutory dues may expose us to statutory and regulatory action, as well as significant penalties, and may adversely impact our business, results of operations, cash flows and financial condition.

39. Non-compliance with and changes in, safety, health, environmental laws and other applicable regulations in India, may adversely affect our business, results of operations, cash flows and financial condition.

We are subject to laws and government regulations in India, including in relation to safety, health and environmental protection. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, processing, transport or disposal of hazardous substances including employee exposure to hazardous substances and other aspects of our manufacturing operations. In addition, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing may release into the air and water.

Our operations, particularly at our manufacturing facilities, are subject to stringent scrutiny, inspection and audit from third party environmental agencies, including governmental authorities to ensure our compliance with applicable laws and regulations or the relevant regulatory bodies may require us to shut down our manufacturing plants for purported violations of safety, health, environmental laws, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers, distributors or channel partners.

The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond the limits required by applicable law or regulation may cause us to be liable to regulatory bodies or third parties. Any such legal proceedings in the future could adversely affect our business, results of operations, cash flows and financial condition. Furthermore, if the authorities deem that our responses do not sufficiently address the concerns raised in these notices, there is also a possibility that the environmental authorities may cancel, suspend or withdraw the approvals, permits or consents granted to us or may order the closure of the manufacturing facility until the concerns are sufficiently addressed or remedied. If such environmental notices result in litigation, fines or the cancellation of our licenses, it could adversely affect our business, results of operations, cash flows and financial condition.

We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws, regulations and permits often require us to purchase and install pollution control equipment or to make operational changes to limit impacts or potential impacts on the environment and/or health of our employees. During the half-year ended September 30, 2024, and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we have not delayed in making any regulatory filings under applicable law beyond prescribed timelines that resulted in a non-compliance.

40. We have 93 registered trademarks in India as well as international trademarks. We also rely on a combination of trade secret and contractual restrictions to protect our intellectual property. If we are unable to protect our intellectual property rights, our business, results of operations, cash flows and financial condition may be adversely affected.

We rely on a combination of trade secret and contractual restrictions to protect our intellectual property as we do not own any patents. As of September 30, 2024, we had 57 registered trademarks in India. As of September 30, 2024, we had 36 registered trademarks and 12 pending trademark applications globally, primarily in Europe, United States, Mexico, Brazil, Russia, Japan, China, Canada and the United Kingdom. We may not be able to protect our intellectual property rights, including our trademarks after receipt of approval from the Trademark Registry in India or trademark authorities internationally, against third-party infringement and unauthorised use of our intellectual property, including by our competitors.

While our agreements with our employees and consultants who develop our intellectual property including our proprietary pigment products, technology, systems and processes on our behalf include confidentiality provisions and provisions on ownership of intellectual property developed during employment or specific assignments, as applicable, these agreements may not effectively prevent unauthorized use or disclosure of our confidential information, our intellectual property including our proprietary products, technology, systems and processes and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information or infringement of our intellectual property. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our proprietary products, technology, systems and processes and use information that we consider proprietary. In addition, in respect of products without registered trademark protection, third parties may assert rights in our name, brands and marks, although they have not done so in the past. Further, unauthorized parties may also attempt, or successfully endeavour, to obtain our intellectual property, confidential information, and trade secrets through various methods, including through cybersecurity attacks, and legal or other methods of protecting this data may be inadequate. In addition, our trade secrets may become known or independently developed by our competitors, and in such cases, we may no longer enjoy the exclusive use of some of our formulations or maintain the confidentiality of information relating to our products.

Although no such proceedings have been initiated during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we may need to litigate to protect our intellectual property or to defend against third party infringement. Any such litigation could be time consuming and costly, and the outcome cannot be guaranteed. We may not be able to detect any unauthorised use or take appropriate and timely steps to enforce or protect our intellectual property. Any inability to use or protect our intellectual property could affect our relationships with our customers, which could materially and adversely affect our brand, business, results of operations, cash flows and financial condition.

41. We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our business, results of operations, cash flows and financial condition.

Our business operations are subject to various laws, the compliance of which is supervised by multiple regulatory authorities and government bodies in India. In order to conduct our business, we are required to obtain multiple licenses, approvals, permits and consents. Additionally, our government approvals and licenses are subject to numerous conditions, some of which are onerous including making an application for amending the existing approval. If we are unable to comply with any or all of their applicable terms and conditions or seek waivers or extensions of time for complying with such terms and conditions, our operations may be interrupted and penalties may be imposed on us by the relevant authorities. Further, a majority of these approvals and licenses are subject to ongoing inspection and compliance requirements and are valid only for a fixed period of time subject to renewals. Although no proceedings have been initiated against us where a license or approval was not renewed during the half-year ended September 30, 2024, and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, we may need to apply for more approvals in the future including renewal of approvals that may expire from time to time. If we fail to renew, obtain or retain any of such approvals, in a timely manner, or at all, our business, results of operations, cash flows and financial condition may be adversely affected.

Risks related to our Promoters and Promoter Group

42. We have in the past entered into related party transactions and may continue to do so in the future.

The table below sets forth the arithmetic aggregated absolute total of our related party transactions in the ordinary course of business (post intercompany elimination) and such transactions as a percentage of Revenue from operations for the period and fiscal years indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations
Arithmetic aggregated absolute total of our related party transactions *	1,516.6	1.14%	3,155.9	1.24%	2,754.0	1.19%	3,079.0	1.40%

* Post intercompany elimination

All the related party transactions in the half-year ended September 30, 2024, and in Fiscal 2024, Fiscal 2023 or Fiscal 2022 have been carried out on an arm's length basis. It is likely that we will continue to enter into related party transactions in the future and such future transactions could potentially involve conflicts of interest. We cannot assure you that such future related party transactions, individually or in the aggregate, will not have an adverse effect on our business, results of operations, cash flows and financial condition. Some of these transactions may require significant capital outlay and there can be no assurance that we will be able to make a return on these investments. Although all related-party transactions that we may enter into will be subject to Audit Committee, Board or shareholder approval, as may be required under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will perform as expected/ result in the benefit envisaged therein.

43. Certain unsecured borrowings have been availed by us which may be recalled by lenders.

As of September 30, 2024, we had availed Non-current liabilities – Borrowings - Unsecured and Current liabilities – Borrowings - Unsecured aggregating to ₹ 13,939.9 lakhs, from banks. Any failure to service such indebtedness, or otherwise perform any obligations under such financing agreements may lead to acceleration of payments under such credit facilities, which may adversely affect our Company.

Risks related to the Use of Proceeds

44. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds.

We intend to utilize the Net Proceeds of the Issue as set forth in “Use of Proceeds” beginning on page 94. The funding requirements mentioned as a part of the objects of the Issue are based on internal management estimates and have not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

45. The Net Proceeds from the Issue are proposed to be used to partially fund the consideration to be paid by our Material Subsidiary Sudarshan Europe B.V. for the Heubach Acquisition. If the Heubach Acquisition is not completed, the proceeds of the Issue will be retained by our Company and used for other objects.

The Net Proceeds from the Issue are proposed to be used to partially fund the consideration to be paid by our Material Subsidiary, Sudarshan Europe B.V., for the Heubach Acquisition. We propose to fund the Heubach Acquisition through the proceeds of this Issue and any shortfall will be met through debt funding, proceeds of the Preferential Allotment and internal accruals, or a combination thereof. For further information, see “Use of Proceeds” on page 94. If we are unable to raise capital to fund the Heubach Acquisition, our business prospects could be adversely affected. If the Heubach Acquisition is not completed due to absence of regulatory approval or in appropriation of debt funding, the proceeds of the Issue will be retained by our Company and used for other

objects in accordance with applicable laws. The completion of the Heubach Acquisition is accordingly dependent on our ability to raise capital through the Issue, and in case of shortfall, on obtaining debt funding on favourable terms and in a timely manner. For further details, see “*Use of Proceeds*” on page 94. Our ability to raise additional funding, if required, is contingent on numerous factors, including general economic and capital market conditions, credit availability from banks or the market, investor confidence and the continued success of our operations. If we are unable to raise adequate capital in a timely manner and on favourable terms, or at all, or if our internal accruals are insufficient for funding the balance consideration, we may either have to delay or be unable to complete the Heubach Acquisition and accordingly fail to complete the Heubach Acquisition as planned, which may adversely affect our business, results of operations, cash flows and financial condition. Further, it is possible that completion of the Heubach Acquisition may not occur, in particular, if any of the conditions precedent to completion are not satisfied in accordance with the SPA and PTA. If the Heubach Acquisition is not completed for any reason, including the failure to complete the closing conditions, the Net Proceeds will be deployed by our Board in subsequent periods, in such manner as it may decide based on our funding requirements at the relevant point of time, including funding opportunities in our business through inorganic growth, in accordance with applicable laws. This allocation will be based on our funding requirements at the relevant point in time.

Further, for the balance consideration towards investment in Sudarshan Europe B.V, the Board, through its resolution dated October 16, 2024, approved the allotment of 9,80,000 fully convertible equity warrants (“**Warrants**”) at an exercise price of ₹ 1,019.75 each (including a premium of ₹1,017.75 per underlying equity shares of the face value of ₹2 each) convertible into equal number of Equity Shares of face value of ₹ 2 each on a private placement basis. Subsequently, the allotment of the Warrants was made to Rajesh Balkrishna Rathi, one of our Promoters and Managing Director on December 13, 2024 pursuant to the resolution passed by the Fund Raising Committee. Pursuant to SEBI ICDR Regulation, only 25% of the total consideration amount of Warrant has been paid upfront by the Warrant holders and remaining 75% to be paid at the time of exercise of their right. If our Company does not receive the remaining amount, it may affect the funding consideration of the Heubach Acquisition. For more details, please refer to “*Use of Proceeds*” on page 94.

In addition, our ability to realise anticipated benefits may also be impacted by any of the other risks that we face individually as businesses as described in this Preliminary Placement Document. If the anticipated benefits that our Company expects are not realised or are delayed, our business, results of operations, financial condition and prospects could be adversely affected. Even if we are able to successfully integrate our businesses and operations, it may not be possible to realise the full benefits of the integration opportunities, the synergies that we currently expect to result from the Heubach Acquisition or realise these benefits within the time frame that we currently expect.

Other Risks

46. Our inability to successfully implement some or all our business strategies in a timely manner or at all could have an adverse effect on our business.

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Growth through strategic acquisitions;
- Acquisition of Heubach Group;
- Expand our export business and increase our wallet share with existing customers;
- Maintain and further develop environmentally sustainable practices; and
- Continue to focus on R&D activities.

Our strategies may not succeed due to various factors, including our inability to reduce our debt and our operating costs, our failure to develop new products with sufficient growth potential as per the changing market preferences and trends, our failure to execute agreements with our customers, distributors or channel partners, our failure to effectively market our products or foresee challenges with respect to our business initiatives, our failure to sufficiently upgrade our infrastructure, machines, automation, equipment and technology as required to cater to the requirement of changing demand and market preferences, our failure to maintain highest quality in our operations or to ensure scaling of our operations to correspond with our strategy and customer demand, changes in Government of India policy or regulation, our inability to respond to regular competition, and other operational and management difficulties. For further details of our strategies, see “*Our Business – Our Strategies*” on page 185.

47. Our investments in new products may not be successful and may be less profitable or may be loss-making.

We are diversifying our product portfolio to include CICP, digital inks, which we intend to market in India and outside of India to new and existing customers. Although we follow a careful plan and strategy to develop our new pigment products, the production and marketing of our products is subject to number of risks including, but not limited to, our failure to develop customers, distributors or channel partners or effectively market these products that meet market demands and market requirements, our failure to meet competition and our failure to comply with applicable regulation. In addition, our new pigment products may require additional capital expenditure for development and roll out and may take substantial management time. Accordingly, our new products may not be successful for these and other reasons. Further, our investments in manufacturing and marketing such new pigment products, may be less profitable than what we have experienced historically in our existing pigment business, may be loss-making, may consume substantial financial resources and/or may divert management's attention from existing operations, all of which could materially and adversely affect our business, results of operations, cash flows and financial condition.

48. If we do not continue to invest in new technologies and equipment, our machines and equipment may become obsolete and our production costs may increase relative to our competitors, which may have an adverse impact on our business, results of operations, cash flows and financial condition.

We believe that going forward, our profitability and competitiveness will depend in large part on our ability to maintain low cost of operations, including our ability to process and supply sufficient quantities of our pigment products as per the agreed specifications. If we are unable to respond or adapt to changing trends and standards in machines, equipment and technologies, or otherwise adapt our machines, equipment and technologies to changes in market conditions or requirements, in a timely manner and at a reasonable cost, we may not be able to compete effectively and our business, results of operations, cash flows and financial condition may be adversely affected.

49. Any downgrade of our credit ratings could adversely affect our business.

As of the date of this Preliminary Placement Document, we have received the following credit ratings on our debt and credit facilities.

Instrument or Rating Type	₹ in crores	Date	Ratings
Unsecured Loans	280.00	October 22, 2024	IND AA / Rating Watch with Developing Implications
Term Loans	254.10	October 22, 2024	IND AA / Rating Watch with Developing Implications
Non-Convertible Debenture	99.00	October 22, 2024	IND AA / Rating Watch with Developing Implications
Commercial Paper	100.00	October 22, 2024	IND A1+ / Rating Watch with Developing Implications
Non-fund based working capital limits	5.00	October 22, 2024	IND A1+ / Rating Watch with Developing Implications
Fixed Deposit	0.20	October 22, 2024	IND AA / Rating Watch with Developing Implications
Fund-based working capital limits	230.00	October 22, 2024	IND AA /Rating Watch with Developing Implications/ IND A1+/Rating Watch with Developing Implications
Commercial Paper	50.00	January 20, 2025	CRISIL A1+/Watch Developing

These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. Further, there can be no assurance that these ratings will not be revised or changed by the above rating agencies due to various factors. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

50. We might infringe upon the intellectual property rights of others and any misappropriation of our intellectual property could harm our competitive position.

Although we have faced no instances of intellectual property claims during the half-year ended September 30,

2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022 and while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may require us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised, those claims could: (a) adversely affect our relationships with current or future customers; (b) result in costly litigation; (c) cause supplier delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into potentially expensive royalty or licensing agreements and (g) require us to cease certain activities. While during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022 we have not been involved in litigation or incurred litigation expenses in connection with our intellectual property rights, in the case of an infringement claim made by a third party, we may be required to defend such claims at our own cost and liability and may need to indemnify and hold harmless our customers. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement that we are not aware of. Any of the foregoing could adversely affect our business, results of operations, cash flows and financial condition.

51. Failure or disruption of our IT systems may adversely affect our business, results of operations, cash flows and financial condition.

We have implemented various information technology (“IT”) and/or enterprise resource planning (“ERP”) solutions to cover key areas of our operations and accounting. In addition, IT is important to our manufacturing processes and automation. Our IT solutions are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. A significant or large-scale malfunction or interruption of one or more of our IT systems, ERP systems, or manufacturing IT systems, could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and a wider or sustained disruption to our business could also occur. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. While we have not faced significant disruptions in the half-year ended September 30, 2024 and in Fiscal 2024, Fiscal 2023 or Fiscal 2022, any such malfunction or disruptions in future could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, results of operations, cash flows and financial condition. Although we have had no incidents during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, the unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT, and/or ERP systems may lead to inefficiency or disruption of our operations and thereby adversely affecting our business, results of operations, cash flows and financial condition.

52. Our Subsidiaries may not pay cash dividends on shares that we hold in them. Consequently, our Company may not receive any return on investments in our Subsidiaries.

Our Subsidiaries are separate and distinct legal entities, having no obligation to pay dividends and may be restricted from doing so by law or contract, including applicable laws, charter provisions and the terms of their financing arrangements. We cannot assure you that our Subsidiaries will generate sufficient profits and cash flows, or otherwise be able to pay dividends to us in the future.

53. Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include inventory loss and intentional failures to comply with any regulations applicable to us, to provide accurate information to regulatory authorities, to comply with manufacturing standards we have established, or to report financial information or data accurately or disclose unauthorized activities to us. There can be no assurance that we will be able to identify and deter such misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risk. Although we have had no material incidents of employee misconduct during the half-year ended September 30, 2024 and during Fiscal 2024, Fiscal 2023 or Fiscal 2022, if our employees engage in any such future misconduct, we could face criminal penalties, fines, revocation of regulatory approvals and harm to our reputation, any of which could form a material adverse effect on our business, results of operations, cash flows and financial condition.

54. *If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be adversely affected.*

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that our operations adhere to our policies, compliance requirements and internal guidelines. We periodically test and update our internal processes and systems and there have been no past material instances of failure to maintain effective internal controls and compliance system. However, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

We take reasonable steps to maintain appropriate procedures for compliance and disclosure and to maintain effective internal controls over our financial reporting so that we produce reliable financial reports and prevent financial fraud. As risks evolve and develop, internal controls must be reviewed on an ongoing basis. Maintaining such internal controls requires human diligence and compliance and is therefore subject to lapses in judgment and failures that result from human error.

Further, our operations are subject to anti-corruption laws and regulations. These laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under these laws or other local anti-corruption laws. While our code of conduct requires our employees and intermediaries to comply with all applicable laws, and we continue to enhance our policies and procedures in an effort to ensure compliance with applicable anti-corruption laws and regulations, these measures may not prevent the breach of such anti-corruption laws, as there are risks of such breaches in emerging markets, such as India. If we are not in compliance with applicable anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, results of operations, cash flows and financial condition. Likewise, any investigation of any potential violations of anti-corruption laws by the relevant authorities could also have an adverse impact on our business and reputation.

55. *Certain sections of this Preliminary Placement Document contain information from the One Lattice Report which we commissioned and purchased and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.*

Certain sections of this Preliminary Placement Document include information based on, or derived from, the one Lattice Report prepared by One Lattice, which is not related to our Company, Directors, Key Managerial Personnel or Senior Management Personnel. We commissioned and paid for this report for the purpose of confirming our understanding of the industry in connection with the Issue. All such information in this Preliminary Placement Document indicates the One Lattice Report as its source. Accordingly, any information in this Preliminary Placement Document derived from, or based on, the One Lattice Report should be read taking into consideration the foregoing.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources do not guarantee the accuracy, adequacy or completeness of the data. Further, the One Lattice Report is not a recommendation to invest / disinvest in any company covered in the One Lattice Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Preliminary Placement Document based on, or derived from, the One Lattice Report. You should consult your own advisors and undertake an independent assessment of information in this Preliminary Placement Document based on, or derived from, the One Lattice Report before making any investment decision regarding the Issue. See “*Industry Overview*” on page 160.

56. *We have in this Preliminary Placement Document included certain Non-GAAP Measures that may vary*

from any standard methodology that is applicable across the pigment industry and may not be comparable with financial information of similar nomenclature computed and presented by other companies.

Certain Non-GAAP Measures relating to our operations have been included in this Preliminary Placement Document. We compute and disclose such Non-GAAP Measures as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of Indian pigment companies, many of which provide such Non-GAAP Measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Preliminary Placement Document. These Non-GAAP Measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and are not measures of operating performance or liquidity defined by generally accepted accounting principles, and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other pigment and specialty chemical companies.

External Risks

Risks Relating to India

57. A slowdown in economic growth in India could have a negative impact on our business, results of operations, cash flows and financial condition.

Our performance and the growth of our business are dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, or a decline in India's foreign exchange reserves could negatively affect liquidity, which could adversely affect the Indian economy and our business. In particular, the COVID-19 pandemic caused an economic downturn in India and globally. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, cash flows and financial condition.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards the pigment and specialty chemical industries, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

58. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate thereby reducing our margins.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, cash flows and financial condition. In particular, we might not be able to reduce our costs or entirely offset any increases in costs with increases in prices for our products. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Further, the Government has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

59. Our business is affected by global economic conditions, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

The Indian economy and its securities markets are influenced by global economic developments and volatility in

securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

China is one of India's major trading partners and there are rising concerns of a strained relationship with India, which could have an adverse impact on the trade relations between the two countries.

Developments in the ongoing conflicts between Russia and Ukraine, between Israel and Iran and between Houthi forces in Yemen and Israel and certain western countries, have resulted in and may continue to result in a period of sustained instability across global financial markets, induce volatility in commodity prices, adversely impact availability of natural gas, increase in supply chain, logistics times and costs, increase borrowing costs, cause outflow of capital from emerging markets and may lead to overall slowdown in economic activity in India.

If we are unable to successfully anticipate and respond to changing economic and market conditions, our business, results of operations, cash flows and financial condition may be adversely affected.

60. *Changing regulations in India could lead to new compliance requirements that are uncertain.*

The regulatory and policy environment in which we operate is evolving and is subject to change. The Government of India or State governments in India may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government of India, State governments and other regulatory bodies, or impose onerous requirements.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and financial condition.

61. *Natural calamities, climate change and health epidemics and pandemics in India could adversely affect our business, results of operations, cash flows and financial condition. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, results of operations, cash flows and financial condition.*

India has experienced natural calamities, such as earthquakes and floods in recent years. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and they may also damage or destroy our manufacturing facilities, warehouses or other assets. Further, such events also may lead to the disruption of, or damage, to manufacturing equipment and machines, logistics operations, information systems, electrical systems and telecommunication services for sustained periods. Natural calamities also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our operations or assets could adversely affect our reputation, our relationships with our customers, distributors or channel partners, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged assets, equipment or machines. Though some of the losses are covered under appropriate insurance, the above factors may still adversely affect our business, results of operations, cash flows and financial condition.

India has from time-to-time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and logistics more difficult. Such political tensions also could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia and Europe, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies.

62. *Any downgrading of India's sovereign debt rating by an international rating agency could have a negative*

impact on our business, results of operations and cash flows.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which is outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

63. The extent and reliability of Indian infrastructure, to the extent insufficient, could adversely impact our business, results of operations, cash flows and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its road and rail networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies including our pigment products and specialty chemicals, and add costs to doing business in India. These problems could interrupt our business operations, which could have adverse effect on our business, results of operations, cash flows and financial condition.

64. Significant differences exist between Ind-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Preliminary Placement Document.

Our Audited Consolidated Financial Statements have been prepared and presented in accordance with Ind AS and Unaudited Interim Condensed Consolidated Financial Statements have been prepared and presented in accordance with Ind-AS 34 "Interim Financial Reporting". Ind-AS differs from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind-AS, U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind-AS contained in this Preliminary Placement Document. Accordingly, the degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is dependent on the prospective investor's familiarity with Ind-AS and the Companies Act. Any reliance by persons not familiar with Ind-AS on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. In addition, some of our competitors may not present their financial statements in accordance with Ind-AS and their financial statements may not be directly comparable to ours, and therefore reliance should accordingly be limited.

65. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act may in turn adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding, or action in concert, which causes or is likely to cause an AAEC, is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment, or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On April 11, 2023, the Competition (Amendment) Bill 2023 received the assent of the President of India to become the Competition (Amendment) Act, 2023 ("**Competition Amendment Act**"), amending the Competition Act and giving the CCI additional powers to prevent practices that harm competition and the interests of consumers. It has been enacted to increase the ease of doing business in India and enhance transparency. The Competition Amendment Act, inter alia, modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC

in India. Consequently, all agreements entered by us could be within the purview of the Competition Act. Further, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct, or combination occurring outside India if such agreement, conduct, or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered by us cannot be predicted with certainty at this stage. We may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and financial condition.

66. *Investors may not be able to enforce a judgment of a foreign court against us.*

Our Company is a company incorporated under the laws of India. Our Board of Directors comprises members all of whom are Indian citizens. All of our Key Managerial Personnel and Senior Management are residents of India and majority of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes, among others, the United Kingdom, Singapore, United Arab Emirates and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908. Judgments or decrees from jurisdictions, which do not have reciprocal recognition with India, cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us or our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment in the same manner as any other suit filed to enforce a civil liability in India. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of such a judgment.

Risks Relating to the Equity Shares

67. *Applicants to this Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Bid/Issue Closing Date.*

Under the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw or revise their Bids downwards after the Bid/Issue Closing Date. The Allotment of Equity Shares in the Issue and the credit of Equity Shares to the applicant's demat account with its depository participant could take approximately seven days to 10 Days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events or material adverse changes in our business, results of operations, cash flows and financial condition the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. The occurrence of any such event after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their bids in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

68. *We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges to enhance market integrity and safeguard the interest of investors.*

We are subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Issue due to several factors such as volatility in the Indian

and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may lead to us triggering the parameters listed by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high price to earnings ratio, high low variation in securities, client concentration and close to close price variation. In the event our Equity Shares are covered under such surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active trading market for our Equity Shares.

69. Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding. Further any such further issuance of equity shares and sales of the Equity Shares by our Promoter, members of our Promoter Group or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

We cannot assure you that we will not issue additional Equity Shares. Any future issuance of the Equity Shares, or securities linked to Equity Shares, including through exercise of employee stock options may lead to the dilution of your shareholding in our Company. Furthermore, any future equity issuances by us or sale of our Equity Shares by the Promoters or members of our Promoter Group or any of our other major shareholders or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoter, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares or securities linked to Equity Shares or that our Promoter, members of the Promoter Group or Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

70. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments or dividend paid therein in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months immediately preceding the date of transfer may be subject to long term capital gains tax in India at the specified rates depending on certain factors, whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less, immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail the benefits thereunder. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

71. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, 2013, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting rights on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. Our decision to file an offering document or registration statement will depend on the costs and potential liabilities associated with any

such registration as well as the perceived benefits of enabling holders in such jurisdiction to exercise their pre-emptive rights and any other factors we consider appropriate at such time. We may elect not to file an offering document or registration statement in relation to pre-emptive rights otherwise available to you by Indian law. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in our Company may be reduced.

72. *The trading price of the Equity Shares may be subject to volatility, and you may not be able to sell the Equity Shares at or above the Issue Price.*

The Issue Price shall be determined by us in consultation with the Book Running Lead Manager, based on the Bids received, in compliance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with rules made thereunder. It may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to the Issue.

Further, allotment of 18,69,000 Equity Shares were made pursuant to preferential allotment dated January 13, 2025 by our Company and an application for the final trading approval shall be made by our Company to the Stock Exchanges. In case of non receipt of final trading approval from the Stock Exchanges in relation to 18,69,000 Equity Shares, the final listing and trading approval for the equity shares to be allotted pursuant to this Issue may get delay.

The trading price of the Equity Shares may fluctuate due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors and the perception in the market about investments in the construction equipment sector, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

For example, conditions in the Indian securities markets may cause the trading price of the Equity Shares to fluctuate. The Indian securities markets are generally smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Excessive volatility may, in turn, trigger the imposition of circuit breakers. A closure of, or trading stoppage on, either of BSE or NSE could adversely affect the trading price of the Equity Shares.

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, results of operations, cash flows and financial condition. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Additionally, in recent years, there have been changes in laws and regulations regulating the taxation of dividend income, which have impacted the Indian equity capital markets. See “**Dividends**” on page 110. Any of these factors could adversely affect the market price and liquidity of the Equity Shares. See “**Purchaser Representations and Transfer Restrictions**” on page 245 .

73. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.*

A company based in India may issue equity instruments to a person resident outside India subject to entry routes, sectoral caps and attendant conditions prescribed in the FEMA Rules. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required.

Further, in accordance with the Consolidated FDI Policy dated October 15, 2020, Government of India, investments where the beneficial owner of the equity shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route. These investment restrictions

shall also apply to subscribers of offshore derivative instruments.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

74. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the allotment of the Equity Shares in this Issue, eligible QIBs subscribing for each of the Equity Shares may only sell their Equity Shares on NSE or BSE and may not enter any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE and NSE since February 2, 1977 and May 25, 1995, respectively. As on the date of this Preliminary Placement Document, 7,10,96,250 Equity Shares have been subscribed and paid up share capital of our Company. The Equity Shares are listed and traded on NSE under the symbol 'SUDARSCHEM' and on BSE under the scrip code '506655'.

As of January 22, 2025 the closing price of the Equity Shares on BSE and NSE was ₹ 1,112.30 and ₹ 1,112.45 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

- (i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for Fiscal 2024, Fiscal 2023 and Fiscal 2022.

BSE									
Fiscal	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
2024	₹ 622.10	March 22, 2024	49,109	₹ 30.28	₹ 390.50	April 03, 2023	1,705	₹ 0.67	₹ 495.28
2023	₹ 541.50	April 05, 2022	37,863	₹ 20.88	₹ 357.50	February 15, 2023	10,570	₹ 3.81	₹ 452.84
2022	₹ 769.85	August 03, 2021	40,574	₹ 31.26	₹ 515.50	April 05, 2021	4,500	₹ 2.32	₹ 622.80

(Source: www.bseindia.com)

Notes:

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

NSE									
Fiscal	High (₹)	Date of high	Number of Equity Shares traded on the date of high	Total volume of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total volume of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
2024	₹ 621.75	March 22, 2024	787,203	₹ 484.98	₹ 390.65	April 03, 2023	54,756	₹ 21.53	₹ 495.32
2023	₹ 540.90	April 05, 2022	477,875	₹ 263.49	₹ 360.10	February 15, 2023	44,394	₹ 16.06	₹ 425.86
2022	₹ 769.60	August 03, 2021	591,643	₹ 456.24	₹ 515.25	April 05, 2021	48,155	₹ 25.85	₹ 622.90

(Source: www.nseindia.com)

Notes:

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

- (ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in million)
December, 2024	₹ 1,135.25	December 17, 2024	11,482	₹ 12.91	₹ 1,061.60	December 02, 2024	5,989	₹ 6.33	₹ 1,125.85	177,755	₹ 200.41
November, 2024	₹ 1,064.25	November 29, 2024	16,224	₹ 17.08	₹ 913.70	November 21, 2024	14,879	₹ 13.67	₹ 987.58	2,419,915	₹ 2,305.62
October, 2024	₹ 1,207.50	October 11, 2024	131,803	₹ 154.99	₹ 942.70	October 25, 2024	17,007	₹ 16.13	₹ 1,033.31	918,276	₹ 986.89
September, 2024	₹ 1,117.85	September 30, 2024	21,912	₹ 24.76	₹ 956.60	September 11, 2024	11,947	₹ 11.60	₹ 1,028.05	403,316	₹ 419.28
August, 2024	₹ 1,047.90	August 22, 2024	47,897	₹ 50.78	₹ 915.60	August 05, 2024	54,238	₹ 48.72	₹ 985.84	508,700	₹ 496.97
July, 2024	₹ 941.80	July 30, 2024	43,199	₹ 40.59	₹ 877.10	July 10, 2024	55,413	₹ 48.09	₹ 909.23	601,199	₹ 551.74

(Source: www.bseindia.com)

Notes:

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

NSE											
Month, year	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high (₹)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total volume of Equity Shares traded on date of low (₹)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in million)
December, 2024	₹ 1,135.35	December 17, 2024	129,934	₹ 146.15	₹ 1,061.75	December 02, 2024	99,934	₹ 105.64	₹ 1,125.50	3,441,663	₹ 3,875.76
November, 2024	₹ 1,065.95	November 29, 2024	204,835	₹ 215.76	₹ 913.45	November 21, 2024	109,488	₹ 100.73	₹ 988.04	3,892,938	₹ 3,846.35
October, 2024	₹ 1,201.10	October 11, 2024	3,354,412	₹ 3,914.93	₹ 942.60	October 25, 2024	205,183	₹ 194.79	₹ 1,032.19	14,241,993	₹ 15,590.09
September, 2024	₹ 1,117.75	September 30, 2024	712,528	₹ 804.84	₹ 956.40	September 11, 2024	113,412	₹ 110.08	₹ 1,028.88	6,559,514	₹ 6,885.65
August, 2024	₹ 1,046.75	August 22, 2024	478,481	₹ 508.99	₹ 914.70	August 05, 2024	954,930	₹ 859.62	₹ 985.96	7,382,560	₹ 7,252.00
July, 2024	₹ 939.90	July 30, 2024	546,818	₹ 513.02	₹ 877.25	July 10, 2024	613,154	₹ 532.68	₹ 909.03	7,395,374	₹ 6,777.00

(Source: www.nseindia.com)

Notes:

1. High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(iii) The following tables set forth the market price on the Stock Exchanges as on October 17, 2024, the first working day following the approval dated October 16, 2024 of our Board for the Issue:

BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
1,120.00	1,120.00	1,058.50	1,071.70	35,135	38.13

(Source: www.bseindia.com)

NSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
1,108.50	1,122.00	1,058.00	1,071.80	464,766	505.13

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

(iv) The following tables set forth the market price on the Stock Exchanges as on October 16, 2024, the day on which the Board approved the Issue:

BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
1,096.95	1,140.00	1,089.30	1,104.65	51,312	57.32

(Source: www.bseindia.com)

NSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in million)
1,094.00	1,139.80	1,090.05	1,103.85	1,212,767	1,352.54

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The gross proceeds from this Issue shall aggregate up to ₹ [●] lakhs (“**Gross Proceeds**”). Subject to compliance with applicable laws, the net proceeds from this Issue, after deducting fees, commissions and estimated expenses relating to this Issue of approximately ₹ [●] lakhs, shall be approximately ₹ [●] lakhs (“**Net Proceeds**”).

Objects of the Issue

Subject to compliance with applicable laws and regulations, and as approved by the Board of Directors, we intend to utilise the Net Proceeds for the following objects:

1. Investment in our Material Subsidiary, Sudarshan Europe B.V. for part funding the proposed acquisition of global pigment business operations of the Heubach Group through Sudarshan Europe B.V or its subsidiaries (“**Proposed Acquisition**”), including all associated costs in relation to the Proposed Acquisition.
2. Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company; and
3. General corporate purposes

(collectively, referred to hereinafter as the “**Objects**”).

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake the Objects contemplated by us in the Issue.

Requirement of funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(₹ in lakhs, unless otherwise stated)

Sr. No.	Particulars	Amount to be funded from Net Proceeds
1.	Investment in our Material Subsidiary, Sudarshan Europe B.V. for part funding the proposed acquisition of global pigment business operations of the Heubach Group through Sudarshan Europe B.V or its subsidiaries, including all associated costs in relation to the Proposed Acquisition **	32,500.00
2.	Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company	28,500.00
3.	General corporate purposes *^	[●]
Total Net Proceeds ^		[●]

* The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

^ To be determined upon finalisation of the Issue Price and updated in the Placement Document.

** If the Net Proceeds are higher than the amount required for financing the aforesaid object, our Company will utilize the balance Net Proceeds, if any, for pursuing alternate inorganic growth initiatives in future without any approval from the Shareholders, in accordance with applicable laws.

In the event of a change in the final Issue size, the amounts shown in the table above against each of the Objects specified therein shall be modified basis the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid Object and in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in lakhs, unless otherwise stated)

Sr. No	Particulars	Amount which will be funded from Net Proceeds ⁽²⁾	Proposed schedule for deployment of the Net Proceeds Fiscal 2025	Proposed schedule for deployment of the Net Proceeds Fiscal 2026
1.	Investment in our Material Subsidiary, Sudarshan Europe B.V. for part funding the proposed acquisition of global pigment business operations of the Heubach Group, through Sudarshan Europe B.V or its subsidiaries (“ Proposed Acquisition ”), including all associated costs in relation to the Proposed Acquisition	32,500.00	20,000.00	12,500.00
2.	Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company	28,500.00	28,500.00	-
3.	General corporate purposes ⁽¹⁾	[●]	[●]	[●]
	Total Net Proceeds	[●]	[●]	[●]

(1) The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

(2) To be determined upon finalisation of the Issue Price and updated in the Placement Document.

We propose to deploy the funds raised for funding the aforementioned Objects in the Fiscal Years 2025 and 2026. Such deployment of Net Proceeds may, however, be subject to changes in circumstances or in our financial condition, business or strategies, market conditions and obtaining necessary approvals / consents, as applicable, in accordance with applicable law. For details in relation to the risks involved in this respect, see “**Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds**” on page 79.

The fund requirements, proposed deployment of funds and the intended use of Net Proceeds set out above is based on our current business plans, internal management estimates, current circumstances of our business, prevailing market conditions and is subject to the terms and conditions of the Heubach SPA and PTA (*Defined below*), including valuation adjustments and holdbacks and the conditions to be fulfilled prior to closing of the Heubach Acquisition (*Defined below*), timing for completion for the Heubach Acquisition, timing of completion of the Issue, financial and market conditions, regulatory approvals and sectoral conditions, business performance and strategy, competition, interest or exchange rate fluctuations and other external factors as changes in the business environment. However, these funding requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or independent agency or the Book Running Lead Manager, in connection with the Issue. For details, see “**Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds**” on page 79. we may have to revise our funding requirement on account of various factors, such as financial and market conditions, exchange rate fluctuations, finance charges, changes in government policies interest rate fluctuations and other external factors, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws.

If the actual utilisation towards the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds, in accordance with the applicable laws. In the event that estimated utilisation out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the subsequent Fiscals or, if required, the amount scheduled for deployment in a specific Fiscal may be utilized in an earlier Fiscal, as may be decided by our Company, in accordance with applicable laws. Any such change in our

plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular Object vis-à-vis the utilisation of Net Proceeds.

Subject to compliance with applicable laws, in case of any variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements or by surplus funds available in respect of the other purposes for which funds are being raised in the Issue (except towards general corporate purposes).

Our Statutory Auditors and our Previous Statutory Auditors have provided no assurance or services related to any prospective financial information

Details of the Objects

1. Investment in our Material Subsidiary, Sudarshan Europe B.V. for part funding the proposed acquisition of global pigment business operations of the Heubach Group through Sudarshan Europe B.V or its subsidiaries (“Proposed Acquisition”), including all associated costs in relation to the Proposed Acquisition

In furtherance of our strategy of inorganic growth, our Board has, in its meeting dated October 08, 2024, approved an acquisition of the global pigment business operations of the Heubach Group (“**Heubach Group**” and such acquisition, the “**Heubach Acquisition**”) through Sudarshan Europe B.V., a Material Subsidiary of the Company for Euro 127.50 million (approx. ₹ 1,13,743 lakhs converted at exchange rate of ₹ 89.21 as on January 20, 2025). The said purchase price is subject to provisions of PTA and SPA. The funding will be through equity or debt, as may be decided by our Board. The proposed transaction comprises of acquisition by Sudarshan Europe B.V of (i) assets and business operations of (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH (c) Dr. Hans Heubach GmbH, and (d) Heubach Group GmbH and participations held by Heubach Holding Switzerland AG, in downstream group companies in various countries from insolvency administrator in the aforesaid countries; (ii) 100% shareholding of Heubach Holdings S.a.r.l., a Luxemburg based Heubach Group company having investments in shareholding in companies based in India and USA. Heubach Group is engaged in manufacturing of speciality chemicals consisting of organic pigments, inorganic pigments, dyes, dispersions and anti-corrosion pigments. Post Heubach Acquisition, we will have a comprehensive pigment portfolio of and a presence in markets including Europe and the Americas. It will enhance our product portfolio, and a diversified asset footprint across various geographies. For further details, see “*Our Business – Our Strategies – Derive synergies from the Heubach Acquisition*” on page 185.

We intend to utilise ₹ 32,500.00 lakhs from the Net Proceeds for investment in Sudarshan Europe B.V to partially fund the payment of the consideration for the Heubach Acquisition through Sudarshan Europe B.V or its subsidiaries, including the statutory and regulatory fee for various jurisdictions wherein Heubach Group operates. The part consideration for the Heubach Acquisition may be paid from proceeds of the Preferential Allotment (*Defined below*), debt funding, internal accruals, or a combination thereof. Further, for the balance consideration towards investment in Sudarshan Europe B.V, the Board, through its resolution dated October 16, 2024, approved the allotment of 9,80,000 fully convertible equity warrants (“**Warrants**”) at an exercise price of ₹ 1,019.75 each (including a premium of ₹1,017.75 per underlying equity shares of the face value of ₹2 each) convertible into equal number of Equity Shares of face value of ₹ 2 each on a private placement basis. Subsequently, the allotment of the Warrants was made to Rajesh Balkrishna Rathi, one of our Promoters and Managing Director on December 13, 2024 pursuant to the resolution passed by the Fund Raising Committee.

Further, the Board of Directors of the Company at its meeting held on December 13, 2024 and the Shareholders of the Company through the Extraordinary General Meeting held on January 4, 2025, has approved raising of funds by way of creation, offer, issue and allotment of up to 18,69,000 Equity Shares at a price of ₹1,043.33 per Equity Share aggregating up to ₹19,499.84 lakhs by way of a preferential issue on a private placement basis (the “**Preferential Allotment**”) for investment in our Material Subsidiary, Sudarshan Europe B.V. of ₹ 16,500 lakhs. Pursuant to the Preferential Allotment, our Company has raised ₹ 19,499.84 lakhs on January 13, 2025.

In relation to the Proposed Acquisition, Sudarshan Europe B.V. (“**Acquirer**”) along with our Company made an open offer for the acquisition of up to 60,01,268 fully paid up equity shares of face value of ₹10 of Heubach Colorants India Limited (“**Target Company**”) (“**Open Offer**”). Target Company is a public limited company incorporated and listed in India on BSE and NSE Limited with 36.56% of its equity share capital held by Heubach Holding Switzerland AG (formerly known as Colorants International A.G.) a company incorporated under the laws of Switzerland, 17.80% of its equity share capital held by Heubach Ebita Chemiebetteilungen A.G.

(formerly known as Ebita Chemiebeteteiligungen AG) and the balance 45.64% is held by public shareholders. Heubach Holding Switzerland AG and Heubach Ebita Chemiebeteteiligungen AG are currently the promoters of the Target Company. Heubach Ebita Chemiebeteteiligungen AG is held by Heubach Holding Switzerland A.G. Heubach Holding Switzerland A.G is held by Heubach Group GmbH which is in turn held by Heubach Holding Germany GmbH and Heubach Holding Germany GmbH is held by Heubach Holding S.a.r.l. The Target Company is, *inter-alia*, engaged in the business of manufacture of specialty chemicals mainly in pigments used in application such as Plastics, Coating, Ink and Cosmetics. Post closure of the Proposed Acquisition, our Company shall be entitled to indirectly exercise 54.36% of the voting share capital and control over the Target Company.

In connection with the Heubach Acquisition, our Company along with Sudarshan Europe B.V. entered into (i) Purchase and Transfer Agreement dated October 11, 2024 (“**PTA**”) with the Attorney Dr. Andreas Kleinschmidt, (“**Administrator**”), acting in his capacity as insolvency administrator over the assets of (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH (c) Dr. Hans Heubach GmbH, and, with the consent of the Administrator in his capacity as creditors’ trustee of, Heubach Group GmbH for acquisition of assets of the insolvent German companies including participations held by the Heubach Holding Switzerland AG in its subsidiary companies, including investment in equity shares of the Target Company (ii) Sale and Purchase Agreement dated October 11, 2024 (“**SPA**”) with SK Neptune Husky Finance S.à.r.l for the acquisition of entire shareholding in Heubach Holdings S.a.r.l. having further investment in companies based in India and USA. The closing of the Heubach Acquisition is dependent on multiple factors, including the fulfilment closing conditions set out in the Heubach SPA. See also “*Risk Factors – We aim to complete the acquisition of the global pigment business operations of the Heubach Group pursuant to the purchase and transfer agreement and a sale and purchase agreement, each dated October 11, 2024, which are subject to customary closing conditions and regulatory approvals. We may not be able to achieve the expected benefits from our acquisition of the Heubach Group, or other future acquisitions, which could materially or adversely affect our business, results of operations, cash flows and financial condition.*” on page 52.

Our Company will have flexibility in deploying the Net Proceeds as approved by our Board and/ or a duly authorized committee of our Board from time to time. If the Heubach Acquisition is not completed within the timelines envisaged, or at all, for any reasons, including the failure to complete the closing conditions within the stipulated timelines or failure to obtain regulatory approvals in connection with the Heubach Acquisition or due to the inability to raise balance consideration, the Net Proceeds shall be deployed by our Board in subsequent periods, at its sole discretion in such manner as it may decide based on its funding requirements at the relevant point of time, including for (a) funding its organic growth, (b) funding opportunities in its business through inorganic growth, (c) repayment and /or prepayment of outstanding loans of our Subsidiaries, (e) working capital requirement of our Company and its Subsidiaries and/or (f) general corporate purposes subject to 25% of the Gross Proceeds in compliance with the SEBI ICDR Regulation read with the circular bearing reference no. NSE/CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 20221213-47 dated December 13, 2022, issued by BSE.

2. Repayment / pre-payment, in part or in full, of certain outstanding borrowings availed by our Company

We avail fund-based and non-fund-based facilities in the ordinary course of our business from various banks and financial institutions. The borrowing arrangements entered into by us include inter alia term loans and working capital facilities. We propose to utilise a portion of the Net Proceeds aggregating to ₹ 28,500.00 lakhs for repayment or pre-payment, in full or in part, of such outstanding borrowings (including interest thereon) availed by our Company, as listed in the table below, as well as any fresh or existing borrowings taken by our Company. The selection of borrowings proposed to be repaid/pre-paid amongst our borrowing arrangements availed is based on various factors including (i) cost of borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil or obtain waiver for such requirements, (iii) ,terms and conditions of consents or waivers, (iv) levy of prepayment penalties and quantum thereof and (v) other commercial considerations including, among others, the amount of the loans outstanding and the remaining tenor of the loan.

Further, the outstanding amounts under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits and accordingly may be different to the amounts indicated herein at the time of utilisation of the Net Proceeds. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or prepayment of borrowings in part or full, would not exceed ₹ 28,500.00 lakhs. Accordingly, in case the aforementioned debt is pre-paid or further drawn down prior to the completion of the Offer, we may utilise

the Net Proceeds towards re-payment or pre-payment of such additional indebtedness, along with suitable updates to the aforementioned disclosure. In case we are unable to utilise the Net Proceeds until the due date for re-payment of the aforementioned debt, the funds earmarked for such repayment may be utilised for payment of future instalments of the aforementioned debt or other loan for an amount not more than the amount mentioned above.

Pursuant to the terms of the borrowing arrangements, pre-payment of certain indebtedness may attract prepayment charges as prescribed by the respective lender. Such pre-payment charges, as applicable, will also be funded out of the Net Proceeds. We have and will account for such provisions while deciding on the repayment and/or pre-payment of loans from the Net Proceeds. In the event the Net Proceeds are insufficient for payment of prepayment charges, such payment shall be made from the internal accruals of our Company.

The repayment and/or pre-payment of certain loans by utilizing the Net Proceeds will help reduce our outstanding indebtedness. Further, we believe that it will reduce our outstanding indebtedness debt-servicing costs and improve our debt equity ratio and enable utilisation of our internal accruals for further investment in our business growth and expansion. Additionally, we believe that since our debt-equity ratio will improve, it will enable us to raise further capital at competitive rates in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

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Details of utilisation

The details of certain borrowings availed by our Company, proposed for repayment and pre-payment, in full or in part, from the Net Proceeds are set forth below:

Sr. no	Name of the lender	Date of sanction letter	Nature of borrowing	Amount sanctioned as at January 20, 2025 (in ₹ lakhs)	Outstanding amount -as at January 20, 2025 (in ₹ lakhs)	Repayment date/ schedule/ Tenor	Rate of Interest as January 20, 2025	Purpose for which disbursed loan amount was utilised	Security	Pre-payment Clause/ Penalty (if any)
1	Axis Bank Limited	December 10, 2024	Working Capital Borrowing	14,000	1,500	February 17, 2025	7.65%	Working Capital Purposes	Unsecured Limit	NIL
2	Axis Bank Limited	December 10, 2024	Working Capital Borrowing		1,000	January 26, 2025	8.10%	Working Capital Purposes	Unsecured Limit	NIL
3	Axis Bank Limited	December 10, 2024	Working Capital Borrowing		2,000	January 30, 2025	8.10%	Working Capital Purposes	Unsecured Limit	NIL
4	Axis Bank Limited	December 10, 2024	Working Capital Borrowing		1,500	February 5, 2025	7.65%	Working Capital Purposes	Unsecured Limit	NIL
5	HDFC Bank Limited	December 18, 2024	Working Capital Borrowing	5,000	500	January 24, 2025	8.25%	Working Capital Purposes	1st Parri Passu charge on entire current assets of the Company.	NIL
6	HDFC Bank Limited	December 18, 2024	Working Capital Borrowing		2,500	February 13, 2025	8.25%	Working Capital Purposes	2nd Pari Passu charge on the movable properties and immovable of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrablewadi, Dist. Pune	NIL
7	HDFC Bank Limited	December 18, 2024	Working Capital Borrowing		1,000	January 24, 2025	8.25%	Working Capital Purposes		NIL
8	HDFC Bank Limited	December 18, 2024	Working Capital Borrowing		1,000	January 29, 2025	8.25%	Working Capital Purposes		NIL

Sr. no	Name of the lender	Date of sanction letter	Nature of borrowing	Amount sanctioned as at January 20, 2025 (in ₹ lakhs)	Outstanding amount -as at January 20, 2025 (in ₹ lakhs)	Repayment date/ schedule/ Tenor	Rate of Interest as January 20, 2025	Purpose for which disbursed loan amount was utilised	Security	Pre-payment Clause/ Penalty (if any)
9	Federal Bank Limited	November 30, 2024	Working Capital Borrowing	6,500	700	January 28, 2025	7.70%	Working Capital Purposes	Unsecured Limit	2% plus applicable taxes or as mutually agreed
10	Federal Bank Limited	November 30, 2024	Working Capital Borrowing		1,600	January 29, 2025	7.80%	Working Capital Purposes	Unsecured Limit	2% plus applicable taxes or as mutually agreed
11	Federal Bank Limited	November 30, 2024	Working Capital Borrowing		2,500	February 2, 2025	7.80%	Working Capital Purposes	Unsecured Limit	2% plus applicable taxes or as mutually agreed
12	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing	6,000	600	January 22, 2025 ^	8.10%^	Working Capital Purposes	1st Parri Passu charge on entire current assets of the Company.	NIL
13	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing		900	January 22, 2025 ^	8.10% ^	Working Capital Purposes	2nd Pari Passu charge on the movable properties and immovable of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrablewadi, Dist. Pune	NIL
14	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing		1,950	February 17, 2025	8.20%	Working Capital Purposes		NIL

Sr. no	Name of the lender	Date of sanction letter	Nature of borrowing	Amount sanctioned as at January 20, 2025 (in ₹ lakhs)	Outstanding amount -as at January 20, 2025 (in ₹ lakhs)	Repayment date/ schedule/ Tenor	Rate of Interest as January 20, 2025	Purpose for which disbursed loan amount was utilised	Security	Pre-payment Clause/ Penalty (if any)
15	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing		1,085	February 17, 2025	8.20%	Working Capital Purposes		NIL
16	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing		915	February 17, 2025	8.20%	Working Capital Purposes		NIL
17	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing		50	February 17, 2025	8.20%	Working Capital Purposes		NIL
18	ICICI Bank Limited	August 14, 2024	Working Capital Borrowing		500	February 20, 2025	8.20%	Working Capital Purposes		NIL
19	State Bank of India	February 14, 2024	Working Capital Borrowing	10,000	5,000	March 16, 2025	7.50%	Working Capital Purposes	1st Parri Passu charge on entire current assets of the Company. 2nd Pari Passu charge on the movable properties and immovable of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrablewadi, Dist. Pune	NIL

Sr. no	Name of the lender	Date of sanction letter	Nature of borrowing	Amount sanctioned as at January 20, 2025 (in ₹ lakhs)	Outstanding amount -as at January 20, 2025 (in ₹ lakhs)	Repayment date/ schedule/ Tenor	Rate of Interest as January 20, 2025	Purpose for which disbursed loan amount was utilised	Security	Pre-payment Clause/ Penalty (if any)
20	Bank of Maharashtra	April 15, 2024	Working Capital Borrowing	3,000	2,500	February 18, 2025	8.65%	Working Capital Purposes	1st Parri Passu charge on entire current assets of the Company. 2nd Pari Passu charge on the movable properties and immovable of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrablewadi, Dist. Pune	NIL
Total				44,500	29,300	-	-	-	-	-

*As certified by ANRK & Associates LLP, Chartered Accountants, the independent chartered accountant, pursuant to their certificate dated January 23, 2025 certifying that these loans have been used for the purposes for which they were sanctioned.

^ these loans were outstanding as at January 20, 2025 but were rolled over for 30 days at an interest rate of 8.20% per annum repayable on February 21, 2025.

3. General Corporate Purposes

Our Company intends to deploy ₹ [●] lakhs, towards general corporate purposes as approved by our management, from time to time, subject to such utilisation for general corporate purposes not exceeding 25% of the Gross Proceeds in compliance with the applicable laws.

The general corporate purposes for which our Company proposes to utilise Net Proceeds include funding growth opportunities, business development initiatives, redemption of outstanding non convertible debentures , working capital requirement of our Company and its Subsidiaries including future subsidiaries, consideration for Open Offer, capital expenditure on integration of target company with our Company including consulting fees relating thereto and meeting expenses incurred in the ordinary course of business, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act. The quantum and timing of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilise the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilising surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilisation of Net Proceeds. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

Monitoring of utilisation of funds

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**") by way of an agreement dated January 23, 2025 for monitoring the utilisation of Gross Proceeds, as the size of our Issue exceeds ₹ 10,000.00 lakhs. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the Gross Proceeds of the Issue have been utilised. The Board of Directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI of the SEBI ICDR Regulations. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Gross Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Gross Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. Further, our Company, on a quarterly basis, shall include the deployment of Gross Proceeds under various heads, as applicable, in the notes to our financial results. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilisation of the Net Proceeds during that year in its annual report. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects, as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects, as stated above. This information will also be published on our website simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Interim use of Net Proceeds

Our Company will have flexibility in deploying the Net Proceeds received by our Company from the Issue in accordance with applicable laws. Pending utilisation of the Net Proceeds towards the purposes described in this

section, shall be invested in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including in money market instruments including money market/debt mutual funds, in accordance with the applicable laws and other instruments as approved by the Board of Directors from time to time. Provided that, in accordance with applicable laws, we undertake to not utilize the proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges.

Other confirmations

Except allotment of Warrants made to Rajesh Balkrishna Rathi, one of our Promoters and Managing Director on December 13, 2024 and proceeds of which will be utilized for part funding of Heubach Acquisition, neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Neither our Promoters nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or members of Senior Management are not eligible to subscribe in the Issue.

Further, since the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under Schedule VII of the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoters, Promoter Group, Directors, Key Managerial Personnel and/or members of Senior Management.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation and total borrowings as at September 30, 2024 and our Company's capitalisation as adjusted to give effect to the receipt of the Gross Proceeds of this Issue.

This capitalisation table should be read together with “Risk Factors”, “Management's Discussion and Analysis of Financial Condition and Results of Operations”, “**Financial Information**” on pages 52, 112 and 276, respectively and the related notes included elsewhere in this Preliminary Placement Document.

(₹ in lakhs, unless otherwise stated)

Particulars	Pre-Issue	Post-Issue ^{(1) #}
	As at September 30, 2024	Amount after considering the Issue
Borrowings:		
Current Borrowings	49,259.1	[●]
Non-current Borrowings	3863.1	[●]
Total borrowings (A)	53,122.2	[●]
Equity		
Equity share capital	1,384.5	[●]
Other equity	1,19,800.3	[●]
Non-controlling interest	-	
Total equity (B)	1,21,184.8	[●]
Total Capitalisation: (C = A+B)	1,74,307.0	
Ratio: Non-current Borrowings /Total equity (in times)	0.03	[●]
Ratio: Total Borrowings / Total equity (A)/(B) (in times)	0.44	[●]

(1) As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue. Adjustments do not include Issue related expenses

Assuming full allotment of Equity Shares in the Issue and receipt of entire proceeds. The amounts for the respective financial statements line items under Post Issue column are derived after considering the impact due to the Issue and not considering any other transactions or movements for such financial statements line items after September 30, 2024. To be incorporated after determination of the Issue Price.

CAPITAL STRUCTURE

Our Company's capital structure as at the date of this Preliminary Placement Document is set forth below:

(in ₹ lakhs, except share data)

No.	Particulars	Aggregate value at face value (except for securities premium account)
A.	Authorised Share Capital	
	10,00,00,000 Equity Shares of face value of ₹ 2 each	2,000.00
B.	Issued Share Capital before the Issue	
	7,10,96,750* Equity Shares of ₹ 2 each	1,421.94
C.	Subscribed and Paid-Up Share Capital before the Issue	
	7,10,96,250* Equity Shares of ₹ 2 each	1,421.93
D.	Present Issue in terms of the Preliminary Placement Document	
	Up to [●] Equity Shares of face value of ₹ 2 each aggregating up to ₹ [●] ⁽¹⁾⁽²⁾	[●]
E.	Issued Share Capital after the Issue	
	[●]* Equity Shares of face value of ₹ 2 each ⁽²⁾	[●]
F.	Subscribed and Paid-Up Share Capital after the Issue	
	[●]* Equity Shares of face value of ₹ 2 each ⁽²⁾	[●]
G.	Securities Premium Account	
	Before the Issue	20,783.61
	After the Issue ⁽²⁾	[●]

* Allotment of 500 equity shares having face value of ₹2 each issued by way of rights issue has been kept held in abeyance as the matter being is sub judice.

Notes:

- (1) The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on October 16, 2024. The shareholders of our Company authorized the issue vide a special resolution passed pursuant to sections 42 and 62(1)(c) of the Companies Act through postal ballot on November 30, 2024.
- (2) To be determined upon finalisation of the Issue Price.

Equity share capital history of our Company

On incorporation, subscribers to the Memorandum of Association of our Company had subscribed to 611 equity shares of face value of ₹ 100 each. Pursuant to a resolution dated April 21, 1975, the existing equity shares of face value of ₹ 100 each were sub-divided into equity shares of face value of ₹ 10 each.

Thereafter, since incorporation until August 9, 2014, our Company has subsequently issued 69,22,114 equity shares. Resultantly, as on August 9, 2014 the paid up share capital of our Company was ₹ 6,92,27,250 comprising of 69,22,725 equity shares of ₹10 each.

Our Company is unable to trace copies of prescribed forms filed by them with the Registrar of Companies, inter-alia, in respect of the allotment of equity shares since its incorporation until August 9, 2014. While the Company believes that these forms were duly filed, it has not been able to obtain copies of these documents, including from the registrar of companies or any statutory bodies. For further details, see “**Risk Factor - Our Company was incorporated in 1951 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation**” on page 62.

The history of the equity shares capital of the Company since August 9, 2014 is provided in the following table:

Date of Allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue Price per equity share (₹)	Nature of Consideration	Nature of allotment	Cumulative paid-up equity share capital (₹)
Pursuant to the board resolution dated August 09, 2014 and Shareholders resolution dated September 19, 2014, each of the equity shares of our Company bearing face value of ₹10 each was sub-divided into 5 equity shares of face value of ₹2 each, and accordingly 69,22,725 equity shares of our Company of face value of ₹10 each were sub-divided into 3,46,13,625 equity shares of face value of ₹2 each						
October 4, 2014	3,46,13,625	2	Not applicable	Not applicable	Bonus issue	13,84,54,500
January 13, 2025*	18,69,000	2	1,043.33	Cash	Preferential Allotment	14,21,92,500

* Allotment of 18,69,000 equity shares were made pursuant to preferential allotment dated January 13, 2025 by our Company. Further, our Company has received the final listing approval for such equity shares and an application for the final trading approval shall be made by our Company to the Stock Exchanges.

As on date of this Preliminary Placement Document, no Equity Shares held by any of the Promoters in the Company are pledged.

Preference Shares

As on the date of this Preliminary Placement Document, there are no outstanding preference shares.

Warrants

As on the date of this Preliminary Placement Document, there are 9,80,000 fully convertible equity warrants (“**Warrants**”) at an exercise price of ₹ 1,019.75 each (including a premium of ₹1,017.75 per underlying equity shares of the face value of ₹2 each) convertible into equal number of Equity Shares of face value of ₹2 each. The preferential issue of the Warrants was approved by the resolution passed by the Fund Raising Committee of the Board of Directors on October 31, 2024 and the allotment of the Warrants was made to Rajesh Balkrishna Rathi on December 13, 2024 pursuant to the resolution passed by the Fund Raising Committee of the Board of Directors dated December 13, 2024. The Warrants are convertible into Equity Shares, in one or more tranches, within a period of 18 months from the date of allotment.

Employees’ Stock Option Scheme

The Sudarshan Employee Stock Option Plan 2018 (“**Sudarshan ESOP 2018**”) were approved based on the approvals accorded by the Nomination and Remuneration Committee and Board of Directors vide its meeting held on June 27, 2018 and approval accorded by the Shareholders at the Annual General Meeting held on August 9, 2018. Sudarshan ESOP 2018 was further amended by way of approval accorded by the Shareholders at the Annual General Meeting held on August 2, 2024. The objectives of the Sudarshan ESOP 2018 are to incentivise and motivate the employees in a manner that will enable providing certain benefits on the happening of certain definitive events as specified and to provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company.

As on the date of this Preliminary Placement Document, the details of options pursuant to the Sudarshan ESOP 2018 are as follows:

Particulars	Number of offers
Total number of options approved under the Sudarshan ESOP 2018	3,94,220
Options granted	3,94,220
Options vested	Nil
Options exercised	Nil
Options cancelled/ lapsed/ forfeited	61,570
Total options outstanding	3,32,650

Pre-Issue and post-Issue shareholding pattern

The pre-Issue shareholding pattern as on January 13, 2025 and post-Issue shareholding pattern of our Company, is set forth below.

Sr. No.	Category	Pre-Issue (as January 13, 2025)		Post-Issue ⁽¹⁾⁽²⁾	
		No. of Equity Shares held of	% of share holding	No. of Equity Shares held of face	% of share holding
A. Promoter's holding					
	Indian				
	- Individuals/Hindu undivided Family	1,74,03,673	24.48	[●]	[●]
	- Body Corporate	4,62,550	0.65	[●]	[●]
	- Others	12,08,250	1.70	[●]	[●]
	Sub-total	1,90,74,473	26.83	[●]	[●]
	Foreign Promoters	-	-		
	Sub-total (A)	1,90,74,473	26.83	[●]	[●]
B. Non-Promoter holding					
	Institutional investors	1,90,41,149	26.78	[●]	[●]
	Non-Institutional investors	13,91,298	1.95	[●]	[●]
	Private Corporate bodies	51,16,693	7.20	[●]	[●]
	Directors and relatives	4001	0.01	[●]	[●]
	Indian Public	2,60,52,489	36.64	[●]	[●]
	Others including Non-resident Indians (NRIs)	4,16,147	0.59	[●]	[●]
	Sub-total (B)	5,20,21,777	73.17		
	Grand Total (A+B)	7,10,96,250	100.00	[●]	[●]

- 1) The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on the basis of the Allocation made in the Issue and reflects the shareholding of all other categories as of [•].
- 2) The post-Issue shareholding pattern has intentionally been left blank and will be filled in before the filing of the Placement Document with the Stock Exchanges.

Other confirmations

Except as set forth in “Warrants and “Employee Stock Option Scheme” disclosed above, there are no outstanding options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

No change in control in our Company will occur consequent to the Issue. Our Promoters, members of the Promoter Group, the Directors, Key Managerial Personnel and the Senior Management of our Company do not intend to participate in the Issue.

Our equity shares of the same class as the Equity Shares proposed to be allotted through the Issue have been listed for a period of at least one year prior to the date of issuance of the notice to the Shareholders dated October 31, 2024, for the approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Except as stated in “- Equity Share Capital History of our Company”, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

Proposed allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Manager, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in “*Proposed Allottees in the Issue*” on page 563.

DIVIDENDS

The declaration and payment of final dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act. Our Board may also, from time to time, declare interim dividends. Our Board has approved and adopted a formal dividend distribution policy on February 10, 2017 in terms of Regulation 43A of the SEBI Listing Regulations. (“**Dividend Distribution Policy**”) In accordance with the Dividend Distribution Policy, the dividend pay-out shall be determined by the Board after taking into account a number of factors, including but not limited to current year’s profits, future outlook, with due consideration of internal and external environment, operating cash flows and treasury position, possibilities of alternative usage of cash, e.g., capital expenditure etc., with potential to create greater value for shareholders, providing for unforeseen events and contingencies with financial implications, other factors that may be considered relevant from time to time.

The details of the dividends paid by our Company for periods indicated, are set out below:

Particulars	From October 1, 2024 to the date of this Preliminary Placement Document	For the half-year ended September 30, 2024	April 1, 2023 to March 31, 2024		April 1, 2022 to March 31, 2023	April 1, 2021 to March 31, 2022
		Final Dividend*	Interim Dividend	Final Dividend**	Final Dividend#	Final Dividend^
Face value of Equity Shares (₹ per share)	2	2	2	2	2	2
Total Dividend (in ₹ lakhs)	-	692.3	2,492.2	1,038.4	3,461.4	4,153.6
Dividend per share (in ₹)	-	1.0	3.6	1.5	5.0	6.0
Rate of Dividend (%)	-	50%	180%	75%	250%	300%
Dividend Distribution Tax (%)	-	-	-	-	-	-
No. of Equity Shares	7,10,96,250	6,92,27,750	6,92,27,750	6,92,27,750	6,92,27,750	6,92,27,750

* Pertaining to financial year 2023-2024

** pertaining to financial year 2022-2023

pertaining to financial year 2021-2022

^ pertaining to financial year 2020-2021

Our past practices with respect to the declaration of dividend are not necessarily indicative of our future dividend declaration. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. The form, frequency and amount of future dividends will depend on a number of internal and external factors, including, but not limited to, distributable surplus available with our Company as per Companies Act, 2013, our Company’s stability of earnings, operating cash flows, outstanding borrowings and obligations to creditors, liquidity position, profit before tax and profit after tax, state of economy, capital markets, statutory restrictions, and shall be at the discretion of our Board and subject to the approval of our Shareholders. Investors are cautioned not to rely on past dividends as an indication of our future performance or for an investment in the Equity Shares. For a summary of some of the restrictions that may materially affect our ability to declare or pay dividends, see “*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*” beginning on page 52.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, see “*Description of the Equity Shares*” on page 252.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 as per the requirements under Indian Accounting Standard (“**Ind AS 24**”) notified under the Ind AS Rules read with Section 133 of the Companies Act, 2013, please see the section entitled “*Financial Information*” on page 276.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion contains forward-looking statements, that involve risks and uncertainties and reflects our current views with respect to future events and financial performance. We caution investors that our business and financial performance is subject to substantive risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under the sections titled "Forward-Looking Statements" and "Risk Factors" on pages 17 and 52, respectively, and elsewhere in this Preliminary Placement Document. We prepared our Audited Consolidated Financial Statements in accordance with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and our and Unaudited Interim Condensed Consolidated Financial Statements in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and other accounting principles generally accepted in India. Ind AS differs in some material respects from US GAAP and IFRS and other accounting principles with which prospective investors may be familiar.

Our financial year ends on March 31 of every year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year. Unless otherwise stated or unless the context requires otherwise, (i) all financial information provided as at and for the fiscal year ended March 31, 2022 has been derived from the Audited Consolidated Financial Statement as at and for the fiscal year ended March 31, 2022, (ii) all financial information provided as at and for the fiscal year ended March 31, 2023 has been derived the Audited Consolidated Financial Statement as at and for the fiscal year ended March 31, 2023, and (iii) all financial information provided as at and for the fiscal year ended March 31, 2024 has been derived from the Audited Consolidated Financial Statement as at and for the fiscal year ended March 31, 2024. Additionally, unless otherwise stated and context requires all the financial information as at and for the half-year ended September 30, 2024 has been derived from the Unaudited Interim Condensed Consolidated Financial Statements.

Certain information in this section includes extracts from a report by Lattice Technologies Private Limited dated January 14, 2025 titled 'Chemicals and Pigment Industry report' (the "One Lattice Report"), which has been exclusively commissioned and paid for by us in connection with this Issue. The relevant industry sources are indicated at all relevant places within this section. For more information, see "Risk Factors 52. None of our Company, the Book Running Lead Manager or any other person connected with the Issue has independently verified all the information contained in the One Lattice Report.

Overview

With over seven (7) decades of experience in the industry, we manufacture, produce and supply an extensive range of pigments to international and domestic markets. We are a leading player in the Indian pigments market (excluding black and white pigments) in India, according to the One Lattice Report. In Fiscal 2024, we had (i) a share of approximately 33% of the Indian pigments market (excluding black and white pigments) in terms of value and (ii) a share of approximately 6% of the overall Indian pigments market in terms of value. Globally, we had approximately 3% share of the global pigments market (excluding black and white pigments) in terms of value in calendar year 2023. (Source: One Lattice Report)

We offer a comprehensive product portfolio of pigments categorized into two (2) product categories, namely (i) specialty pigments and (ii) non-specialty pigments. These pigments find application in a diverse array of finished products and end user industries, including paints, plastics, inks, and cosmetics. In addition to our pigment business, we, through our domestic subsidiary (RIECO Industries Limited), are also present in the capital goods industry and engage in the manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

The table below shows our revenue from operations by product categories for the period / fiscal years as indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
Specialty Pigments	86,008.6	64.69%	1,52,183.4	59.94%	1,43,472.8	62.33%	1,38,280.8	62.83%
Non-specialty Pigments	38,897.7	29.25%	70,139.9	27.63%	64,432.7	28.00%	63,685.5	28.94%
Others(1)	8,064.5	6.06%	31,554.4	12.43%	22,267.7	9.67%	18,114.3	8.23%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Note (1): "Others" comprise of revenue from manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

In addition, to cater to different customer preferences and budgets, our products are classified into various brands. See "Business – Our Products – Our Brands" for details.

During half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in major global markets, including Europe, the United States, Mexico, Japan and China. We also appointed distributors in major international markets to help us promote and sell our products. Our project engineering business is mainly focussed on the domestic market.

The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

We manufacture our pigments at our two (2) manufacturing units located in Roha and Mahad. Our technical capabilities and production processes are a result of our R&D efforts. As of September 30, 2024, we have three (3) R&D centres and a R&D team comprising of 80 qualified employees with global experience. Our R&D activities are mainly focused on developing new products and processes, improving our existing production processes, adopting advance production technology, and improving the quality of our existing products coupled with cost efficiency.

We have received the following ISO certifications: ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management). As of September 30, 2024, we have a quality control team of 75 employees. Our quality control team ensures that we adopt high-quality standards for all our manufacturing stages, from raw materials to the production of the final products.

Our Promoter and Managing Director, Rajesh Balkrishna Rathi, has been on our board since 2008. Mr. Rajesh Balkrishna Rathi has been in the pigment business since 1992 and has led our sales, technical marketing, supply chain and various other functions. Our Executive Director, Ashish Vij, is a transformation and change management specialist. He is a certified Six Sigma Black Belt and Lean Practitioner and has led the creation of one of the largest pigment manufacturing sites in India. Together, they have been instrumental to our growth-to-date. Our Promoters and Directors are supported by an experienced and professional management teams. We believe that the collective experience and capabilities of our Promoter, management team and supporting staff enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences.

On October 11, 2024, our Company, through its Material subsidiary, Sudarshan Europe B.V., entered into a definitive agreement with Heubach Group on the acquisition of Heubach, a German-based chemical group and the second largest manufacturer in the global pigments market (excluding black and white pigments) with focus on organic and inorganic pigments in calendar year 2023. (Source: *One Lattice Report*). See “Our Business – Our Strategy – Acquisition of Heubach Group” for details.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe that the following factors have significantly affected our results of operations and financial condition for the half-year ended September 30, 2024 and for Fiscal 2024, Fiscal 2023 and Fiscal 2022 and may continue to affect our results of operations and financial condition in the future.

Raw materials price fluctuations and availability

Our cost of raw materials consumed makes up a large portion of our operating expenses. The raw materials we use in our manufacturing process are primarily sourced from suppliers in India as well as internationally. For further details, see “*Risk Factors -Our business and profitability is substantially dependent on the availability and cost of our raw materials and we are dependent on third party suppliers for meeting our raw material requirements which are on purchase order basis. Any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations, cash flows and financial condition.*” on page 56.

Our raw materials include pigment intermediates, bulk chemicals and solvents, inorganic materials and metals etc, the prices of which have been volatile in the past. The pricing and supply of raw materials can be highly volatile due to a range of factors, including variations in basic price drivers such as BTX index, metal indices, fluctuations in demand and supply, broader economic and political conditions, logistics cost variations, or disruptions like natural disasters, pandemics, environmental factors etc.

We usually enter into quarterly supply contracts with our raw material suppliers and typically source raw materials from direct manufacturers or authorised distributors. Occasionally, spot purchases may also be done to leverage benefit of low prices or meet higher demand. The prices of our key raw materials globally have been volatile and any increases in the prices of these materials have an impact on our costs of production.

Dependency upon our manufacturing facilities and compliances in safety, health, environmental and labour laws and other applicable regulations

As on the date of this Preliminary Placement Document, our pigment manufacturing plants are located in Roha, and Mahad (Dist. Raigad) and our project engineering manufacturing plants are located in Alandi and Chakan (Dist. Pune) in the state of Maharashtra and Ankleshwar (Dist. Bharuch) in the state of Gujarat through our Material Subsidiary, RIECO Industries Limited. Our pigment manufacturing operations are concentrated in one geographic area. The geographic concentration of our manufacturing facility heightens our exposure to adverse developments and economic shifts within this region. Any significant social, political, civil or economic

disruptions, or instances of internal or external aggression or force majeure conditions or natural calamities or changes in the policies of state or local governments, in Maharashtra and Gujarat in general, could have an adverse effect on our business, results of operations and financial condition. Our Company provides a range of products, including organic, inorganic, effect pigments and dispersions used for various applications such as paints, plastics, inks and cosmetics. Other business includes project engineering and manufacturing business of grinding solutions, clean air solutions, power handling solutions. Our business involves manufacturing, storage and transportation of various hazardous substances that we use in production that are corrosive, hazardous and toxic chemicals, and we are required to obtain approvals from various authorities for storing hazardous substances. Our compliance with these laws and regulations and our obtaining the necessary governmental permits are often a prerequisite for customer orders. Any non-compliance with manufacturing standards as prescribed under law may have an adverse effect on our business, financial condition and results of operations.

Foreign exchange rate risk

Our annual financial statements are prepared in Indian Rupees, which is the functional currency of the Company. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, majorly the U.S. Dollar and Euro. Accordingly, we have currency exposures relating to buying, selling and financing in currencies other than in Indian Rupees, particularly the U.S. Dollar and Euro.

Multiple currency exposures arise from commercial transactions like sales, purchases, borrowings, recognized financial assets and liabilities (monetary items). Our Company has implemented a foreign exchange risk management policy. This policy provides guidelines for natural hedge and minimum percentage of hedging of open risk exposure. However, we cannot guarantee that it is sufficient to cover our perceived risks. A significant fluctuation in the Indian Rupees to U.S. dollar or other foreign currency exchange rates could materially and adversely affect our business, results of operations, financial condition and cash flows.

Capital expenditure (including capital expenditure financed through debt)

We require substantial capital to expand our existing facilities. A significant amount of our capital expenditure was aimed at constructing manufacturing and other facilities, increasing our manufacturing capacities and diversifying our product base. Our business is capital intensive as we require adequate capital to operate and expand our manufacturing. Our historical capital expenditure has been primarily used towards development and enhancement of production capacities and related manufacturing infrastructure. Historically, we have funded our capital expenditure requirements through a combination of internal accruals and external borrowings.

The table below sets forth our expenditure incurred on account of 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) for the period / fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
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)	4,635.3	7,847.3	19,240.1	31,020.7 *

* For Fiscal 2022, this is to be read as Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes and force majeure conditions. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute

our earnings per Equity Share and your interest in the Company and could adversely impact our Equity Share price.

Working Capital Management

We require a significant amount of working capital to maintain optimum inventory levels of raw materials, work-in-progress and finished goods as well as to offer credit to our customers and channel partners and fulfil our payment obligations towards our suppliers.

The table below sets forth our total current assets, total current liabilities, working capital, working capital turnover ratio, Current assets – Inventories, Current assets - Financial assets - Trade receivables, Current liabilities – Financial liabilities - Trade Payables - Dues to micro enterprises and small enterprises, Current liabilities - Financial liabilities - Trade Payables - Dues to other than micro enterprises and small enterprises and adjusted working capital as at the dates indicated

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Total Current assets	1,46,431.6	1,19,328.0	1,13,641.5	1,20,512.6
Total Current liabilities	1,21,448.1	86,249.4	99,329.7	1,06,357.8
Working capital	24,983.5	33,078.6	14,311.8	14,154.8
Working capital turnover ratio (times)	5.3	7.6	15.9	15.4
Current assets – Inventories	60,795.7	43,760.0	49,407.9	56,598.4
Current assets - Financial assets - Trade receivables	56,405.4	58,531.9	48,614.6	50,065.6
Current liabilities - Financial liabilities - Trade Payables				
- Dues to micro enterprises and small enterprises	4,426.2	6,121.6	6,453.7	2,679.0 *
- Dues to other than micro enterprises and small enterprises	55,645.8	45,083.0	44,419.2	49,497.0 **
Adjusted working capital	57,129.1	51,087.3	47,149.6	54,488.0

* Dues to micro enterprises and small enterprises to be read as Dues to micro and small enterprises for March 2022

** Dues to other than micro enterprises and small enterprises to be read as Other than Dues to micro and small enterprises for March 2022

For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation*” on page 136 .

Competition

Our products are used in end-user industries such as paints, plastics, inks and cosmetics. The broad-spectrum application of our products provide us a unique position in the Indian chemical industry. Despite such uniqueness, it is inevitable that we face competition from other global as well as domestic manufacturers, for different products that we manufacture. Some foreign companies, including without limitation, manufacturers in China may be able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Such competitors may also have greater financial and technological resources and may also have larger sales and marketing teams. They might be in a better position to identify market trends, adapt to changes in industry, innovate new products, offer competitive prices due to economies of scale and ensure product quality and compliance. We also believe that there are significant entry barriers into pigment manufacturing including the preference of tier 1 customers for companies with strong manufacturing capabilities, operational performance and financial capabilities.

Material accounting policies

The following are the accounting policies used in preparation of our latest Fiscal 2024 Audited Consolidated Financial Statements.

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.

Principles of consolidation

- a) The financial statements of the 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

Extract of the material accounting policies

(i) Current versus non-current classification

The Group 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 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.

(ii) 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.

(iii) 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.

(iv) 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..

The Group has following streams of revenue:

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

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 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

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:

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. 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)..

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 is 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.

(v) 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.

(vi) 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.

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.

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.

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.

(vii) 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.

(viii) Property, plant and equipment and Capital work in progress:

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 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.

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Depreciation

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 has 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* / 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

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.

The Group reviews the estimated residual values and expected useful lives of assets at least annually.

(ix) Intangible assets and Intangible assets under development:

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 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.

Amortisation:

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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.

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

Capital work in progress ("CWIP") and Intangible assets under development:

Projects under commissioning and other CWIP items are carried at cost, comprising direct costs, related incidental expenses and eligible borrowing costs, if any.

Intangible assets under development are carried at cost, comprising direct costs, directly attributable incidental expenses and eligible borrowing costs, if any.

Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

(x) **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 are incurred. All other borrowing costs are charged to the Consolidated Statement of Profit and Loss for the period for which they are incurred.

(xi) **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.

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 qualify 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

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, 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.

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

(xii) 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.

(xiii) 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. 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 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired

(xiv) Provisions, contingent liabilities and contingent assets:

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.

Contingent liability

Contingent liability is:

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
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.
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.

(xv) Post-employment and other employee benefits:

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

Post-employment benefits:

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.

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.

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.

(xvi) **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..

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 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.

(xvii) 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

Financial assets:

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.

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.

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:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
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 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:

The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
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.

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:

The rights to receive cash flows from the asset have expired, or

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.

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:

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.

Financial liabilities:

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.

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.

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.

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.

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

(xviii) **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..

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.

(xix) 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.

(xx) 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.

(xxi) 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 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.

(xxii) 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.

(xxiii) 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.

(xxiv) 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:

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.

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.

Principal Components of Income and expenditure

Total Income

Our total revenue consists of (a) revenue from operations and; (b) other income

Revenue from operations

Our revenue from operations, primarily comprises sale of products like pigments, and engineering equipment and other operating revenues consisting of government grants (export incentives) and miscellaneous operating income includes sale of by products and sale of manufacturing scrap. We generate revenue primarily from the sale of pigments and sale of engineering equipment. Other sources of revenue include income from export incentives, sale of manufacturing scrap and by products etc. Revenue from contracts with customers is disaggregated by primary geographical market that is in India and overseas market, major products and service lines and timing of revenue recognition that is products transferred at point in time and products transferred over a period of time.

Other Income

Our other income primarily includes interest income on Bank deposits and other deposits and others (on refunds of taxes and on delayed payments from customers), liabilities no longer required, written back, net gain on sale of financial instruments, net gain on fair valuation of financial instruments, gain on sale / disposal of property plant and equipment and miscellaneous income which majorly includes rental income and sundry recoveries.

Expenses

Our total expenses comprised of cost of materials consumed, purchase of stock in trade, changes in inventories of finished goods and work-in-progress, employee benefits expense, finance costs, depreciation and amortisation expense and other expenses.

Cost of materials consumed

Cost of materials consumed is calculated as raw material inventory at the beginning of the year/period, plus inventory purchased during the year/period, less inventory at the end of the year/period.

Change in inventories of finished goods, and work-in-progress

Change in inventories of finished goods, and work-in-progress consists of changes in finished goods and work-in-progress from the beginning of the year to the end of the year.

Employee benefits expense

Employee benefits expense comprises of salaries, wages and bonus (including directors' remuneration), contribution to provident and other funds such as contribution towards Employee State Insurance Scheme, Superannuation, and National Pension Scheme, gratuity expense, share based payments to employees and staff welfare expenses.

In accordance with the law, all employees of the Company and its domestic Subsidiary are entitled to receive the benefits under the Provident Fund Act. The 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 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 and its domestic subsidiary have no obligation to the scheme beyond its annual contributions.

Finance costs

Financial cost comprises interest expenses on bank facilities, excludes borrowing costs capitalised during the year on qualifying assets, interest expenses on lease liabilities and other borrowing costs including charges for guarantees, loan processing etc.

We have lease contracts for various items of building, land and plant and machinery (IT equipment) used in our 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 up to 99 years with no corresponding leasehold liabilities. The obligations of the Company 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. We apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for such leases.

Depreciation and amortisation expense

Depreciation expenses comprise of depreciation on property, plant and equipment, amortisation of intangible assets and amount of depreciation charged to right of use asset.

Other expenses

Our other expenses comprise mainly of consumption of stores and spares, consumption of packing material, power and fuel, water charges, contract labour charges, rent expenses, repairs and maintenance of plant and machinery, buildings and others, insurance charges, rates and taxes (excluding taxes on income), advertisement expenses, auditors' remuneration, bad debts written off, provision for bad and doubtful debts / advances (including expected credit losses), advance written-off, provision for doubtful advances, bank charges, commission to selling agents, freight and forwarding expenses, , foreign exchange (gain) / loss (net), consumables related to IT hardware, legal, professional and consultancy charges, printing, stationery and communication expenses, travelling and conveyance, expenditure towards Corporate Social Responsibility, director sitting fees and commission, miscellaneous expenses.

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Non-GAAP Measures

We have included certain non-GAAP measures relating to our operations and financial performance such as, “Adjusted capital employed”, “Adjusted EBIT”, “Adjusted EBITDA”, “Adjusted EBITDA Margin”, “Adjusted interest service coverage ratio”, “Adjusted profit for the period / year”, “Adjusted profit for the period / year Margin”, “Adjusted return on capital employed”, “Adjusted return on equity”, “Adjusted working capital”, “Earnings available for interest service”, “EBIT”, “EBITDA”, “Finance costs (gross)”, “Net borrowings”, “Net borrowings to Adjusted EBITDA ratio”, “Net borrowings to equity ratio”, “Profit before exceptional items and tax Margin”, “Profit before tax Margin”, “Working capital” and “Working capital turnover ratio” (together, “**Non-GAAP Measures**” and each, a “**Non-GAAP Measure**”) in this Preliminary Placement Document. For further details, refer “Risk Factor - We have in this Preliminary Placement Document included certain Non-GAAP Measures that may vary from any standard methodology that is applicable across the pigment industry and may not be comparable with financial information of similar nomenclature computed and presented by other companies” on page 83.

Non-GAAP Measures Reconciliation

Reconciliation of Working capital and adjusted working capital

The following table sets forth our computation of Total Current assets, Total Current liabilities, Working capital and Adjusted working capital for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have computed Working capital as Total Current assets as reduced by Total Current liabilities. Total Current assets is calculated as sum of Current assets -Inventories, Financial assets (Investments, Trade receivables, Cash and cash equivalents, Bank balances other than Cash and cash equivalents, Derivative instruments, Other financial assets) and Other current assets. Total Current liabilities is calculated as sum of Financial liabilities (Borrowings, Lease liabilities, Trade payables - Dues to micro enterprises and small enterprises and Trade payables - Dues to other than micro enterprises and small enterprises, Derivative instruments, Other financial liabilities), Current liabilities - Provisions, Other current liabilities and Current tax liabilities (net). Adjusted working capital is computed as sum of Current assets Inventories and Current assets – Financial assets - Trade Receivables as reduced by Current liabilities – Financial liabilities - Trade payables - Dues to micro enterprises and small enterprises and Current liabilities – Financial liabilities - Trade payables - Dues to other than micro enterprises and small enterprises.

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Current assets				
Inventories (A)	60,795.7	43,760.0	49,407.9	56,598.4
Financial assets				
Investments (B)	14,098.7	-	-	-
Trade receivables (C)	56,405.4	58,531.9	48,614.6	50,065.6
Cash and cash equivalents (D)	3,117.7	4,723.7	2,039.2	2,531.6
Bank balances other than Cash and cash equivalents (E)	651.6	866.8	902.1	997.8
Derivative instruments (F)	290.6	703.5	1,338.2	1,218.1 **
Other financial assets (G)	898.0	753.1	778.6	3,533.3
Other current assets (H)	10,173.9	9,989.0	10,560.9	5,567.8
Total Current assets (I = A + B + C + D + E + F + G + H)	1,46,431.6	1,19,328.0	1,13,641.5	1,20,512.6
Current liabilities				
Financial liabilities				
Borrowings (J)	49,259.1	24,761.5	36,828.9	45,016.4
Lease liabilities (K)	403.4	345.6	300.1	51.3
Trade payables				
Dues to micro enterprises and small enterprises (L)	4,426.2	6,121.6	6,453.7	2,679.0 ***

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Dues to other than micro enterprises and small enterprises (M)	55,645.8	45,083.0	44,419.2	49,497.0 #
Derivative instruments (N)	223.8	82.0	58.3	59.1 *
Other financial liabilities (O)	3,296.4	4,262.4	4,194.4	5,284.5
Provisions (P)	429.4	349.5	270.5	246.9
Other current liabilities (Q)	6,237.1	4,977.0	6,600.8	3,219.5
Current tax liabilities (net) (R)	1,526.9	266.8	203.8	304.1
Total Current liabilities (S = J + K + L + M + N + O + P + Q + R)	1,21,448.1	86,249.4	99,329.7	1,06,357.8
Working capital (T = I - S)	24,983.5	33,078.6	14,311.8	14,154.8
Adjusted working capital (U= A + C - L - M)	57,129.1	51,087.3	47,149.6	54,488.0

* Derivative instruments to be read as Derivative liabilities as at March 31, 2022.

** Derivative instruments to be read as Derivative assets as at March 31, 2022.

***Dues to micro enterprises and small enterprises to be read as Dues to micro and small enterprises for March 2022

Dues to other than micro enterprises and small enterprises to be read as Other than Dues to micro and small enterprises for March 2022

Reconciliation of Working capital turnover ratio

The following table sets forth our Working capital, Sale of goods and services, and Working capital turnover ratio for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have computed Working capital as Total Current assets as reduced by Total Current liabilities. Total Current assets is calculated as sum of Current assets -Inventories, Financial assets (Investments, Trade receivables, Cash and cash equivalents, Bank balances other than Cash and cash equivalents, Derivative instruments, Other financial assets) and Other current assets. Total Current liabilities is calculated as sum of Financial liabilities (Borrowings, Lease liabilities, Trade payables - Dues to micro enterprises and small enterprises and Trade payables - Dues to other than micro enterprises and small enterprises, Derivative instruments, Other financial liabilities), Current liabilities - Provisions, Other current liabilities and Current tax liabilities (net). We have calculated Sale of goods and services as the sum of Sale of products and Sale of services. We have calculated Working capital turnover ratio as Sale of goods and services divided by Working capital.

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total Current assets (A)	1,46,431.6	1,19,328.0	1,13,641.5	1,20,512.6
Total Current liabilities (B)	1,21,448.1	86,249.4	99,329.7	1,06,357.8
Working capital (C = A - B)	24,983.5	33,078.6	14,311.8	14,154.8
Sale of products (D)	1,31,485.1	2,51,158.1	2,27,416.5	2,18,191.2 *
Sale of services (E)	75.8	273.3	262.3	134.5
Sale of goods and services (F = D + E)	1,31,560.9	2,51,431.4	2,27,678.8	2,18,325.7
Working capital turnover ratio (times) (G = F / C)	5.3	7.6	15.9	15.4

*Sale of products to be read as Sale of products (including revenue based on POC method) for Fiscal 2022.

Reconciliation of Net borrowings and Net borrowings to equity ratio

The following table sets forth our Net borrowings, Total equity and Net borrowings to equity ratio for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated Net borrowings as Total borrowings reduced by Current assets - Cash and cash equivalents and Current assets - Investments. We calculated Total equity as the sum of Equity share capital and Other equity. We have calculated Net borrowings to equity ratio by dividing Net borrowings with Total equity.

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Non-current liabilities – Borrowings (A)	3,863.1	19,331.5	44,920.6	36,857.6
Current liabilities – Borrowings (B)	49,259.1	24,761.5	36,828.9	45,016.4
Total borrowings (C = A + B)	53,122.2	44,093.0	81,749.5	81,874.0
Current assets – Cash and cash equivalents (D)	3,117.7	4,723.7	2,039.2	2,531.6
Current assets – Investments (E)	14,098.7	-	-	-
Net borrowings (F = C - D - E)	35,905.8	39,369.3	79,710.3	79,342.4
Equity share capital (G)	1,384.5	1,384.5	1,384.5	1,384.5
Other equity (H)	1,19,800.3	1,13,519.2	81,437.9	81,934.4
Total equity (I = G + H)	1,21,184.8	1,14,903.7	82,822.4	83,318.9
Net borrowings to equity ratio (times) (J = F / I)	0.3	0.3	1.0	1.0

Reconciliation of Adjusted capital employed

The following table sets forth our Total equity, adjusted capital employed for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We calculated Total equity as the sum of Equity share capital and Other equity. We have calculated Adjusted capital employed as the sum of Total equity, Total borrowings, and Deferred tax liabilities (net) which is reduced by Goodwill, Intangible assets, Intangible assets under development and Right-of-use assets (wherever applicable).

(₹ in lakhs, unless otherwise stated)

Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Equity share capital (A)	1,384.5	1,384.5	1,384.5	1,384.5
Other equity (B)	1,19,800.3	1,13,519.2	81,437.9	81,934.4
Total equity (C = A + B)	1,21,184.8	1,14,903.7	82,822.4	83,318.9
Total borrowings (D)	53,122.2	44,093.0	81,749.5	81,874.0
Deferred tax liabilities (net) (E)	8,641.1	9,111.6	7,164.5	5,952.9
Goodwill (F)	684.4	684.4	684.4	684.4
Intangible assets (G)	2,475.4	2,866.5	3,405.0	2,876.2 *
Intangible assets under development (H)	3.6	3.7	22.0	1,144.1
Right-of-use assets (I)			1,194.1	452.2
Adjusted capital employed (J = C + D + E - F - G - H - I)	1,79,784.7	1,64,553.7	1,66,430.9	1,65,988.9

* Intangible assets to be read as Other Intangible assets for March 2022

Reconciliation from Profit for the period / year to Adjusted profit for the period / year and Adjusted profit for the period / year Margin

The following table sets forth our adjusted profit for the period / year and adjusted profit for the period / year Margin for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated Adjusted profit for the period / year as the sum of Profit for the period / year and Tax on Exceptional item and adjusted by Exceptional Items gain / (loss). We have calculated Adjusted profit for the period / year Margin by dividing Adjusted profit for the period / year with Revenue from operations.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Profit for the period / year (A)	5,933.8	35,744.7	4,476.9	12,996.6
Tax on Exceptional item (B)	-	6,811.6	-	-
Exceptional Items gain / (loss) (C)	(1,115.7)	31,510.1	-	-
Adjusted profit for the period / year (D = A + B - C)	7,049.5	11,046.2	4,476.9	12,996.6
Revenue from operations (E)	1,32,970.8	2,53,877.7	2,30,173.2	2,20,080.6
Adjusted profit for the period / year Margin (%) (F = D / E)	5.30%	4.35%	1.95%	5.91%

Reconciliation from Profit for the period / year to EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Net borrowings to Adjusted EBITDA ratio

The following table sets forth our EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Net borrowings to Adjusted EBITDA ratio for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated EBITDA as the sum of Profit for the period / year, Total tax expense, Finance costs, and Depreciation and amortisation expense. We have calculated Adjusted EBITDA as EBITDA adjusted by Other income and Exceptional Items gain / (loss). We have calculated Adjusted EBITDA Margin as Adjusted EBITDA divided by Revenue from operations. We have calculated Net borrowings to Adjusted EBITDA ratio by dividing Net borrowings with Adjusted EBITDA.

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Profit for the period / year (A)	5,933.8	35,744.7	4,476.9	12,996.6
Total tax expense (B)	2,457.7	11,308.3	1,497.0	4,115.6
Finance costs (C)	1,591.6	3,690.2	4,147.1	1,942.3 *
Depreciation and amortisation expense (D)	7,253.8	14,116.7	11,422.7	8,925.9
EBITDA (E = A + B + C + D)	17,236.9	64,859.9	21,543.7	27,980.4
Other income (F)	847.5	1,708.6	479.0	500.2
Exceptional Items gain / (loss) (G)	(1,115.7)	31,510.1	-	-
Adjusted EBITDA (H = E - F - G)	17,505.1	31,641.2	21,064.7	27,480.2
Revenue from operations (I)	1,32,970.8	2,53,877.7	2,30,173.2	2,20,080.6
Adjusted EBITDA Margin (%) (J = H / I)	13.16%	12.46%	9.15%	12.49%
Total borrowings (K)	53,122.2	44,093.0	81,749.5	81,874.0
Net borrowings (L)	35,905.8	39,369.3	79,710.3	79,342.4
Net borrowings to Adjusted EBITDA ratio (times) (M = L / H)	2.1	1.2	3.8	2.9

*Finance costs for March 2022 to be read as Finance costs (net)

Reconciliation from Profit for the period / year to EBIT, Adjusted EBIT and Adjusted return on capital employed

The following table sets forth our EBIT, Adjusted EBIT and Adjusted return on capital employed for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated EBIT as the sum of Profit for the period / year, Total tax expense, and Finance costs. We have calculated Adjusted EBIT as EBIT adjusted by Exceptional Items gain / (loss). We have calculated Adjusted return on capital employed as Adjusted EBIT divided by Adjusted capital employed.

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Profit for the period / year (A)	5,933.8	35,744.7	4,476.9	12,996.6
Total tax expense (B)	2,457.7	11,308.3	1,497.0	4,115.6
Finance costs (C)	1,591.6	3,690.2	4,147.1	1,942.3 *
EBIT (D = A + B + C)	9,983.1	50,743.2	10,121.0	19,054.5
Exceptional Items gain / (loss) (E)	(1,115.7)	31,510.1	-	-
Adjusted EBIT (F = D - E)	11,098.8	19,233.1	10,121.0	19,054.5
Adjusted capital employed (G)	1,79,784.7	1,64,553.7	1,66,430.9	1,65,988.9
Adjusted return on capital employed (%) (H = F / G) **	6.17%	11.69%	6.08%	11.48%

*Finance costs for March 2022 to be read as Finance costs (net)

**Adjusted return on capital employed for the half-year ended September 30, 2024 is not annualised.

Reconciliation from Profit before exceptional items for the period / year and tax to Profit before exceptional items and tax Margin

The following table sets forth our Profit before exceptional items and tax Margin for the half-year ended September 30, 2024, Fiscal 2024, and Fiscal 2023. We have calculated Profit before exceptional items and tax Margin by dividing Profit before exceptional items and tax for the period / year with Revenue from operations.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024
Profit before exceptional items and tax for the period / year (A)	9,507.2	15,542.9
Revenue from operations (B)	1,32,970.8	2,53,877.7
Profit before exceptional items and tax Margin (%) (C = A / B)	7.15%	6.12%

For Fiscal 2022 and Fiscal 2023, there were no Exceptional Items gain / (loss).

Reconciliation from Profit before tax for the period / year to Profit before tax Margin

The following table sets forth our Profit before tax Margin for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated Profit before tax Margin by dividing Profit before tax for the period / year with Revenue from operations.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Profit before tax for the period / year (A)	8,391.5	47,053.0	5,973.9	17,112.2
Revenue from operations (B)	1,32,970.8	2,53,877.7	2,30,173.2	2,20,080.6
Profit before tax Margin (%) (C = A / B)	6.31%	18.53%	2.60%	7.78%

Reconciliation from Profit for the period / year to EBITDA, Earnings available for interest service, Finance costs (gross) and Adjusted Interest service coverage ratio

The following table sets forth our EBITDA, Earnings available for interest service, Finance costs (gross) and Adjusted interest service coverage ratio for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated EBITDA as the sum of Profit for the period / year, Total tax expense, Finance costs, and Depreciation and amortisation expense. We have calculated Earnings available for interest service as EBITDA which is adjusted by Exceptional Items gain / (loss), Interest income on Bank deposits and other deposits and Interest income on Others (on refunds of taxes and on delayed payments from customers). We have calculated Finance costs (gross) as the sum of Finance costs and Borrowing cost capitalised. We have calculated Adjusted interest service coverage ratio as Earnings available for interest service divided by Finance costs (gross).

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Profit for the period / year (A)	5,933.8	35,744.7	4,476.9	12,996.6
Total tax expense (B)	2,457.7	11,308.3	1,497.0	4,115.6
Finance costs (C)	1,591.6	3,690.2	4,147.1	1,942.3 *
Depreciation and amortisation expense (D)	7,253.8	14,116.7	11,422.7	8,925.9
EBITDA (E = A + B + C + D)	17,236.9	64,859.9	21,543.7	27,980.4
Exceptional Items gain / (loss) (F)	(1,115.7)	31,510.1	-	-
Interest income on - Bank deposits and other deposits (G)	3.4	28.1	63.6	20.4 **
Interest income on - Others (on refunds of taxes and on delayed payments from customers) (H)	101.2	377.5	277.5	277.2 ***
Earnings available for interest service (I = E - F - G - H)	18,248.0	32,944.2	21,202.6	27,682.8
Finance costs (J)	1,591.6	3,690.2	4,147.1	1,942.3 *
Borrowing cost capitalised (K)	-	-	519.8	681.9 #
Finance costs (gross) (L = J + K)	1,591.6	3,690.2	4,666.9	2,624.2
Adjusted Interest service coverage ratio (times) (M = I/L)	11.5	8.9	4.5	10.5

*Finance costs for March 2022 to be read as Finance costs (net)

** For March 2022 "Interest income on - Bank deposits and other deposits" to be read as "Interest Income from financial assets carried at amortised cost - Bank Deposits"

*** For March 2022 "Interest income on - Others (on refunds of taxes and on delayed payments from customers)" to be read as "Interest Income from financial assets carried at amortised cost - Others"

Borrowing Costs Capitalised for March 2022 to be read as "Finance costs capitalised as property, plant and equipment and CWIP"

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Reconciliation from Profit for the period / year to Adjusted profit for the period / year and Adjusted return on equity

The following table sets forth our Adjusted profit for the period / year, Total equity and Adjusted return on equity for the half-year ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022. We have calculated Adjusted profit for the period / year as the sum of Profit for the period / year and Tax on Exceptional item and adjusted by Exceptional Items gain / (loss). We have calculated Total equity as the sum of Equity share capital and Other equity. We have computed Adjusted return on equity by dividing Adjusted profit for the period / year by Total equity

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Profit for the period / year (A)	5,933.8	35,744.7	4,476.9	12,996.6
Tax on Exceptional item (B)	-	6,811.6	-	-
Exceptional Items gain / (loss) (C)	(1,115.7)	31,510.1	-	-
Adjusted profit for the period / year (D = A + B - C)	7,049.5	11,046.2	4,476.9	12,996.6
Equity share capital (E)	1,384.5	1,384.5	1,384.5	1,384.5
Other equity (F)	1,19,800.3	1,13,519.2	81,437.9	81,934.4
Total equity (G = E + F)	1,21,184.8	1,14,903.7	82,822.4	83,318.9
Adjusted return on equity (%) (H = D / G)	5.82%	9.61%	5.41%	15.60%

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Results of Operations

Half-year ended September 30, 2024

The following table sets forth certain information with respect to our Income, Expenses and Profits for the period, also expressed as a percentage of our Total income, for the half-year ended September 30, 2024:

(₹ in lakhs unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	% of total income
Income		
Revenue from operations	132,970.8	99.37%
Other income	847.5	0.63%
Total income (i)	133,818.3	100.00%
Expenses		
Cost of materials consumed	80,508.2	60.16%
Purchase of stock in trade	1,404.9	1.05%
Changes in inventories of finished goods and work-in-progress	(10,988.1)	(8.21)%
Employee benefits expense	11,116.4	8.31%
Finance costs	1,591.6	1.19%
Depreciation and amortisation expense	7,253.8	5.42%
Other expenses	33,424.3	24.98%
Total expenses (ii)	124,311.1	92.90%
Profit before exceptional items and tax (i – ii)	9,507.2	7.10%
Exceptional Items gain / (loss) (iii)	(1,115.7)	(0.83)%
Profit before tax	8,391.5	6.27%
Total tax expense	2,457.7	1.84%
Profit for the period	5,933.8	4.43%
Earnings per equity share (non-annualised) [Nominal value per share ₹2]		
Basic (in ₹)	8.6	
Diluted (in ₹)	8.5	

Income

Revenue from operations

Revenue from operations is ₹132,970.8 lakhs for half-year ended September 30, 2024. Revenue from operations also includes Sale of products of ₹ 1,31,485.1 lakhs, Sale of services of ₹75.8 lakhs and Other operating revenues which includes Government grants (export incentives) and Miscellaneous operating income of ₹1,409.9 lakhs. Revenue from operations as a percentage of Total income was 99.37% for half-year ended September 30, 2024.

Other Income

Other income was ₹847.5 lakhs for the half-year period ended September 30, 2024, primarily on account of interest income, net gain on sale of financial instruments and Miscellaneous income.

Other income as a percentage of Total income amounted to 0.63% for half-year ended September 30, 2024.

Total income

Total income was ₹133,818.3 lakhs for half-year ended September 30, 2024.

Expenses**Cost of materials consumed**

Cost of materials consumed was ₹ 80,508.2 lakhs for the half-year ended September 30, 2024.

Purchase of stock in trade

Purchase of stock in trade was ₹ 1,404.9 lakhs for the half-year ended September 30, 2024.

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work-in-progress was ₹ (10,988.1) lakhs for the half-year ended September 30, 2024.

Employee benefits expense

Employee benefits expense amounted to ₹ 11,116.4 lakhs in half-year ended September 30, 2024. Employee benefits expense as a percentage of Total income were 8.31% for the half-year ended September 30, 2024.

Finance costs

Finance costs were ₹ 1,591.6 lakhs for half-year ended September 30, 2024

Depreciation and amortisation expense

Depreciation and amortisation expenses were ₹ 7,253.8 lakhs for half-year ended September 30, 2024.

Other expenses

Other expenses were ₹ 33,424.3 lakhs for half-year ended September 30, 2024.

Total Expenses

Total expenses amounted to ₹ 124,311.1 lakhs in half-year ended September 30, 2024. Total expenses as a percentage of Total income was 92.90% in half-year ended September 30, 2024.

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Fiscal Year March 31, 2024, and Fiscal Year March 31, 2023

The following table sets forth certain information with respect to our Income, Expenses and Profits for the years, also expressed as a percentage of our Total income, for Fiscal 2024 and Fiscal 2023:

(₹ in lakhs, unless otherwise stated)

Particulars	Fiscal 2024	% of Total income	Fiscal 2023	% of Total income
Income				
Revenue from operations	2,53,877.7	99.33%	2,30,173.2	99.79%
Other income	1,708.6	0.67%	479.0	0.21%
Total income (i)	2,55,586.3	100.00%	2,30,652.2	100.00%
Expenses				
Cost of materials consumed	1,38,049.3	54.01%	1,31,352.1	56.95%
Purchase of stock in trade	1,923.5	0.75%	1,317.2	0.57%
Changes in inventories of finished goods and work-in-progress	1,566.5	0.61%	4,158.6	1.80%
Employee benefits expense	20,995.0	8.21%	18,395.4	7.98%
Finance costs	3,690.2	1.44%	4,147.1	1.80%
Depreciation and amortisation expense	14,116.7	5.52%	11,422.7	4.95%
Other expenses	59,702.2	23.36%	53,885.2	23.36%
Total expenses (ii)	2,40,043.4	93.92%	2,24,678.3	97.41%
Profit before exceptional items and tax (i – ii)	15,542.9	6.08%	5,973.9	2.59%
Exceptional Items gain / (loss) (iii)	31,510.1	12.33%	-	
Profit before tax	47,053.0	18.41%	5,973.9	2.59%
Total tax expense	11,308.3	4.42%	1,497.0	0.65%
Profit for the year	35,744.7	13.99%	4,476.9	1.94%
Earnings per equity share [Nominal value per share ₹2]				
Basic (in ₹)	51.6		6.5	
Diluted (in ₹)	51.6		6.5	

Income

Revenue from operations

Revenue from operations increased by 10.30% from ₹2,30,173.2 lakhs or the Fiscal 2023 to ₹2,53,877.7 lakhs in Fiscal 2024. Revenue from operations also include Sale of products of ₹2,27,416.5 lakhs and ₹2,51,158.1 lakhs in Fiscal 2023 and 2024 respectively, Sale of services of ₹273.3 lakhs and ₹262.3 lakhs in Fiscal 2024 and 2023 respectively, and Other operating revenues which includes Government grants (export incentives) and Miscellaneous operating income of ₹2,446.3 lakhs and ₹2,494.4 lakhs in Fiscal 2024 and 2023 respectively This increase in Revenue from operations was primarily driven by increase in realisation across all the products. Revenue from operations as a percentage of Total income was 99.33% for Fiscal 2024 compared to 99.79% for Fiscal 2023.

Other income

Other income increased by 256.70% from ₹479.0 lakhs for the Fiscal 2023 to ₹1,708.6 lakhs for the Fiscal 2024, primarily on account of net gain on sale of financial instruments in Fiscal 2024.

Total income

Total income increased by 10.81% from ₹ 2,30,652.2 lakhs for the Fiscal 2023 to ₹ 2,55,586.3 lakhs for Fiscal 2024, primarily due to an increase in Revenue from operations and Other income as explained above.

Expenses

Cost of materials consumed

Cost of materials consumed increased by 5.10% from ₹ 1,31,352.1 lakhs for the Fiscal 2023 to ₹ 1,38,049.3 lakhs for the Fiscal 2024, primarily as a result of product mix and volume gain

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work-in-progress, decreased by 62.33% from ₹ 4,158.6 lakhs for the Fiscal 2023 to ₹ 1,566.5 lakhs for the Fiscal 2024, primarily due to decrease in inventories of finished goods and work-in-progress.

Employee benefits expense

Employee benefits expense increased by 14.13% from ₹ 18,395.4 lakhs for Fiscal 2023 to ₹ 20,995.0 lakhs for Fiscal 2024 primarily on account of recruitment of new staff and annual revision in salaries. Employee benefits expense as a percentage of Total income increased from 7.98% in Fiscal 2023 to 8.21% in Fiscal 2024.

Other expenses

Other expenses increased by 10.80% from ₹ 53,885.2 lakhs in Fiscal 2023 to ₹ 59,702.2 lakhs for Fiscal 2024. This increase in Other expenses was primarily on account of increased business activity.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by 23.58% from ₹ 11,422.7 lakhs for Fiscal 2023 to ₹ 14,116.7 lakhs for Fiscal 2024. The increase in depreciation and amortisation expense was primarily on account of full year depreciation of new commissioned plants in Fiscal 2023.

Finance costs

Finance costs decreased by 11.02% from ₹ 4,147.1 lakhs for Fiscal 2023 to ₹ 3,690.2 lakhs for Fiscal 2024. This decrease in Finance costs expenses was primarily due to reduction in short-term and long-term borrowings.

Total expenses

Total expenses increased by 6.84% from ₹ 2,24,678.3 lakhs in Fiscal 2023 to ₹ 2,40,043.4 lakhs in Fiscal 2024. Total expenses as a percentage of Total income was 93.92% in Fiscal 2024 as against 97.41% in Fiscal 2023.

Profit before exceptional items and tax

Our Profit before exceptional items and tax increased by 160.18% from ₹ 5,973.9 lakhs in Fiscal 2023 to ₹ 15,542.9 lakhs in Fiscal 2024 mainly on account increased business activities and other factors mentioned above.

Exceptional Items gain / (loss)

Exceptional Items gain in Fiscal 2024 amounting to ₹ 31,510.1 lakhs, pertains to Sale of freehold land.

Total tax expense

Total tax expense was for Fiscal 2024 was ₹ 11,308.3 lakhs and ₹ 1,497.0 lakhs for Fiscal 2023, due to change in Profit before tax. Tax for Fiscal 2024 includes tax on exceptional gain.

Profit for the year

Our Profit for the year increased by 698.43% from ₹ 4,476.9 lakhs in Fiscal 2023 to ₹ 35,744.7 lakhs in Fiscal 2024 mainly on account of factors mentioned above.

Fiscal Year March 31, 2023 and Fiscal Year March 31, 2022

The following table sets forth certain information with respect to our Income, Expenses and Profits for the years, also expressed as a percentage of our Total income, for Fiscal 2023 and Fiscal 2022:

(₹ in lakhs unless otherwise stated)

Particulars	Fiscal 2023	% of Total income	Fiscal 2022	% of Total income
Income				
Revenue from operations	2,30,173.2	99.79%	2,20,080.6	99.77%
Other income	479.0	0.21%	500.2	0.23%
Total income (i)	2,30,652.2	100.00%	2,20,580.8	100.00%
Expenses				
Cost of materials consumed	1,31,352.1	56.95%	1,37,397.6	62.29%
Purchase of stock in trade	1,317.2	0.57%	1,276.8	0.58%
Changes in inventories of finished goods and work-in-progress	4,158.6	1.80%	(11,634.0) *	(5.27)%
Employee benefits expense	18,395.4	7.98%	18,397.0 *	8.34%
Finance costs	4,147.1	1.80%	1,942.3 *	0.88%
Depreciation and amortisation expense	11,422.7	4.95%	8,925.9	4.05%
Other expenses	53,885.2	23.36%	47,163.0 *	21.38%
Total expenses (ii)	2,24,678.3	97.41%	2,03,468.6	92.24%
Profit before tax	5,973.9	2.59%	17,112.2 *	7.76%
Total tax expense	1,497.0	0.65%	4,115.6	1.87%
Profit for the year	4,476.9	1.94%	12,996.6	5.89%
Earnings per equity share [Nominal value per share ₹2]				
Basic (in ₹)	6.5		18.8	
Diluted (in ₹)	6.5		18.7	

* Certain nomenclatures as used within above table should be read as below for Fiscal 2022:

Nomenclatures used in above table	Nomenclatures to be read as below for Fiscal 2022
Employee benefits expense	Employee benefits expense (net)
Changes in inventories of finished goods and work-in-progress	Changes in inventories of finished goods, work-in-progress and stock-in-trade
Other expenses	Other expenses (net)
Finance costs	Finance costs (net)
Profit before tax	Profit before tax from operations

Income

Revenue from operations

Revenue from operations increased by 4.59% from ₹ 2,20,080.6 lakhs for the Fiscal 2022 to ₹ 2,30,173.2 lakhs in Fiscal 2023. Revenue from operations also includes Sale of products of ₹2,18,191.2 lakhs and ₹2,27,416.5 lakhs in Fiscal 2022 and 2023 respectively, Sale of services of ₹262.3 lakhs and ₹134.5 lakhs in Fiscal 2023 and 2022 respectively, and Other operating revenues which included Government grants (export incentives) and Miscellaneous operating income of ₹2,494.4 lakhs in Fiscal 2023 and ₹1,754.9 lakhs (comprising export incentives ₹967.9 lakhs and miscellaneous operating income ₹787.0 lakhs) in Fiscal 2022. This increase in Revenue from operations was primarily driven by increase in realisation across all the products. Revenue from operations as a percentage of total income was 99.79% for Fiscal 2023 compared to 99.77% for Fiscal 2022.

Other income

Other income decreased by 4.24% from ₹ 500.2 lakhs for the Fiscal 2022 to ₹ 479.0 lakhs for the Fiscal 2023.

Total income

Total income increased by 4.57% from ₹ 2,20,580.8 lakhs for the Fiscal 2022 to ₹ 2,30,652.2 lakhs for Fiscal 2023, primarily due to an increase in Revenue from operations and Other income as explained above.

Expenses**Cost of materials consumed**

Cost of materials consumed decreased by 4.40% from ₹ 1,37,397.6 lakhs for the Fiscal 2022 to ₹ 1,31,352.1 lakhs for the Fiscal 2023, primarily as a result of production volume change.

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods, work-in-progress and stock-in-trade, were ₹ (11,634.0) lakhs in Fiscal 2022. Changes in inventories of finished goods and work-in-progress were ₹ 4,158.6 lakhs in Fiscal 2023. This was primarily due to increase in inventory of finished goods and work-in-progress in Fiscal 2022 and decrease in inventory of finished goods and work-in-progress in Fiscal 2023.

Employee benefits expense

Employee benefits expenses (net) in Fiscal 2022 were ₹ 18,397.0 lakhs and Employee benefits expense stood at ₹ 18,395.4 lakhs in Fiscal 2023. Employee benefits expenses (net) comprised 8.34% in Fiscal 2022 as a percentage of total income. Employee benefits expense comprised 7.98% in Fiscal 2023 as a percentage of Total income.

Other expenses

Other expenses (net) in Fiscal 2022 were ₹ 47,163.0 lakhs and Other expenses stood at ₹ 53,885.2 lakhs for Fiscal 2023. This resulted increase by 14.25% which was primarily on account of inflationary trend in indirect material cost.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by 27.97% from ₹ 8,925.9 lakhs for Fiscal 2022 to ₹ 11,422.7 lakhs for Fiscal 2023. The increase in depreciation and amortisation expense was primarily on account of full year depreciation of new commissioned plants in Fiscal 2022.

Finance costs

Finance costs (net) in Fiscal 2022 were ₹ 1,942.3 lakhs and Finance costs stood at ₹ 4,147.1 lakhs for Fiscal 2023. This resulted increase by 113.51% was primarily due to higher debt levels and increase in interest rates:

Total expenses

Total expenses increased by 10.42% from ₹ 2,03,468.6 lakhs in Fiscal 2022 to ₹ 2,24,678.3 lakhs in Fiscal 2023. Total expenses as a percentage of Total income were 97.41% in Fiscal 2023 as against 92.24% in Fiscal 2022.

Profit before tax

Our profit before tax decreased by 65.09% from ₹ 17,112.2 lakhs in Fiscal 2022 to ₹ 5,973.9 lakhs in Fiscal 2023 mainly on account of factors mentioned above.

Total tax expense

Total Tax expense for Fiscal 2023 was ₹ 1,497.0 lakhs and ₹ 4,115.6 lakhs for Fiscal 2022. This change in tax expenses is due to change in profit before tax.

Profit for the year

Our Profit for the year decreased by 65.55% from ₹ 12,996.6 lakhs in Fiscal 2022 to ₹ 4,476.9 lakhs in Fiscal 2023 mainly on account of factors mentioned above.

CASH FLOW

Our cash is generated by sales of our products that is used to fund investments and service loans and interest towards borrowings. The table below summarizes our cash flows for the Fiscal 2024 and Fiscal 2023:

(₹ in lakhs unless otherwise stated)		
Particulars	Fiscal 2024	Fiscal 2023
Profit before exceptional items and tax	15,542.9	5,973.9
Net cash flow from operating activities - (A)	19,345.5	28,704.7
Net cash flow generated from / (used in) investing activities- (B)	27,932.1	(18,927.1)
Net cash flow generated from / (used in) financing activities- (C)	(44,593.1)	(10,270.0)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,684.5	(492.4)
Cash and cash equivalents at the beginning of the year	2,039.2	2,531.6
Cash and cash equivalents at the end of the year (excluding earmarked balances)	4,723.7	2,039.2

The table below summarizes our cash flows for the Fiscal 2022:

(₹ in lakhs unless otherwise stated)	
Particulars	Fiscal 2022
Profit before tax from operations	17,112.2
Net cash flow from operating activities from operations - (A)	17,814.2
Net cash flow (used in) investing activities - (B)	(30,655.8)
Net cash flow from financing activities - (C)	13,775.5
Net increase in cash and cash equivalents (A+B+C)	933.9
Cash and cash equivalents at the beginning of the year	1,597.7
Cash and cash equivalents at the end of the year	2,531.6

Net cash flow from operating activities

Net cash flow from operating activities includes funds generated from our operating activities and net cash inflows or outflows from changes in operating assets and liabilities

Net cash flow from operating activities for Fiscal 2024 was ₹ 19,345.5 lakhs while our Profit before exceptional items and tax was ₹15,542.9 lakhs. We had an Operating profit before working capital changes of ₹32,295.4 lakhs. The difference in Cash generated from operations and Operating profit before working capital changes was primarily on account of an increase in trade payables amounting to ₹412.6 lakhs, trade receivables amounting to ₹ 9,653.4 lakhs, provisions amounting to ₹244.1 lakhs, other financial liabilities amounting to ₹510.3 lakhs, and other financial assets amounting to ₹16.8 lakhs. This was offset by a decrease in other liabilities amounting to ₹2,068.0 lakhs, inventories amounting to ₹5,381.8 lakhs, other assets amounting to ₹555.8 lakhs, and other bank balances amounting to ₹35.3 lakhs.

Net cash flow from operating activities for Fiscal 2023 was ₹ 28,704.7 lakhs while our Profit before tax from operations was ₹5,973.9 lakhs. We had an Operating profit before working capital changes of ₹21,778.6 lakhs. The difference in Cash generated from operations and Operating profit before working capital changes was primarily on account of an increase in provisions amounting to ₹228.7 lakhs, other liabilities amounting to

₹2,751.4 lakhs, and other assets amounting to ₹2,763.4 lakhs. This was offset by a decrease in trade payables amounting to ₹1,384.0 lakhs, other financial liabilities amounting to ₹494.2 lakhs, trade receivables amounting to ₹1,792.7 lakhs, inventories amounting to ₹7,280.3 lakhs, other financial assets amounting to ₹536.5 lakhs, and other bank balances amounting to ₹95.7 lakhs.

Net cash flow from operating activities from operations for Fiscal 2022 was ₹ 17,814.2 lakhs while our profit before taxation was ₹17,112.2 lakhs. We had an operating profit before working capital changes of ₹27,646.5 lakhs. The operating profit before working capital changes were adjusted for certain changes in working capital and provisions such as an increase in trade payables amounting to ₹7,993.3 lakhs, provisions amounting to ₹154.6 lakhs, other liabilities amounting to ₹536.0 lakhs, trade receivables amounting to ₹1,534.9 lakhs, inventories amounting to ₹15,366.0 lakhs, and other bank balances amounting to ₹211.2 lakhs. This was offset by a decrease in other financial liabilities amounting to ₹404.9 lakhs, other assets amounting to ₹1,953.4 lakhs, and other financial assets amounting to ₹852.9 lakhs.

Net cash flow generated from / (used in) investing activities

Net cash flow generated from / (used in) investing activities was ₹27,932.1 lakhs for Fiscal 2024, consisting of cash outflows towards 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) amounting to ₹7,847.3 lakhs, Investments in financial instruments amounting to ₹26,500.0 lakhs and cash inflow from 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) amounting to ₹34,540.3 lakhs, Proceeds from sale of financial instruments amounting to ₹27,333.5 lakhs, and Interest received amounting to ₹405.6 lakhs.

Net cash flow (used in) investing activities was (₹18,927.1) lakhs for Fiscal 2023, consisting of cash outflows towards 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) amounting to ₹19,240.1 lakhs, and cash inflow from Proceeds from sale of property, plant and equipment and intangible assets amounting to ₹180.0 lakhs, Interest received amounting to ₹133.00 lakhs.

Net cash flow (used in) investing activities was (₹30,655.8) lakhs for Fiscal 2022, consisting of cash outflows towards Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities) amounting to ₹31,020.7 lakhs, and cash inflow from Proceeds from sale of property, plant and equipment/ Intangible assets amounting to ₹106.3 lakhs, and Interest received amounting to ₹ 258.6 lakhs.

Net cash flow generated from / (used in) financing activities

Net cash flow generated from / (used in) financing activities was (₹ 44,593.1) lakhs for Fiscal 2024 as a result of cash outflows towards Repayment of long-term borrowings of ₹ 26,682.9 lakhs, Dividend paid on equity shares and tax thereon amounting to ₹ 3,329.1 lakhs, Repayments of short-term borrowings amounting to ₹13,010.7 lakhs, Finance costs paid amounting to ₹ 3,500.7 lakhs, and Payment of lease liabilities of ₹452.4 lakhs and cash inflow from Proceeds from short-term borrowings amounting to ₹ 2,382.7 lakhs.

Net cash flow from financing activities was ₹ (10,270.0) lakhs for Fiscal 2023 as a result of cash outflow towards Repayment of long-term borrowings amounting to ₹ 14,534.8 lakhs, Dividend paid on equity shares and tax thereon amounting to ₹ 3,427.7 lakhs, Repayments of short-term borrowings amounting to ₹ 1,11,077.3 lakhs, Finance costs paid amounting to ₹ 3,466.4 lakhs and Payment of lease liabilities amounting to ₹ 100.7 lakhs and cash inflow from Proceeds from long-term borrowings of ₹ 22,319.1 lakhs and Proceeds from short-term borrowings amounting to ₹ 1,00,017.8 lakhs.

Net cash flow from financing activities was ₹13,775.5 lakhs for Fiscal 2022 as a result of cash inflow from Proceeds from long-term borrowings of ₹ 19,225.3 lakhs, Proceeds from / (Repayments of) short-term borrowings (net) amounting to ₹ 14,420.2 lakhs and cash outflow towards Repayment of long-term borrowings amounting to ₹ 13,730.1 lakhs, Dividend and tax thereon amounting to ₹ 4,112.3 lakhs, Finance costs paid amounting to ₹1,942.3 lakhs and Lease liabilities paid amounting to ₹ 85.3 lakhs.

Capital expenditure in last three financial years

The following table sets forth additions to capital expenditure in Purchases of property, plant and equipment, intangible assets, intangible under development (including net movement in capital work in progress, capital advances and payable for capital goods) by category of expenditure, for the Fiscals indicated below:

(₹ in lakhs, unless otherwise stated)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
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	31,020.7 *

* For Fiscal 2022, this is to be read as Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)

Contractual Obligations - Borrowings

The following table sets forth a summary of the maturity profile for our Company's Non-current liabilities - Borrowings and Current liabilities - Borrowings as of the year indicated:

(₹ in lakhs, unless otherwise stated)

S. No	Particulars	Outstanding as of March 31, 2024
1	Non-current liabilities – Borrowings	19,331.5
2	Current liabilities – Borrowings	24,761.5

There are a number of covenants in our financing agreements that we have entered into with our lenders. Further, some of our financing agreements include conditions and covenants that require us to obtain their consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business.

Unusual or infrequent events or transactions

Except as described in this Preliminary Placement Document, no unusual or infrequent events or transactions has taken place that have in the past or may in the future affect our business operations or future financial performance.

Changes in accounting policy

There have been no changes in our Company's accounting policies during the last three financial years.

Significant Economic Changes

Other than as described above, to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties

Other than as described in the sections "Risk Factors" and "Management's Discussion and Analysis of Factors affecting the Financial Condition, Results of Operations", beginning on pages 52 and 112 respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Related party transactions

We enter into various transactions with related parties. For further information, see "Related Party Transactions" beginning on page 111

Off-Balance Sheet commitments and arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Our business has been affected and we expect that it will continue to be affected by the trends identified above in “Significant factors affecting our results of operations” and “Risk Factors” beginning on pages 114 and 52, respectively. To our knowledge, except as disclosed in this Preliminary Placement Document, there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Contingent Liabilities

The following table sets forth our contingent liabilities as per Ind AS-37 - Provisions, Contingent Liabilities and Contingent Assets as at March 31, 2024:

(₹ in lakhs, unless stated otherwise)		
S. No	Particulars	As at March 31, 2024
1.	Excise duty / Service tax demands - matters under dispute	507.1
2.	GST / VAT / CST demands - matters under dispute	2,360.3
3.	Custom duty demands - matters under dispute	330.4
4.	Direct Tax demands - matters under dispute	370.0
5.	Electricity duty on Power Generation	2,810.4

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 April 13, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23rd 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 Bombay High Court vide case No. WP/4963/2015 and WP/906/2017. The Bombay High Court passed interim stay order, subsequently during the last hearing held on January 24, 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.

Capital Commitments

The unexecuted value of capital purchase orders issued to vendors as at 31st March, 2024 are ₹646.4 lakhs (31st March, 2023: ₹536.2 lakhs)

Except as disclosed above, there are no other off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Quantitative and Qualitative Disclosure of 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 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. 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.

Credit 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.

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.

Liquidity 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. 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.

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. 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.

Material Developments

October 11, 2024

Sudarshan Chemical Industries Limited (“the Company / SCIL”) has entered into definitive agreement on 11th October, 2024, whereby Sudarshan Europe BV, Wholly Owned Subsidiary of the Company in Netherlands (“SEBV Europe”) shall acquire Global Pigment Business Operations of the Heubach Group of Germany for a total consideration of Euro 127.5 Million (Approx. INR 1,180 Crore).

October 16, 2024

Proposal for raising of funds of Rs. 1,000 Crores plus green shoe option upto 25% by way of issuance of Equity Shares or any other eligible securities (“Securities”) through permissible modes, including but not limited to Qualified Institutions Placements (“QIP”), Preferential Issue, Rights Issue, Private Placement, Bonds, Debentures, Follow-On Public Offer (“FPO”), Global Depository Receipts (“GDR”), Foreign Currency Convertible Bonds (“FCCB”) or any other method or combination of methods as may be considered appropriate or necessary and as permitted under applicable laws, subject to such regulatory / statutory approvals as may be required and subject to approval of Shareholders of the Company by way of Postal Ballot.

October 17, 2024

Axis Capital Limited, acting as a Manager to the Open Offer, has submitted Public Announcement as per the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SEBI SAST Regulations, 2011”) for the attention of the Public Shareholders of Heubach Colorants India Limited (“Target Company”) for acquisition of upto 26% of the Equity Share Capital of the Target Company by Sudarshan Europe B.V., Wholly Owned Subsidiary (“Acquirer”) and Sudarshan Chemical Industries Limited, acting as a Person Acting in Concert (“PAC”).

October 23, 2024

‘India Ratings and Research Private Limited’ (“Ind-Ra”), a Fitch Group Company, vide their release dated 22nd October, 2024 has placed Company’s Long-Term and Short-Term Rating on Rating Watch with developing implications as follows:

Type of Credit Rating	Existing Rating/Outlook	Rating Action
Long Term –		
• Unsecured Loans, Fund Based Working Capital Limits, Term Loans;	IND AA/Stable	IND AA/Stable / Rating Watch with developing implications
• Non-Convertible Debentures; and	IND AA/Stable	IND AA/Stable / Rating Watch with developing implications
• Term Deposit;	IND AA/Stable	IND AA/Stable / Rating Watch with developing implications
Short Term –		
• Commercial Paper, Fund Based and Non Fund Based Working Capital Limits	IND A1+	IND A1+ / Rating Watch with developing implications

October 23, 2024

CRISIL (An S&P Global Company) vide their release dated 22nd October, 2024 has placed Company’s Rs. 50 Crore Commercial Paper Programme Rating on Rating Watch with developing implications as follows:

Type of Credit Rating	Existing Rating/Outlook	Rating Action
• Rs. 50 Crore Commercial Paper	CRISIL A1+	CRISIL A1+ / Rating Watch with developing implications

December 2, 2024

Following resolutions as set out in the Notice of Postal Ballot have been passed by members with requisite majority:

- Increase in the Authorised share capital and consequent amendment to the Memorandum of Association;
- Raising of funds in one or more tranches through issuance of equity shares and/or other securities to eligible investors;
- Issue of securities on a Preferential basis to Members of the Promoter and Promoter Group;

- d. Enhancement of limit for the loan, guarantee and investment by the Company under Section 186 of the Companies Act, 2013, and Rules made thereunder;
- e. Increase in the borrowing limit under Section 180(1)(c) of the Companies Act, 2013, and Rules made thereunder;
- f. Approval in terms of Section 180(1)(a) of the Companies Act, 2013 and Rules made thereunder for creation of mortgage and/or charge on all or any of the movable and/or immovable properties of the Company;

December 13, 2024

The Fund Raising Committee of Board of Directors of the Company at its meeting held on 13th December, 2024, has approved the allotment of 9,80,000 warrants each convertible into, or exchangeable for, 1 (one) fully paid up equity share of the Company of face value of Rs. 2 each, which may be exercised in one or more tranches during the period commencing from the date of allotment of the Warrants until expiry of 18 (Eighteen) months, as per the details set forth below:

Name of Allottee	Category	Number of warrants allotted	Price at which the warrants are issued (in Rs.) (per warrant)	Paid-up value per warrant on allotment (in Rs.) (at least 25% of the price at which the warrants are issued)	Consideration received as on the date of allotment (in Rs.)
Mr. Rajesh Balkrishna Rathi	Member of the Promoter and Promoter Group and Managing Director	9,80,000	1019.75 (Including premium of Rs. 1,017.75 per Warrant)	254.94	24,98,41,200

December 13, 2024

The Board of Directors, at its meeting held on Friday, 13th December, 2024 has approved raising of funds by way of creation, offer, issue and allotment of upto 18,69,000 (Eighteen Lakhs Sixty Nine Thousand) fully paid-up equity shares of the Company of face value of Rs. 2/- each ("Equity Shares") at a price of Rs. 1,043.33 (Rupees One Thousand Forty Three and Thirty Three Paise only) each including premium of Rs. 1,041.33 (Rupees One Thousand Forty One and Thirty Three Paise only) per equity share, payable in cash ("Issue Price"), in accordance with Chapter V of the SEBI ICDR Regulations, aggregating upto Rs. 195 Crores to the identified allottees/ investors, as per the details herein mentioned below (hereinafter referred to as "Proposed Allottees"), not belonging to "Promoter and Promoter Group" of the Company by way of a preferential issue on private placement basis, for cash consideration (the "Preferential Allotment").

Sr. No.	Name and details of the Proposed Allottees	Category	Maximum No. of Equity Shares to be allotted at Rs. 1,043.33/- per equity share	Amount of consideration upto (Rs. in Crore)
1	Shamyak Investment Private Limited	Non Promoter Body Corporate	7,18,850.00	75.00
2	Lata Manek Bhanshali	Non Promoter Individual	11,50,150.00	120.00

December 14, 2024

This is to inform you that the Board at its Meeting held on 13th December 2024 has taken on record the following:

1. Mr. Pradeep Rathi, Non-Executive Chairman updated the Board that he has sold 7,61,500 Equity Shares and his wife Mrs. Subhadra Rathi has sold 13,13,680 Equity Shares of the Company, constituting 3.00% of the total paid-up share capital of the Company on 27th November, 2024.
2. Mr. Pradeep Rathi has expressed his and his family members viz. Mrs. Subhadra Rathi and son, Mr. Rahul Rathi plans of no longer continuing to act as part of the Promoter and Promoter Group and not to participate directly or indirectly in the management and operations of the Company in order to mitigate any potential liability on him and his family members viz. Mrs. Subhadra Rathi and son, Mr. Rahul Rathi.
3. Mr. Anuj Rathi, Non-Executive Director also has expressed his and his family members viz. Mr. Narayandas Jagannath Rathi, Mrs. Archana Anuj Rathi, Anuj Narayandas Rathi (HUF) and NJR Finance Private Limited plans of no longer continuing to act as part of the Promoter and Promoter Group and not to participate directly or indirectly in the management and operations of the Company in order to mitigate any potential liability on him and his family members viz. Mr. Narayandas Jagannath Rathi, Mrs. Archana Anuj Rathi, Anuj Narayandas Rathi (HUF) and NJR Finance Private Limited.

December 19, 2024

Pursuant to the provisions of Regulation 30 of the SEBI Listing Regulations, 2015, we hereby submit disclosure regarding the Order passed by the Office of Deputy Commissioner, Ghaziabad Sector 2, Uttar Pradesh dated 19th December, 2024.

The details of the Order as required pursuant to Regulation 30 read Para A of Part A of Schedule III of SEBI Listing Regulations, 2015, as amended from time to time, read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated 13th July, 2023 are enclosed herewith.

The Order is appealable and the Company is in the process of filing the appeal before the appropriate authority and hence there is no impact on the financial, operation or other activities of the Company due to issuance of the aforesaid Order.

Sr No.	Particulars	Information / Remarks
1	Name of the Authority	Office of Deputy Commissioner, Ghaziabad, Sector 2, Uttar Pradesh
2	Nature and details of the action(s) taken, initiated or order(s) passed.	GST DRC-07 dated 19th December, 2024 for the period July 2017- March 2018 for an aggregate amount of ₹3,23,00,181/- (includes amount of Tax ₹1,36,00,077/-, amount of interest ₹1,73,40,097/- and amount of penalty ₹ 13,60,007/-).
3	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	19th December, 2024
4	Details of the violation(s) / contravention(s) committed or alleged to be committed.	After completion of the Audit for the period July 2017 – March 2018, Office of the Deputy Commissioner, Ghaziabad, Uttar Pradesh, issued notice in DRC 01 against which the Company submitted a response. After verification of the response submitted by the Company, the Authority issued DRC 07 consisting of the tax demand as mentioned in Point No. 2 above.

Sr No.	Particulars	Information / Remarks
5	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.	The Company believes that it has a good case on all the points raised by the Office of Deputy Commissioner, Ghaziabad, Uttar Pradesh. The Order is appealable and the Company is in the process of filing the appeal before the appropriate authority. Hence, we believe that, there will not be any impact on the financial, operation or other activities of the Company due to issuance of the aforesaid Order.

December 20, 2024

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"), we wish to inform you that Sudarshan Europe B.V., Wholly Owned Subsidiary of the Company, has acquired three entities incorporated in Germany, named "Blitz F24-522 GmbH", "Blitz F24-523 GmbH" and "Blitz F24-524 GmbH".

Subsequent to the acquisition, all the aforesaid three companies have now become Step-Down Subsidiaries of the Company.

January 4, 2024

Pursuant to Regulation 30 and Regulation 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Part A of Schedule III of the said Regulations, as amended from time to time, please find enclosed a summary of the proceedings of Extraordinary General Meeting of the Company held today i.e. on 4th January, 2025 through Video Conference ("VC") / Other Audio Visual Means ("OAVM") to transact the business stated in the Notice of Extraordinary General Meeting ("EOGM") dated 13th December, 2024 and Corrigendum to the Notice of EOGM dated 30th December, 2024.

EOGM was convened to obtain approval of the Members on the following item of business:

Sr. No.	Resolution	Type
1	Approval for issuance of Equity Shares to person(s) belonging to Non-Promoter category on a preferential basis for cash consideration	Special

January 13, 2025

Pursuant to Regulation 30 and 51 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, and further to our above referred intimations, we would like to inform you that pursuant to the receipt of the application money from the eligible allottees, the Fund Raising Committee of the Board of Directors of the Company at its meeting held today, i.e., on 13th January, 2025, has approved the allotment of 18,69,000 fully paid up Equity Shares of face value of Rs. 2 each, in accordance with the provisions of the Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), and as per applicable provisions of the Companies Act, 2013 and rules made thereunder, as per the details set forth below:

Sr. No	Name of Allottee	Category	Promoter / Non-Promoter	Number of Equity Shares allotted	Price at which the Equity Shares are issued (in ₹) (per Equity Share)	Paid-up value per Equity Share on allotment (in ₹)	Consideration received as on the date of allotment (in ₹)
1	Shamyak Investment	Body Corporate	Non-Promoter	7,18,850	1,043.33 (including	1,043.33 (including	74,99,97,770.50

Sr. No	Name of Allottee	Category	Promoter / Non-Promoter	Number of Equity Shares allotted	Price at which the Equity Shares are issued (in ₹) (per Equity Share)	Paid-up value per Equity Share on allotment (in ₹)	Consideration received as on the date of allotment (in ₹)
	Private Limited				premium of Rs. 1,041.33)	premium of Rs. 1,041.33)	
2	Lata Manek Bhanshali	Individual	Non-Promoter	11,50,150	1,043.33 (including premium of Rs. 1,041.33)	1,043.33 (including premium of Rs. 1,041.33)	1,19,99,85,999.50

January 14, 2025

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015”), we wish to inform you that Sudarshan Europe B.V., Wholly Owned Subsidiary of the Company, has acquired an entity incorporated in Germany, named “Blitz F24-526 GmbH”.

Subsequent to the acquisition, the newly acquired company has now become Step-Down Subsidiary of the Company.

Except as stated above and in this Preliminary Placement Document, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Preliminary Placement Document which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

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Summary of reservations or qualifications or adverse remarks in the auditors' report in the last five Financial Years immediately preceding the year of filing this Preliminary Placement Document and their impact on the financial statements and financial position of our Company, the correct steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remark

Except as stated below, there are no reservations or qualifications or adverse remarks in the auditors' report in the last five Financial Years immediately preceding the year of filing this Preliminary Placement Document:

Financial Period/ Period	Reservation, qualification, emphasis of matter or adverse remark	Impact on the financial statements and financial position of the Group	Corrective steps taken and/or proposed to be taken by the Group
Fiscal 2024	Based on the examination by the Statutory Auditors which included test checks, of the Company and its subsidiary company which is incorporated in India, that use accounting software for maintaining their 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 was not enabled for changes, if any, made using certain administrative access rights to the application and underlying database.	Not quantifiable	The management is in the process of complying with the audit trail requirements,
Fiscal 2023	Emphasis of Matter – Managerial Remuneration: Our Statutory Auditors have drawn attention to a note of the consolidated Ind AS financial statements which describes that the managerial remuneration paid/payable by the Company to the directors for the year ended March 31, 2023 was in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 lakhs and ₹ 46.7 lakhs respectively.	Not quantifiable	The Company has taken the Shareholders approval in the 72nd Annual General Meeting held on August 11, 2023
Fiscal 2022	No Reservation, qualification, emphasis of matter or adverse remark	Not applicable	Not applicable
Fiscal 2021	No Reservation, qualification, emphasis of matter or adverse remark	Not applicable	Not applicable
Fiscal 2020	No Reservation, qualification, emphasis of matter or adverse remark	Not applicable	Not applicable

INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section has been derived from titled “Chemicals and Pigment Industry Report” (the “One Lattice Report”) prepared and issued by Lattice Technologies Private Limited (“Lattice”), and exclusively commissioned and paid for by us to understand the industry in which we operate in connection with the Issue. Unless otherwise indicated, financial, operational, industry and other related information derived from the One Lattice Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents of the One Lattice Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. While preparing the report, Lattice has also sourced information from publicly available sources, including our Company’s financial statements available publicly. The data included herein includes excerpts from the One Lattice Report and may have been reordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Issue), that has been left out or changed in any manner in the section.

References to segments in One Lattice Report and information derived therefrom are industry segments and in accordance with presentation, analysis and categorisation in the One Lattice Report.

We do not present such industry segments as operating segments. Our segment reporting in financial statements is based on criteria set out in Ind AS 108– “Operating segments”.

For more information, see “Risk Factors - Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by One Lattice and exclusively commissioned and paid for by us for such purpose” on page 83. Also see, “Industry and Market Data” on page 16.

1. Global and India Macroeconomic Scenario

1.1 Global economic outlook

The global real GDP is expected to rise at a CAGR of ~3.2% from CY24-28, while India is expected to grow at 6.5% from CY24-28

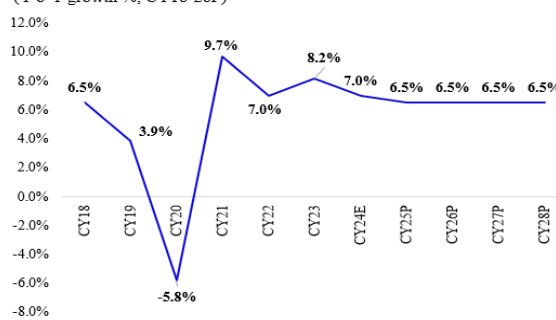
Global real GDP in CY23 increased by 3.2%, despite challenges such as higher interest rates, tighter financial conditions, and geopolitical tensions, including Russia's ongoing war in Ukraine, escalating conflict in the Middle East and turbulent US-China relations with a trend of sanctions ranging from solar cells to computer chips. In comparison, India is expected to sustain the highest growth rate, with its current year-on-year growth rate at 7.0% in CY24, expected to grow at 6.5% till CY28. Apart from this, IMF has revised India’s actual GDP growth rate to 8.2% for CY23 from its earlier estimate of 7.8%. the rise in the growth rate is attributed to robustness and strength in domestic demand and a rising working-age population behind its growth projections

Real GDP growth – India, China, Germany, USA, UK, World
(Y-o-Y growth %, CY18-28P)

Top economies	India	China	Germany	USA	UK	World
CY18	6.5%	6.7%	1.1%	3.0%	1.4%	3.6%
CY19	3.9%	6.0%	1.0%	2.6%	1.6%	2.9%
CY20	-5.8%	2.2%	-4.1%	-2.2%	-10.3%	-2.7%
CY21	9.7%	8.4%	3.7%	6.1%	8.6%	6.6%
CY22	7.0%	3.0%	1.4%	2.5%	4.8%	3.6%
CY23	8.2%	5.2%	-0.3%	2.9%	0.3%	3.3%
CY24E	7.0%	4.8%	0.0%	2.8%	1.1%	3.2%
CY25P	6.5%	4.5%	0.8%	2.2%	1.5%	3.2%
CY26P	6.5%	4.1%	1.4%	2.0%	1.5%	3.3%
CY27P	6.5%	3.6%	1.1%	2.1%	1.5%	3.2%
CY28P	6.5%	3.4%	0.8%	2.1%	1.4%	3.1%

Source(s): International Monetary Fund, 1Lattice analysis

Real GDP growth – India
(Y-o-Y growth %, CY18-28P)



Over the next 10 years, India is expected to be among the top economies on the back of rising demand, robust growth in various sectors, and increased private consumption.

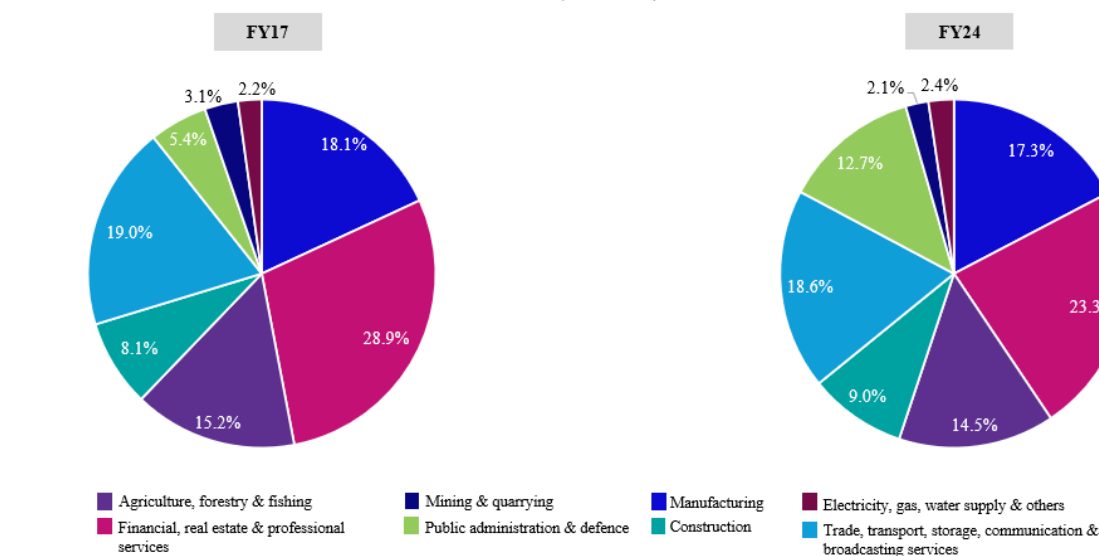
expenditure is expected to be driven by an increasing proportion of the male and female working age population and a rise in household income. India's GDP growth is driven by factors like:

- i. **Population growth & expanding middle class:** India's growing population, especially the expanding middle class, is increasing demand for goods and services, boosting consumer-driven growth.
- ii. **Rising consumer spending:** As per World Economic Forum (WEF), India's private consumption, which accounts for over 60% of GDP, continues to grow, projected to exceed US\$ 4T by CY30, driving broader economic expansion.
- iii. **Infrastructure investments:** Government focus on infrastructure, including roads, railways, and urban development, enhances productivity and supports long-term economic growth. In the FY25 budget, the government has allocated INR 11 T towards capital expenditure.
- iv. **Foreign Direct Investment (FDI) & 'Make in India':** FDI inflows, supported by initiatives like 'Make in India', boost industrial growth, employment, and exports, strengthening the economy. Since the inception of "Make in India", the nominal GDP of India has increased from INR 105 L Cr in FY14 to INR 295 L Cr in FY24.
- v. **Technological Advancements & Digital Economy:** Growing internet penetration and adoption of digital technologies are transforming sectors like e-commerce, fintech, and manufacturing, contributing significantly to GDP growth.

1.1.1 In FY24, the financial, real estate & professional services segment was the highest contributor to GVA in India with 23.3%, followed by trade, transport and related services (18.6%) and manufacturing (17.3%)

In FY24, the financial, real estate & professional services segment was the highest contributor to GVA in India with 23.3%, followed by trade, transport and related services (18.6%) and manufacturing (17.3%). In FY17, the manufacturing segment was the highest contributor to GDP with 18.1%, followed by the real estate segment which stood at 15.9%. Rapid urbanisation, rising incomes, and demand for housing and commercial spaces, supported by government reforms like "Housing for All", have boosted real estate's GVA share, alongside growth in office, warehousing, and logistics driven by 'Back to office' policy by companies post pandemic, IT and e-commerce expansion.

GVA by economic activity at constant prices
(%, FY17-24)



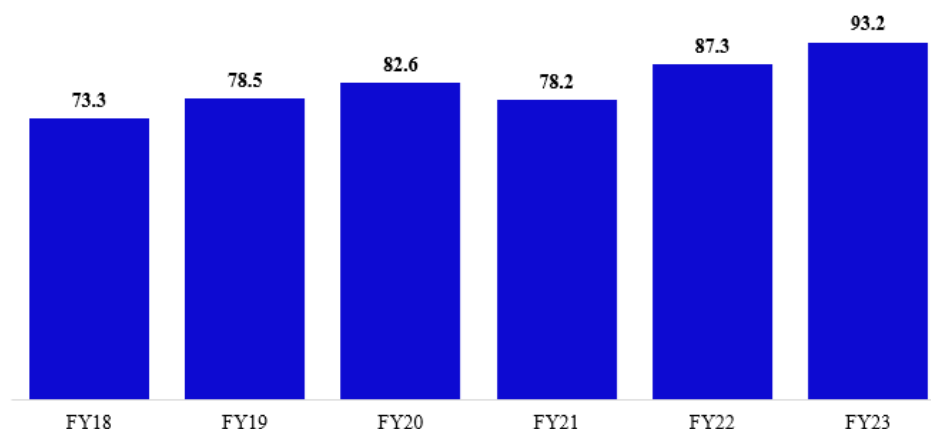
Source(s): MoSPI, IILattice analysis

1.1.2 India's private final consumption has increased from INR 73.3 T in FY18 to INR 93.2 T in FY23

India's private final consumption has increased from INR 73.3 T in FY18 to INR 93.2 T in FY23. The rise in disposable incomes, rise in asset values (houses or share prices) of consumers, declining unemployment rate and shift towards services are driving the private final consumption expenditure in India. Private consumption expenditure is one of the strongest drivers of India's GDP. The current trend of consumption expenditure implies robust GDP growth for India. Consumer spending in India is forecasted to surpass ~

Private final consumption expenditure - India

(INR T, FY18-23)



Source(s): MoSPI, 1Lattice analysis

INR 330 T by CY30.

1.1.4 The global inflation increased from 3.6% in CY18 to 6.7% in CY23, while India's inflation rate was lower at 5.4%

The global inflation increased from 3.6% in CY18 to 6.7% in CY23 and is projected to reduce to 3.3% in CY28. Countries heavily reliant on energy imports, like Germany and the UK, were particularly affected by recent Russian and Ukraine war and supply chain disruption, leading to a higher inflation rate. India's CPI inflation rate was 5.4% in CY23 and is estimated to decline to 4.4% by CY24 due to a decrease in food inflation and favourable base effects from CY23 (Russia-Ukraine war). During CY20-23 period, CPI inflation rates have increased due to volatile components like vegetable prices, fuel costs, and commodities such as gold and edible oils. By CY27, the RBI aims to bring the CPI inflation rate to a target of 4%.

Inflation rate, avg. consumer prices – India, China, Germany, USA, UK, World (Y-o-Y growth %, CY18-28P)

Top economies	 India	 China	 Germany	 USA	 UK	 World
CY18	3.4%	2.1%	1.9%	2.4%	2.5%	3.6%
CY19	4.8%	2.9%	1.4%	1.8%	1.8%	3.5%
CY20	6.2%	2.5%	0.4%	1.2%	0.9%	3.3%
CY21	5.5%	0.9%	3.2%	4.7%	2.6%	4.7%
CY22	6.7%	2.0%	8.7%	8.0%	9.1%	8.6%
CY23	5.4%	0.2%	6.0%	4.1%	7.3%	6.7%
CY24E	4.4%	0.4%	2.4%	3.0%	2.6%	5.8%
CY25P	4.1%	1.7%	2.0%	1.9%	2.1%	4.3%
CY26P	4.1%	2.0%	2.0%	2.1%	2.0%	3.6%
CY27P	4.0%	2.0%	2.0%	2.1%	2.0%	3.4%
CY28P	4.0%	2.0%	2.0%	2.1%	2.0%	3.3%

Source(s): International Monetary Fund, 1Lattice analysis

To keep inflation under control, the following measures can be taken:

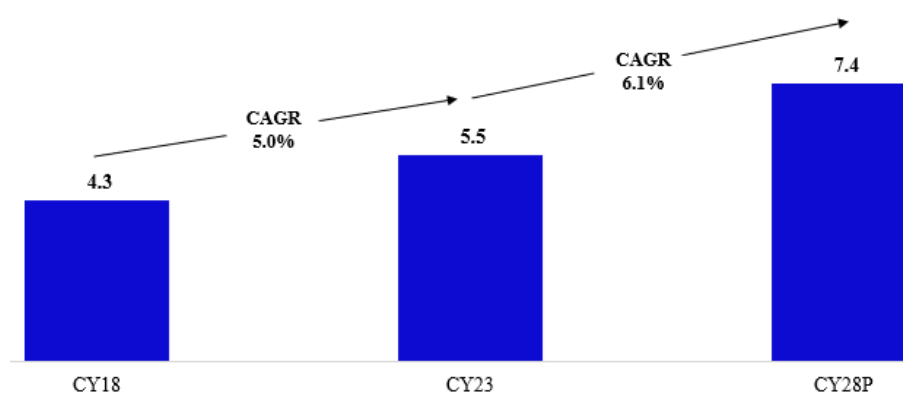
1. **Raising interest rates:** Central banks increase rates to reduce borrowing and curb demand-driven inflation
2. **Controlling government spending:** Reducing public spending helps cool overall demand in the economy.
3. **Enhancing supply chains:** Improving logistics and reducing trade barriers prevents supply-driven price spikes
4. **Invest in renewable energy:** Diversifying energy sources stabilizes energy prices and reduces inflation volatility
5. **Manage expectations:** Transparent communication by central banks helps anchor public inflation expectations

2. Chemicals industry overview

2.1 Global chemicals industry was valued at ~US\$ 5.5T in CY23 and is expected to grow at a CAGR of ~6.1% between CY23-28, expected to reach ~US\$ 7.4T by CY28

The chemicals industry is essential to the global economy supporting many areas of daily life. It supplies key materials for sectors like agriculture, construction, automotive, electronics, consumer goods etc. The chemicals industry keeps evolving with new technologies, changing market needs, and a focus on sustainability, impacting economies and lifestyles worldwide.

Global chemicals industry market size
(US\$ T, CY18-28P)



Source(s): 1Lattice analysis

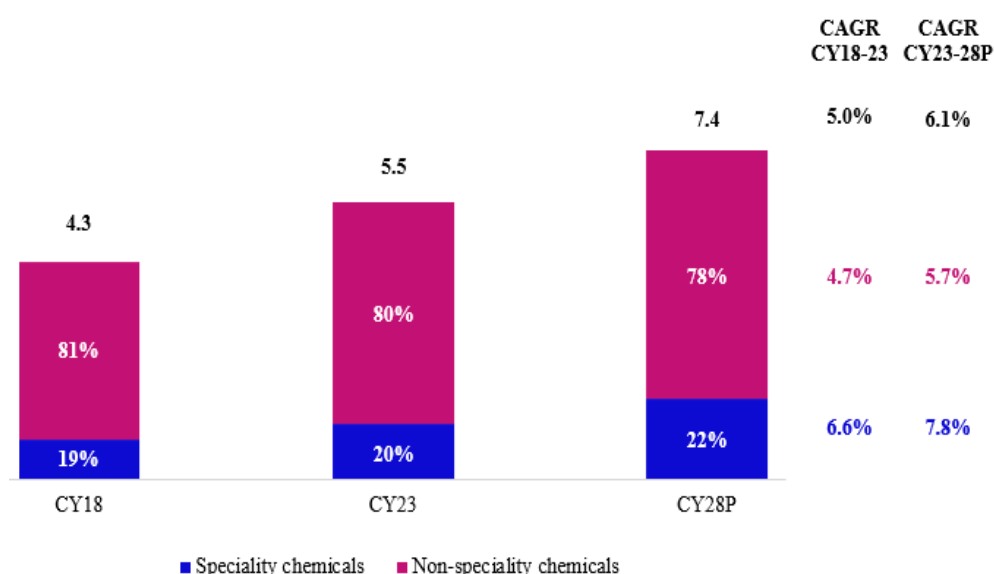
The global chemicals industry was valued at ~US\$ 4.3T in CY18 and reached ~US\$ 5.5T in CY23, reflecting a CAGR of ~5.0% over CY18-23. Looking ahead, it is projected to grow robustly, reaching ~US\$ 7.4T by CY28, with an CAGR of ~6.1% from CY23-28. This growth is driven by demand for consumer goods, industrialisation in emerging markets, technological innovations & shift towards sustainability.

2.2 Breakdown of the global chemicals industry

The global chemicals industry can be broadly categorized into specialty chemicals and non-specialty chemicals, each serving distinct applications and industries.

1. **Specialty chemicals:** They are specially made to perform specific functions in industrial applications. Unlike mass-produced commodity chemical, they are usually made in smaller batches to meet needs across various sectors
2. **Non-specialty chemicals:** Non-specialty chemicals, or commodity chemicals, include bulk materials like petrochemicals and basic inorganics, which are widely used across various sectors, including manufacturing, construction, energy, etc.

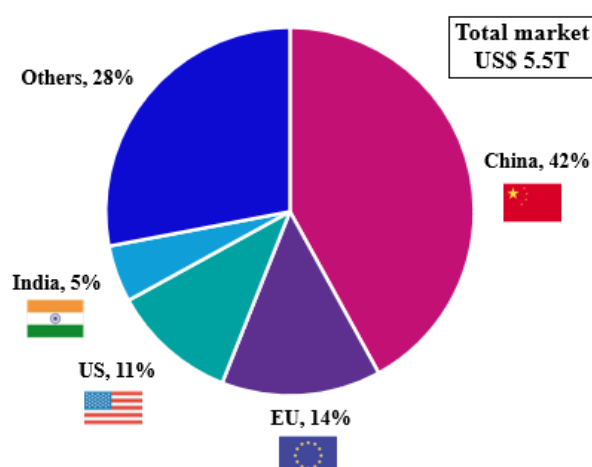
Global chemicals industry by segments (US\$ T, CY18-28P)



Specialty chemicals accounted for 20% (~US\$ 1.1T) of the total market in CY23, are expected to increase their share to 22% (~US\$ 1.6T) by CY28, driven by a robust CAGR of 7.8%. The remaining 80% (~US\$ 4.4T) of the market in CY23, comprising non-specialty chemicals is anticipated to account for 78% (~US\$ 5.8T) share by CY28 growing with a CAGR of 5.7%.

In CY23, China led the global chemicals industry, followed by Europe Union and the US. In CY23, China chemicals industry was valued at ~US\$ 2.3T (~42% of the industry). Europe Union followed with ~US\$ 0.8T (14%), while the US recorded ~US\$ 0.6T (~11%). India's chemicals industry stood at ~US\$ 0.3T (~5%).

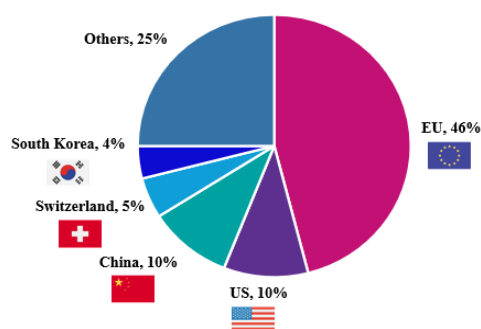
Global chemicals industry split by countries (%, CY23)



2.3 Major exporters and importers in global chemicals industry

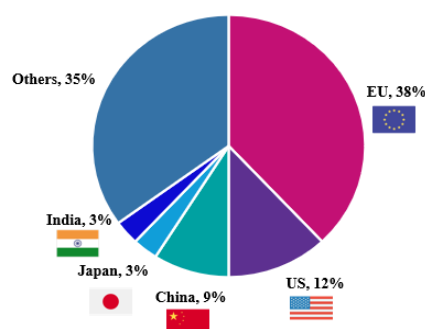
In CY22, the European Union emerged as the largest exporter and importer of chemicals. Following the EU, the US and China were also significant players in chemicals exports. Similarly, the US and China were key importers of chemicals, with Japan and India also playing substantial roles in the chemicals' imports. Switzerland and South Korea contributed notably to both exports and imports.

Major exporters of chemicals
(%, CY22)



Source(s): World trade organization, ILLattice analysis

Major importers of chemicals
(%, CY22)



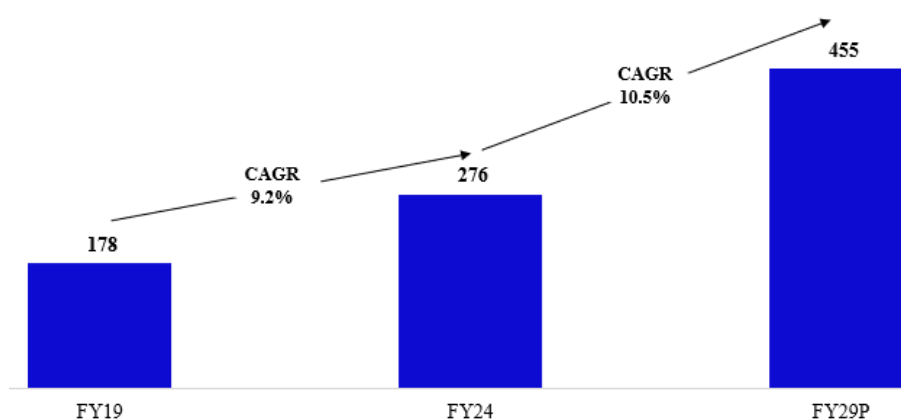
In CY22, the European Union was the largest exporter of chemicals, with exports valued at ~US\$ 1,374B (~46%). It was followed by the US, which exported ~US\$ 307B (~10%), and China, which exported ~US\$ 300B (~10%). Switzerland and South Korea exported ~US\$ 142B (~5%) and ~US\$ 106B (~4%), respectively.

The European Union was also the largest importer of chemicals in CY22, with total imports of ~US\$ 1,184B (~38%). The US followed with imports worth ~US\$ 383B (~12%), while China imported ~US\$ 263B (~9%). Japan and India imported ~US\$ 100B (~3%) and ~US\$ 96B (~3%), respectively.

2.4 The Indian chemicals industry is expected to reach ~US\$ 455B by FY29, up from ~US\$ 276B in FY24 growing at ~10.5% CAGR

The Indian chemicals industry was valued at ~US\$ 276B in FY24 up from ~US\$ 178B in FY19, with a ~9.2% CAGR. It is expected to reach ~US\$ 455B by FY29 with a ~10.5% CAGR, this growth is driven by increasing domestic demand, expansion in key sectors such as packaging, textile, flavours & fragrances, water treatment, construction, automotive, and India's competitive advantages, including favourable government policies, improved infrastructure, and a skilled workforce.

Indian chemicals industry market size
(US\$ B, FY19-29P)



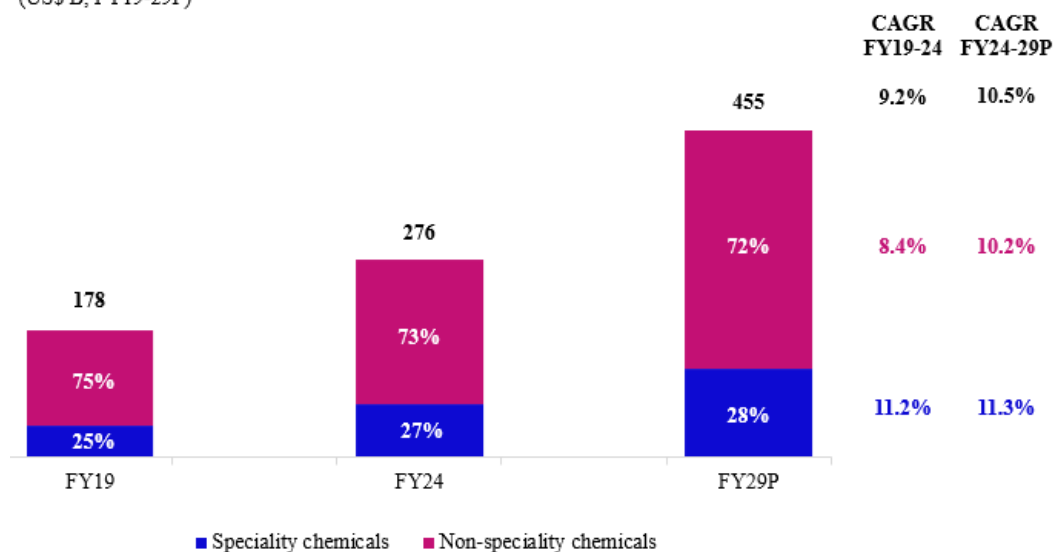
Source(s): ILLattice analysis

2.5 Breakdown of the Indian chemicals industry

The Indian chemicals industry is divided into specialty and non-specialty chemicals, serving diverse industries and applications. In FY19, specialty chemicals represented ~25% (~US\$ 44B) of the Indian chemicals industry and grew to ~27% (~US\$ 75B) in FY24, reflecting a CAGR of ~11.2%. They are expected to reach ~28% (~US\$ 128B) by FY29, growing at a robust CAGR of ~11.3% from FY24-29. Non-specialty chemicals accounted for ~75% (~US\$ 134B) of the market in FY19 and ~73% (~US\$ 201B) in FY24.

in FY24, reflecting a CAGR of ~8.4%. This segment is projected to make up ~72% (~US\$ 327B) of the overall Indian chemicals industry by FY29, growing at a CAGR of ~10.2% over FY24-29.

Indian chemicals industry by segments (US\$ B, FY19-29P)

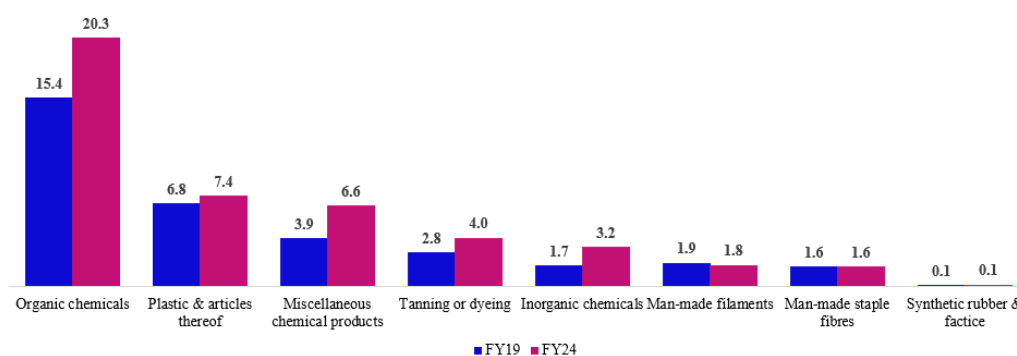


Source(s): 1Lattice analysis

2.5 India's chemicals export & import trends

Global demand for chemicals, especially in sectors like automotive, pharmaceutical, agrochemical, and construction, has surged. This has prompted Indian manufacturers to boost production and exports. India's cost-effectiveness, skilled workforce, and adherence to international standards have made it a key player in the global market. The pandemic's supply chain disruptions prompted many companies to seek alternatives to China, driving a rise in export orders to India.

India's chemicals export trends (US\$ B, FY19-24)

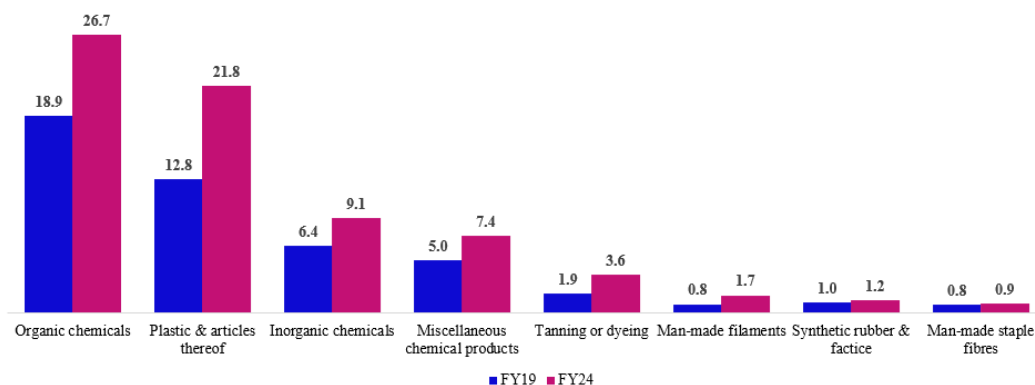


Source(s): Minister of Chemicals & Fertilizers, 1Lattice analysis

In FY24, organic chemicals accounted for the highest exports at ~US\$ 20.3B, followed by plastics & articles thereof & miscellaneous chemicals products at ~US\$ 7.4B & ~US\$ 6.6B. Export of other products including inorganic & tanning and dyeing has increased significantly, with tanning and dyeing exports increasing from ~US\$ 2.8B in FY19 to ~US\$ 4.0B in FY24, reflecting a CAGR of ~7.4%. However, exports of synthetic rubber, factice, and man-made staple fibres have remained steady, while man-made filaments have seen a slight decline. Overall, the total export value has grown from ~US\$ 34B in FY19 to ~US\$ 45B in FY24, with a 6% CAGR.

The Indian chemicals industry has experienced a consistent rise in imports, particularly in organic chemicals & other chemicals products. This has contributed to a growing trade deficit, especially in inorganic chemicals & petrochemicals. The widening deficit is largely driven by limited domestic cracker infrastructure and a shortage of essential feedstocks.

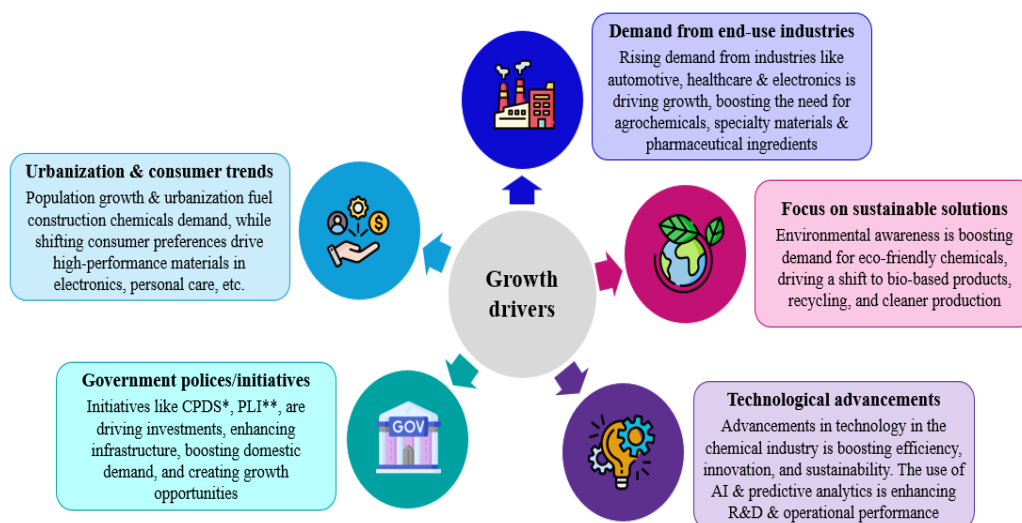
India's chemicals import trends
(US\$ B, FY19-24)



In FY24, organic chemicals accounted for the highest imports at ~US\$ 26.7B, followed by plastics & articles thereof at ~US\$ 21.8B & inorganic chemicals at ~US\$ 9.1B. Imports of other chemicals, including tanning and dyeing agents, miscellaneous products, synthetic rubber, rubber, and man-made staple fibres, also saw significant growth. However, imports of man-made filaments experienced a slight decline. Overall, total imports increased from ~US\$ 47B in FY19 to ~US\$ 72B in FY24, with a CAGR of 9%.

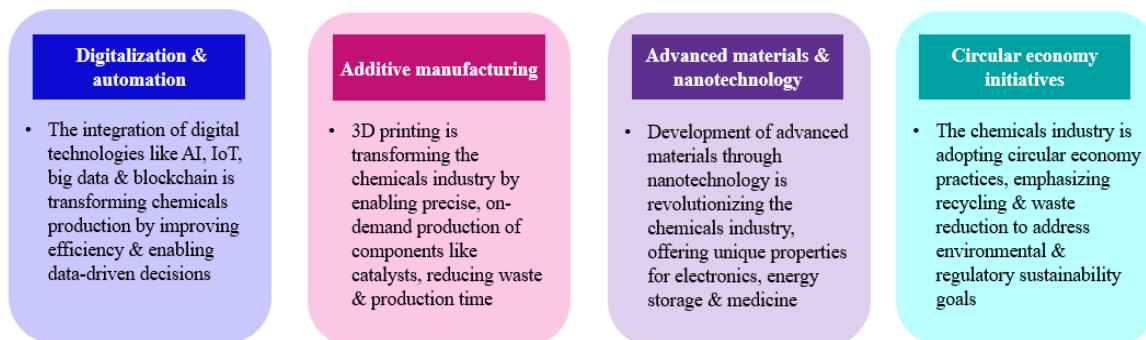
2.6 Key growth drivers for Indian chemicals industry

Key growth drivers of Indian chemicals industry include increasing demand from end-use industries, growing focus on sustainable solutions, advancements in technology, government policies/initiatives, and factors such as urbanisation & shifting consumer preferences.



2.7 Key trends for Indian chemicals industry

Emerging trends in the Indian chemicals industry include digitalization, automation, additive manufacturing, advanced materials & nanotechnology, and circular economy initiatives.



2.8 Key government policies and initiatives for chemicals manufacturing

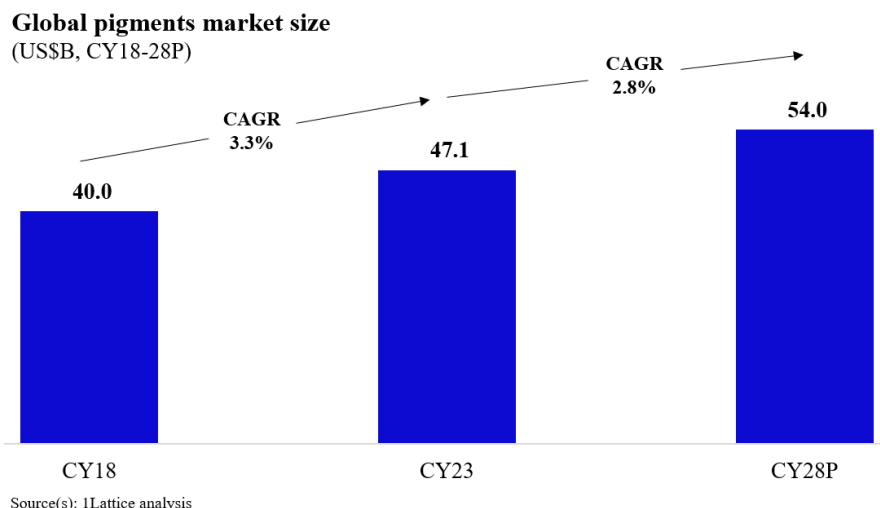
Government policies & initiatives supporting the Indian chemicals manufacturing industry include Production-Linked Incentive (PLI) Scheme, Chemical Promotion Development Scheme (CPDS), Public Procurement Order (PPO) & Petroleum, Chemical & Petrochemical Investment Regions (PCPIRs)

Production-Linked Incentive (PLI) Scheme	- Aims to promote domestic manufacturing & exports in the chemicals & petrochemicals sectors by offering financial incentives to companies achieving specified production targets - The union budget has allocated US\$ 1.9B for FY25, an 89% increase from US\$ 1.0B in FY24
Chemical Promotion Development Scheme (CPDS)	- Aims to support the growth of chemicals & petrochemicals industry by creating knowledge products, organizing seminars, and incentivizing research & innovation through awards - Provides financial support up to 50% of the cost of a study or report
Public Procurement Order (PPO)	- Aims to boost local manufacturing by requiring minimum local content levels for various chemicals, encouraging companies to source materials domestically - Minimum local content levels is set at 60% in CY20-21, rising to 70% by CY21-23 & 80% by CY23-25
Petroleum, Chemical & Petrochemical Investment Regions (PCPIRs)	- Aims to create a supportive business environment for chemical manufacturers by providing high-quality infrastructure, regulatory compliance and investments - The GOI has allocated US\$ 120B for FY25 to improve the competitiveness of petrochemical industry

3. Pigments market overview

3.1 Global pigments market is expected to grow from US\$ 47.1B in CY23 to US\$ 54.0B in CY28

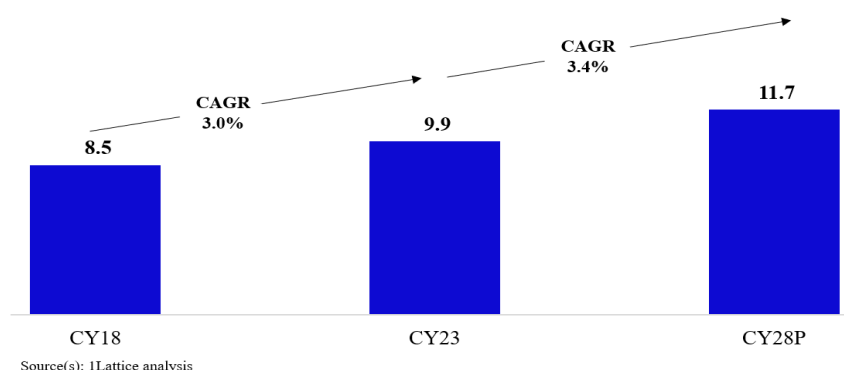
The global pigments market has seen steady growth in recent years, driven by rising demand across industries like paints and coatings, plastics, and textiles. The market expanded from US\$ 40.0B in CY18 to US\$ 47.1B in CY23, reflecting a CAGR of 3.3% over CY18-23. This growth is attributed to factors such as increased use of pigments in high-performance applications, ongoing innovations for eco-friendly



pigments, and the rise of construction and infrastructure projects globally, which fuels demand for colored and protective coatings.

Looking forward, the pigments market is projected to reach US\$ 54.0B by CY28, with a growth CAGR of 2.8% from CY23 to CY28. This outlook underscores the growing relevance of pigments across diverse applications, from automotive and construction to packaging and personal care, with a consistent emphasis on color quality, durability, and regulatory compliance for environmentally sustainable products.

Global pigments market size (excluding black & white pigment)
(US\$B, CY18-28P)

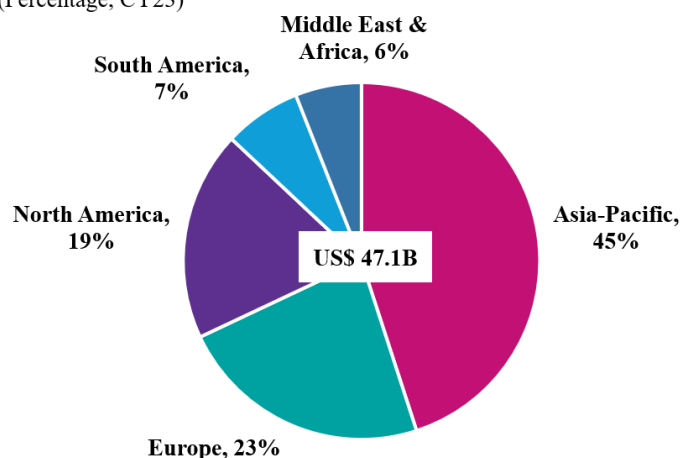


The global pigments market (excluding black and white pigments) grew from US\$ 8.5B in CY18 to US\$ 9.9B in CY23, reflecting a CAGR of 3.0%. It is projected to reach US\$ 11.7B by CY28, with a CAGR of 3.4% during CY23-28. Sudarshan chemical market share is ~3% of global pigments market size excluding black and white pigments, in terms of value, in CY23. DIC corporation has a market share of ~14.1% of the global pigment market size excluding black & white pigment and Heubach has a global market share of ~9.3% of global pigments market size excluding black and white pigments, in terms of value, in CY23; Heubach is the second largest global player in the pigments market excluding black and white pigments with focus on organic and inorganic pigments in CY23.

3.2 Breakdown of the global pigment market by region

The global pigments market was valued at US\$ 47.1B in CY23, with significant regional variation in market share. The Asia-Pacific region dominated the market, contributing 45% of the total value, followed by Europe at 23% and North America at 19%. South America and the Middle East & Africa accounted for 7% and 6%, respectively, highlighting the varying levels of demand across regions driven by industrial growth, infrastructure development, and regional manufacturing trends.

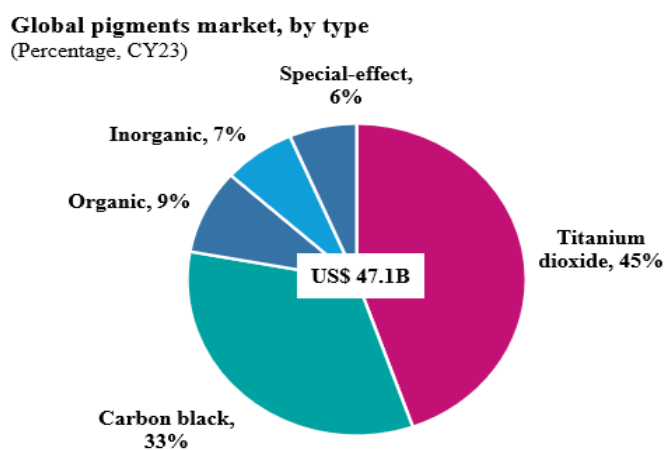
Global pigments market, by region
(Percentage, CY23)



Source: ILLattice analysis

3.3 Breakdown of the global pigment market by type

The global pigments market, valued at US\$ 47.1B in CY23, shows a clear dominance of titanium dioxide pigments, which account for 45% of the market. Carbon black pigments contribute ~33%, organic pigments make up ~9%, inorganic pigments make up ~7% and special-effect pigments make up ~6% and are driven by increasing advancements in sustainable manufacturing.. This composition highlights the varying preferences for pigment types based on production costs, performance characteristics, and industry regulatory influences.



Source: ILattice analysis

Mica-based pigments are a type of effect pigment that comes under the specialty pigment category. They are renowned for their ability to create dazzling visual effects such as pearlescent and metallic finishes. These pigments use mica flakes coated with metal oxides to produce a shimmering, reflective appearance that changes with light and perspective. Widely used in automotive coatings, cosmetics, and premium packaging, mica-based pigments enhance the aesthetic appeal of products while offering durability and versatility. Their unique properties make them a valuable choice for industries seeking to add a luxurious, dynamic touch to their offerings.

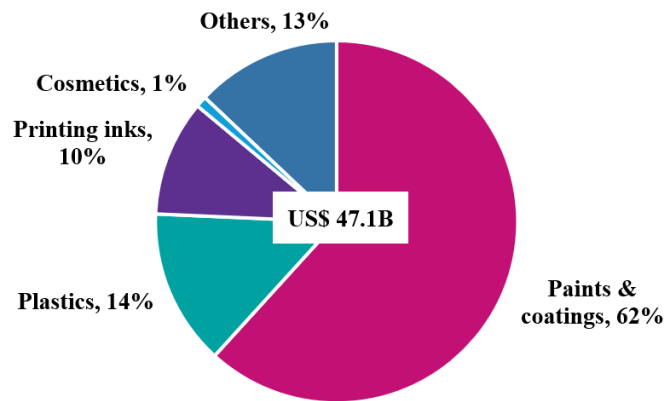
Azo pigments, widely used in inks, coatings, and plastics, are known for their vibrant, cost-effective colours, especially in yellow, orange, and red shades. These pigments, derived from a nitrogen-based chemical structure ($-N=N-$), offer a broad spectrum of hues with good colour intensity and stability. High-Performance Pigments (HPPs) are valued for their exceptional durability, lightfastness, and resistance to environmental factors, making them essential in automotive coatings and industrial paints.

Phthalocyanine pigments, primarily in blue and green tones, provide excellent lightfastness and chemical stability, commonly used in automotive coatings, inks, and plastics. Effect pigments, which create dynamic visual effects like pearlescent and metallic finishes, are widely applied in automotive coatings, cosmetics, and premium packaging to offer a lustrous appearance that changes with light and perspective. These pigment types collectively represent diverse applications, each contributing to the global pigment market's growth

3.4 Breakdown of the global pigments market by application

The global pigments market, valued at US\$ 47.1B in CY23, is dominated by the paints and coatings industry, which accounts for 61% of total demand. This segment leads due to high pigments usage for automotive, decorative and protective purposes in construction and industrial applications. Plastics constitute 14% of the market, as pigments are essential for adding color and enhancing UV resistance in packaging and consumer goods. Printing inks make up 10, driven by the need for vibrant and stable colors in publishing and packaging. Cosmetics and personal care, at 1%, use specialty pigments for aesthetic appeal, while the remaining 13% include other applications such as textiles, leather, and agriculture. This diverse demand highlights the pigments market's versatility across sectors.

Global pigments market, by application
(Percentage, CY23)

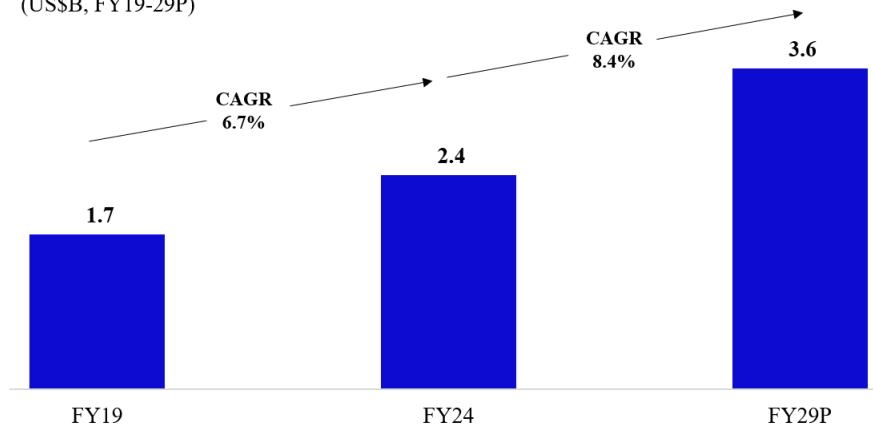


Source: ILLattice analysis

3.5 India pigments market is expected to grow from US\$ 2.4B in FY24 to US\$ 3.6B in FY29, with 8.4% CAGR

The pigments market in India has experienced steady growth in recent years, driven by increasing demand across industries such as paints and coatings, plastics, and textiles. The market expanded from US\$ 1.7B in FY19 to US\$ 2.4B in FY24, reflecting a CAGR of 6.7%. This growth is attributed to the rising use of pigments in high-performance applications, advancements in eco-friendly pigments technologies, and the surge in construction and infrastructure projects, which drive demand for coloured and protective coatings.

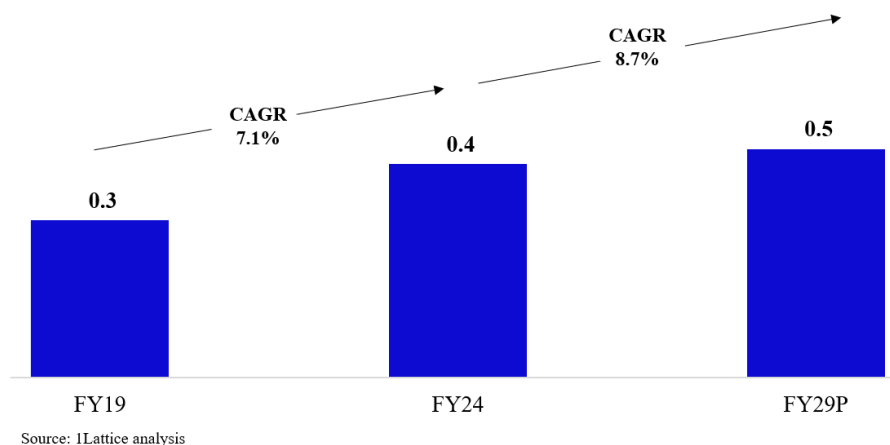
India pigments market size
(US\$B, FY19-29P)



Source: ILLattice analysis

Looking ahead, the Indian pigments market is expected to reach US\$ 3.6B by FY29, maintaining a stable growth trajectory with a projected CAGR of 8.4% from FY24 to FY29. This outlook highlights the growing importance of pigments across diverse applications, including automotive, construction, packaging, and personal care, with a strong focus on colour quality, durability, and compliance with environmental sustainability standards

India pigments market size (excluding black & white pigment)
(US\$B, FY19-29P)

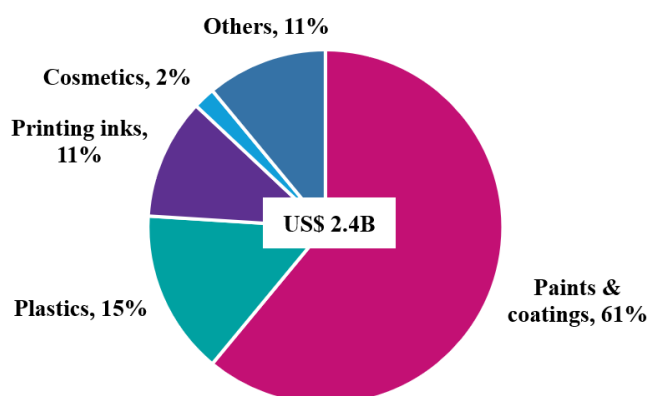


The Indian pigments market (excluding black and white pigments) expanded from US\$ 0.3B in FY19 to US\$ 0.4B in FY24, growing at a CAGR of 7.1%. It is expected to reach US\$ 0.5B by FY29, with an accelerated CAGR of 8.7% during FY24-29. Sudarshan chemical has market share of ~33% of Indian pigments market excluding black and white pigments, in terms of value, in FY24.

3.6 Breakdown of the Indian pigments market by application

The pigments market in India, valued at US\$ 2.4B in FY24, is primarily driven by the paints and coatings industry which holds a dominant share of 61%. This segment leads due to the widespread use of pigments for both decorative and protective purposes in construction and industrial applications. The plastics industry follows with a 15% share, using pigments to enhance colour and UV resistance in packaging and consumer goods. Printing inks contribute 11% to the market, driven by the demand for vibrant and durable colours in publishing and packaging. The cosmetics and personal care sector accounts for around 2%, relying on specialty pigments for aesthetic appeal. Other sectors, including textiles, leather, and agriculture, make up the remaining 11%. This broad demand highlights the versatility of pigments across various industries in India.

Indian pigments market, by application
(Percentage, FY24)



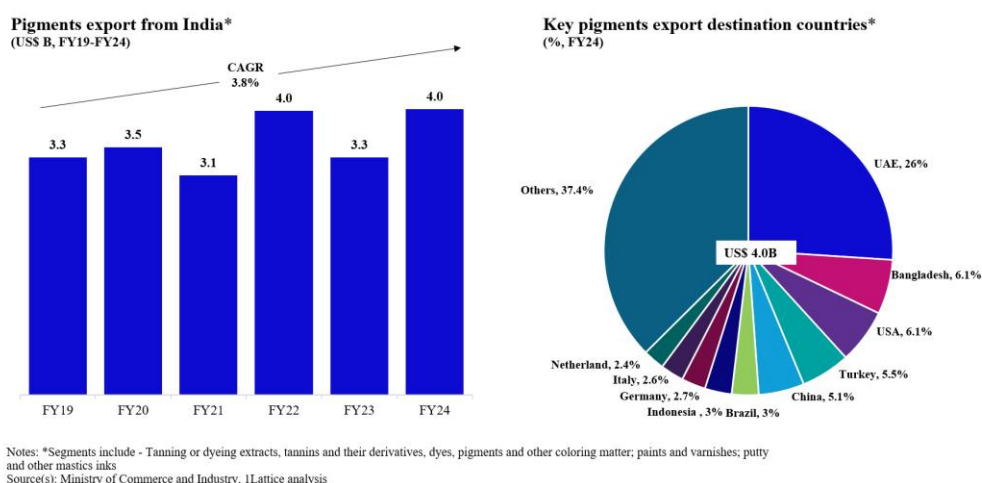
Source: ILattice analysis

3.7 Overview of special applications of pigments

Special applications of pigments	
Home Care	- Pigments play a vital role in various products within the home care industry as they enhance the visual appeal and product identification through vibrant colors - Product applications include toilet cleaners, glass cleaners, dishwashing liquids, detergents, floor cleaners, air fresheners, candle wax, polishes, and silica beads
Paper	- Pigments are essential in the paper industry, providing vibrant and durable colors for printing on various products as they enhance the visual appeal and quality of the items - Product applications include paper, tissue paper, labels, tags, posters, and invitation cards.
Textile	- Pigments play a vital role in dyeing and printing processes, offering vibrant, long-lasting colors for fabrics. - Pigments emulsions are widely used for creating intricate designs and patterns, while pigments are also utilized in finishing treatments to enhance the durability, appearance, and feel of textiles
Agriculture	In agriculture, pigments are utilized in various applications, including enhancing appearance and functionality of fertilizers, coating seeds for better identification and germination, coloring mulch for improved aesthetics, and providing vibrant turf colorants for lawns and sports fields
Art and craft	- Pigments are used to add color and vibrancy to paints, inks, and various craft materials - They enable artists and crafters to create detailed and visually appealing works, from paintings to DIY projects
Digital printing	- Digital printing delivers vibrant, accurate designs on textiles, packaging, ceramics, and more, enabling intricate, customizable patterns - Offers quick, cost-effective production with minimal waste, supporting sustainable and on-demand printing needs

3.8 Pigments exports grew at a CAGR of 3.8% from FY19-FY24 indicating an increase in demand

India's pigments export industry has shown steady growth, as evidenced by a 3.8% CAGR from FY19 to FY24. The primary markets for India's pigments exports are diverse, reflecting the country's growing significance in global supply chains for paints, varnishes, putty, and inks. These products are widely used across industries like automotive, textiles, construction, and cosmetics. In FY24, the UAE remains the largest importer, accounting for 26% of India's pigments exports, followed by other countries such as Bangladesh, the USA, Turkey & China. The "Others" category, representing smaller countries, dominates the market with 37.4%, illustrating India's widespread export reach. This export diversity highlights India's strategic role in the global pigments market, driven by the increasing demand for durable and high-performance colours and coatings in both established and emerging economies.

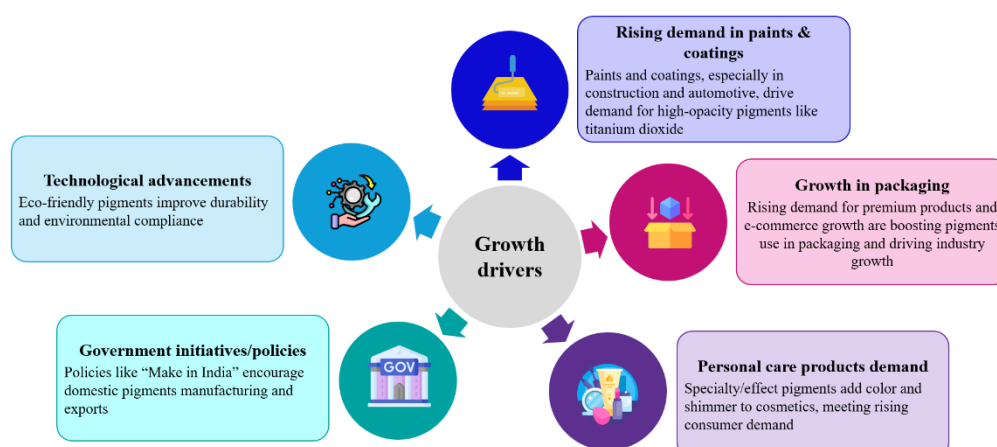


3.9 Key growth drivers and trends in Indian pigments market

Technological advancements, rising demand in paints & coatings industry, supportive government policies, and surge in demand for personal care products are driving the pigments

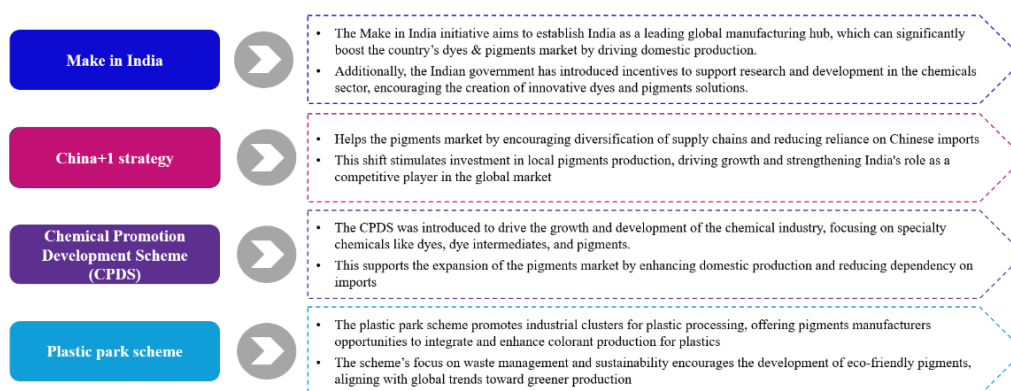


Growth drivers of pigments industry in India



market in India.

3.10 Key government policies and initiatives for pigments manufacturing



3.11 Overview of key global players in the pigment market

Key global players in the pigment market include leading companies with significant market shares that shape the industry's growth. Huntsman International, with a ~8% share in overall global pigment market, is known for its strong presence in the industrial and specialty coatings sectors. The Chemours Company, with 6% market share in overall global pigment market, is a pioneer in titanium dioxide pigments, significantly influencing market innovation. Kronos Worldwide, contributing ~4% market share in overall global pigment market, is a key player in the titanium dioxide pigment market. DIC Corporation has a ~3% market share in overall global pigment market, offering a diverse portfolio of pigments across various industries. Cabot Corporation, holding ~3% market share in overall global pigment market, specializes in high-performance pigments used in a variety of applications. Heubach group, holding ~2.0% market share in overall global pigment market offers a wide range of pigments, focusing on high-performance solutions for applications in coatings, plastics, and automotive industries. These companies collectively lead the global pigment market, driving advancements and catering to a wide range of industries.

3.12 Overview of key Indian players in the pigment market

Key players in the Indian pigment market, based on domestic revenue, include several companies that hold significant market shares and drive the sector's growth. Sudarshan Chemicals, with a ~6% share of overall Indian pigments market in terms of value in FY24 and is a leading player in the Indian pigment industry. Meghmani Organics holds ~2% of the overall Indian pigment market, playing a key role in coatings & printing inks. Pidilite holds ~2% of the overall Indian pigments market, playing a key role in pigment production and supply. Asahi Songwon, with a ~1% market share of the overall Indian pigment market, specializes in high-quality pigment products. Kiri Industries contributes ~1% of the overall Indian pigment market, offering a wide range of pigment solutions. Phthalo Colours and Chemicals has a ~0.7% market share in overall Indian pigment market, primarily catering to the coatings and textile sectors. Akshar Chem, holding ~0.4% of the market of the overall Indian pigment market, provides a diverse pigment portfolio across industries. These companies collectively shape the Indian pigment market through their significant contributions to domestic revenue.

Sudarshan Chemicals is leading player operating in pigments market excluding black and white segment in India. Sudarshan leadership position is further strengthened by high entry barriers of the pigments industry in general. Pigments manufacturing requires technical know-how and high-quality manufacturing infrastructure, which imposes substantial capital requirements on any potential new entrants to the industry. Further, the pigments registration and approval requirements in various countries are stringent and time-consuming; for example, approval times for automotive coating pigments can range from one to five years.

3.13 Key challenges and threats

The pigments market faces challenges such as stringent environmental compliance, health and safety risks, increasing regulatory restrictions, rising competition, and rapid technological advancements

- Rising competition:** Increasing competition in the market heightened competition may lead to pricing pressures, affecting margins and overall profitability.

2. **Environmental compliance:** The pigments industry often involves the use of hazardous chemicals, necessitating stringent environmental compliance measures. Managing pollution and developing proper waste treatment infrastructure can lead to high operational costs.
3. **Regulatory restrictions:** Increasing regulatory restrictions on the production of certain type of dyes and pigments are expected to significantly restrain market growth.
4. **Rapid technological advancements:** Constant advancements in technology are introducing more innovative solutions. The evolving technology shortens the lifecycle of existing solutions, posing a threat to current market players.
5. **Health and safety risks:** The use of certain chemicals in pigment production poses significant health risks to workers, potentially effecting workforce and impacting market growth.

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section entitled “Forward-Looking Statements” on page 17 for a discussion of the risks and uncertainties related to those statements and also the sections entitled “Risk Factors”, “Industry Overview”, “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 52, 160, 276 and 112, respectively, as well as financial and other information contained in this Preliminary Placement Document as a whole, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Unless the context otherwise requires, references in this section to “our Company”, “we”, “us”, or “our” are to Our financial or fiscal year ends on March 31 of each calendar year. Accordingly, references to a “Fiscal” or “fiscal year” are to the 12-month period ended March 31 of the relevant year. References in this section to a “half-year” refers to the six months ended September 30 of a particular fiscal year. Unless otherwise stated or the context otherwise requires, the financial information included in this section is based on our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements included in this Preliminary Placement Document, as applicable. For further information, see “Financial Information” on page 276.

We have also included various operational and financial performance indicators in this Preliminary Placement Document, some of which have not been derived from our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements. The manner of calculation and presentation of some of the operational and financial performance indicators, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions.

*Unless otherwise indicated, the industry-related information contained in this section is derived from a report titled “Chemicals and Pigments Industry Report” dated January 14, 2025, prepared by One Lattice, which has been prepared exclusively for the purpose of understanding the industry in connection with the Offer and commissioned and paid for by our Company in connection with the Offer (the “**One Lattice Report**”). The data included herein includes excerpts from the One Lattice Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, all financial, operational, industry and other related information derived from the One Lattice Report and included herein with respect to any particular year, refers to such information for the relevant calendar year.*

Overview

With over seven (7) decades of experience in the industry, we manufacture, produce and supply an extensive range of pigments to international and domestic markets. We are a leading player in the Indian pigments market (excluding black and white pigments) in India, according to the One Lattice Report. In Fiscal 2024, we had (i) a share of approximately 33% of the Indian pigments market (excluding black and white pigments) in terms of value and (ii) a share of approximately 6% of the overall Indian pigments market in terms of value. Globally, we had approximately 3% share of the global pigments market (excluding black and white pigments) in terms of value in calendar year 2023. (Source: One Lattice Report)

We offer a comprehensive product portfolio of pigments categorized into two (2) product categories, namely (i) specialty pigments and (ii) non-specialty pigments. These pigments find application in a diverse array of finished products and end user industries, including paints, plastics, inks, and cosmetics. In addition to our pigment business, we, through our domestic subsidiary (RIECO Industries Limited), are also present in the capital goods industry and engage in the manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

The table below shows our revenue from operations by product categories for the period / fiscal year indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
Specialty Pigments	86,008.6	64.69%	1,52,183.4	59.94%	1,43,472.8	62.33%	1,38,280.8	62.83%
Non-specialty Pigments	38,897.7	29.25%	70,139.9	27.63%	64,432.7	28.00%	63,685.5	28.94%
Others(1)	8,064.5	6.06%	31,554.4	12.43%	22,267.7	9.67%	18,114.3	8.23%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Note (1): “Others” comprise of revenue from manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

In addition, to cater to different customer preferences and budgets, our products are classified into various brands. See “Business – Our Products – Our Brands” for details.

During the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in major global markets, including Europe, the United States, Mexico Japan and China. We also appointed distributors in major international markets to help us promote and sell our products. Our project engineering business is mainly focussed on the domestic market.

The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

We manufacture our pigments at our two (2) manufacturing units located in Roha and Mahad. Our technical capabilities and production processes are a result of our R&D efforts. As of September 30, 2024, we have three (3) R&D centres and a R&D team comprising of 80 qualified employees with global experience. Our R&D activities are mainly focused on developing new products and processes, improving our existing production processes, adopting advance production technology, and improving the quality of our existing products coupled with cost efficiency.

We have received the following ISO certifications: ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management). As of September 30, 2024, we have a quality control team of 75 employees. Our quality control team ensures that we adopt high-quality standards for all our manufacturing stages, from raw materials to the

production of the final products.

Our Promoter and Managing Director, Rajesh Balkrishna Rathi, has been on our board since 2008. Mr. Rajesh Balkrishna Rathi has been in the pigment business since 1992 and has led our sales, technical marketing, supply chain and various other functions. Our Executive Director, Ashish Vij, is a certified Six Sigma Black Belt and Lean Practitioner. Our Promoters and Directors are supported by an experienced and professional management teams. We believe that the collective experience and capabilities of our Promoter, management team and supporting staff enable us to understand and anticipate market trends, manage our business operations and growth, leverage customer relationships and respond to changes in customer preferences.

On October 11, 2024, our Company, through its Material Subsidiary Sudarshan Europe B.V., entered into a definitive agreement with Heubach Group on the acquisition of Heubach, a German-based chemical group and the second largest manufacturer in the global pigments market (excluding black and white pigments) with focus on organic and inorganic pigments in calendar year 2023. (Source: *One Lattice Report*). See “*Our Business – Our Strategy – Acquisition of Heubach Group*” for details.

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Key financial information and other measures

Set forth below is certain key consolidated financial information and other measures for the period/fiscal years as indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	Notes	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations		1,32,970.8	2,53,877.7	2,30,173.2	2,20,080.6
Profit before tax for the period / year		8,391.5	47,053.0	5,973.9	17,112.2
Profit for the period / year		5,933.8	35,744.7	4,476.9	12,996.6
Profit before exceptional items and tax for the period / year		9,507.2	15,542.9	*	*
Equity share capital		1,384.5	1,384.5	1,384.5	1,384.5
Other equity		1,19,800.3	1,13,519.2	81,437.9	81,934.4
Adjusted EBITDA	1	17,505.1	31,641.2	21,064.7	27,480.2
Adjusted EBITDA Margin (%)	2	13.16%	12.46%	9.15%	12.49%
Profit before exceptional items and tax Margin (%)	3	7.15%	6.12%	*	*
Profit before tax Margin (%)	4	6.31%	18.53%	2.60%	7.78%
Adjusted profit for the period / year Margin (%)	5	5.30%	4.35%	1.95%	5.91%
Adjusted return on equity (%)	6	5.82%	9.61%	5.41%	15.60%
Adjusted return on capital employed (%)	7	6.17%	11.69%	6.08%	11.48%
Non-current liabilities – Borrowings		3,863.1	19,331.5	44,920.6	36,857.6
Current liabilities – Borrowings		49,259.1	24,761.5	36,828.9	45,016.4
Total borrowings		53,122.2	44,093.0	81,749.5	81,874.0
Current assets – Cash and cash equivalents		3,117.7	4,723.7	2,039.2	2,531.6
Net borrowings to Adjusted EBITDA ratio (times)	8	2.1	1.2	3.8	2.9
Net borrowings to equity ratio (times)	9	0.3	0.3	1.0	1.0

Note 1: Adjusted EBITDA is calculated as EBITDA adjusted by other income and exceptional items gain / (loss).

Note 2: Adjusted EBITDA Margin is computed as Adjusted EBITDA divided by revenue from operations.

Note 3: Profit before exceptional items and tax margin is calculated by dividing profit before exceptional items and tax for the period / year with revenue from operations.

Note 4: Profit before tax margin is calculated by dividing profit before tax for the period / year with revenue from operations.

Note 5: Adjusted profit for the period / year margin is calculated by dividing adjusted profit for the period / year with revenue from operations.

Note 6: Adjusted return on equity is calculated by dividing adjusted profit for the period / year by total equity (i.e. sum of equity share capital and other equity)

Note 7: Adjusted return on capital employed is calculated as adjusted EBIT# divided by adjusted capital employed^.

Note 8: Net borrowings to adjusted EBITDA ratio is calculated by dividing net borrowings with adjusted EBITDA.

Note 9: Net borrowings to equity ratio is calculated by dividing net borrowings with total equity.

NA* - For the financial years ended March 31, 2023 and March 31, 2022, there were no exceptional items. Accordingly the profit before exceptional items and tax and profit before exceptional items and tax margin are not applicable.

Adjusted EBIT is calculated as EBIT adjusted by exceptional items gain / (loss).

^ Adjusted capital employed (for financial years ended March 31, 2023 and March 31, 2022) is calculated as the sum of total equity, total borrowings, and deferred tax liabilities (net) which is reduced by goodwill, intangible assets, intangible assets under development and right-of-use assets.

^ Adjusted capital employed (for financial years ended March 31, 2024 and six month period ended September 30, 2024) is calculated as the sum of total equity, total borrowings, and deferred tax liabilities (net) which is reduced by goodwill, intangible assets and intangible assets under development.

For a reconciliation of Non-GAAP measures, see “Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation” on page 136

Awards and Accreditations

We have been honoured with awards and recognitions in the past three years as an acknowledgement of our business strengths and the value of our brand including:

Year	Particulars
2024	Ecovadis Gold Sustainability Rating
2023-24	Confederation of Indian Industry National HR Excellence Award – Significant Achievement in HR Excellence
2023	The Energy and Environment Foundation Global Sustainability Award - Platinum Winner
2023	Score of B (Management Band) on the CDP (Carbon Disclosure Project) Climate Change and Water Security Assessments for 2023
2023	Navbharat CSR Award
2023	Greentech CSR Award (Category – Rural Development)
2023-24	Greentech Environment Excellence Award – Outstanding achievements in environmental excellence
2022	Brands of Maharashtra Award
2022	Ministry of Corporate Affairs National CSR Excellence Award – Best Corporate Social Responsibility Practices (Integrated Village Development)
2021	Lokmat Achievers of Pune Achievers Award

Our Strengths:

We have the following competitive strengths:

Well positioned in Indian and international pigments markets

We were established in 1951 and since then have operated in multiple business lines including in the manufacturing of Pigments, agro chemical and in the Masterbatch businesses. Since Fiscal 2019, we began to focus on one business segment – Pigments. Since then, we have grown and have exported pigments globally. We are a leading player in the Indian pigments market (excluding black and white pigments), according to the One Lattice Report. In Fiscal 2024, we had (i) a share of approximately 33% of the Indian pigments market (excluding black and white pigments) in terms of value and (ii) a share of approximately 6% of the overall Indian pigments market. Globally, we had approximately 3% share of the global pigments market (excluding black and white pigments) in terms of value, according to the One Lattice Report. We attribute our growth to various factors including commitment to product quality, comprehensive product offerings, advanced manufacturing infrastructure and continued product and process improvisation, coupled with cost effectiveness led by our R&D efforts. In addition, we offer customers customised solutions, not just products. For example, we provide shades and variants of colour in accordance with customers' needs

During the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in global markets, including Europe, the United States, Mexico, Japan and China. We also appointed distributors in international markets to help us promote and sell our products. Our approach to global expansion, consisting of local regional sales offices and sales teams, customer services support, technical marketing teams, and local stocking points, has enabled us to serve global pigment markets directly.

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The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Pigments manufacturing requires technical know-how and high-quality manufacturing infrastructure compliant with stringent environmental norms, which imposes substantial capital requirements on any potential new entrants to the industry. Further, the pigments registration and approval requirements in various countries are stringent and time-consuming; for example, approval times for automotive coating pigments can range from one to five years. (Source: One Lattice Report)

According to the One Lattice Report, the value of the Indian pigments industry (excluding black and white pigments) is expected to grow at a CAGR of 8.7% from US\$0.4 billion in Fiscal 2024 to US\$0.5 billion in Fiscal 2029, while the value of the Indian overall pigments industry is expected to grow at a CAGR of 8.4% from US\$2.4 billion in Fiscal 2024 to US\$3.6 billion in Fiscal 2029. According to the One Lattice Report, the global pigments industry (excluding black and white pigments) is expected to grow at a CAGR of 3.4% from US\$9.9 billion in calendar year 2023 to US\$11.7 billion in calendar year 2028. We believe our market position in the Indian and international pigments markets as well as our distribution networks has well positioned us to capture the future growth in the Indian and global pigments industry.

Diverse customer base with long-term business relationships

In respect of our pigments business, we served 1,451 customers during the half-year ended September 30, 2024, 1,708 during Fiscal 2024, 1,610 customers during Fiscal 2023 and 1,577 customers in Fiscal 2022. Our business is conducted on a business-to-business basis. Our customers are primarily Indian, international and multi-national companies engaged in different end-user industries, including paints, plastics, inks, and cosmetics. We believe that client diversification hedges our business operations from potential sector-specific risks, and results in greater revenue diversification and more sustainable operations in the long term.

While we do not enter into long term contracts with our customers, we have a long-term business relationship with many of our customers. As of September 30, 2024, we have business relationships with terms in excess of three years with 9 of our top 10 customers.

In addition to producing quality products and fulfilling orders and projects on-time, we believe that we can maintain our relationships with our customers by:

1. approachable management addressing their concerns and relationships developed by our marketing team;
2. nurturing customer centric culture that focuses on quality assurance and performance standards;
3. building strong technical and R&D team; and
4. offering modern facilities with an emphasis on sound environmental and safety practices.

Our customer relationships have also helped us expand our product offerings and geographic reach of our revenue from operations. Our market positions coupled with our long-term relationships and ongoing active engagements with customers allow us to plan our capital expenditure well in advance as well as benefit from increasing economies of scale, strong purchasing power for raw materials and a lower cost base.

Strong technical capabilities and infrastructure leading to quality products

We have three (3) dedicated R&D centres in India on which we have made significant capital investments. As of September 30, 2024, we have a R&D team comprising of highly qualified team members with global experience. We invested in dedicated application testing facilities – to ensure that our products suit the application precisely. Our R&D centres are well equipped with modern equipment, application lab and analytical testing facility.

With the R&D efforts, we are able to develop a comprehensive portfolio and enhance our product offerings. Our R&D efforts have led to new product launches and technological advancements that can be used to develop superior and sustainable color solutions. For example, through our R&D efforts we developed a comprehensive portfolio within the CICP product market, allowing us to offer a wide range of products available in the industry. In the High-Performance Pigments (HPP) market, our R&D team enhanced our product line with yellow and violet pigments.

In our manufacturing process, quality checks are institutionalized across the entire manufacturing process. We have made investments in advanced instrumentation and other equipment to enhance our accuracy and speed of sample testing. We have received the following ISO certifications: ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management). We have received various awards and certifications over the years – see “*Our Business - Award and Accreditation*”. 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, which ensure consistency in the end application. As of September 30, 2024, we have a quality control team with 75 employees to ensure that we adopt and maintain high-quality standards for all our manufacturing stages, from raw materials to the production of the final products.

Our focus on quality and R&D has strengthened our technical capabilities. Our R&D efforts are important to maintain our competitive position in various product categories as well as to address evolving customer needs and industrial development. We will continue to invest in our production facilities and R&D activities to maintain our competitiveness.

Comprehensive range of product offerings catering to diverse end-user industries

We have developed a comprehensive product offering of pigments comprising 693 products half-year ended September 30, 2024. We constantly launch new products as part of our product development efforts. Our pigment products can be classified into two (2) product categories, namely (i) specialty pigments and (ii) non-specialty pigments. Our products are catered to different end-user industries, including paints, plastics, inks, and cosmetics.

In addition, to cater to different customer preferences and budgets, our products are classified into various brands. See “*Our Business – Our Products – Our Brands*” for details.

Our comprehensive product offering allows us to make inroad into new geographies, driving market share gains, along with capturing higher market share with existing customers.

Track record of financial performance supported by cash flows

We believe that our operational efficiency, productivity and low operating costs are inherent strengths of our Company. We have a consistent track record of delivering operating profitability.

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A summary of our financial performance and other measures is as follows:

(₹ in lakhs, unless otherwise stated)

Particulars	As at and for the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations	1,32,970.8	2,53,877.7	2,30,173.2	2,20,080.6
Profit for the period / year	5,933.8	35,744.7	4,476.9	12,996.6
Profit before tax for the period / year	8,391.5	47,053.0	5,973.9	17,112.2
Adjusted EBITDA	17,505.1	31,641.2	21,064.7	27,480.2
Adjusted EBITDA Margin (%)	13.16%	12.46%	9.15%	12.49%
Adjusted profit for the period / year Margin (%)	5.30%	4.35%	1.95%	5.91%
Equity share capital	1,384.5	1,384.5	1,384.5	1,384.5
Other equity	1,19,800.3	1,13,519.2	81,437.9	81,934.4
Total equity	1,21,184.8	1,14,903.7	82,822.4	83,318.9
Adjusted return on equity (%)	5.82%	9.61%	5.41%	15.60%
Adjusted return on capital employed (%)	6.17%	11.69%	6.08%	11.48%

For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation*” on page 136

Our Revenue from operations has grown at a CAGR of 7.40% from ₹2,20,080.6 lakhs in Fiscal 2022 to ₹2,53,877.7 lakhs in Fiscal 2024. Our Revenue from operations was ₹1,32,970.8 lakhs in the half-year ended September 30, 2024. Our Profit for the year has grown at the CAGR of 65.84% from ₹ 12,996.6 lakhs in Fiscal 2022 to ₹ 35,744.7 lakhs in Fiscal 2024. Our Profit for the period was ₹ 5,933.8 lakhs in the half-year ended September 30, 2024. Our Adjusted EBITDA has grown at a CAGR of 7.30% from ₹27,480.2 lakhs in Fiscal 2022 to ₹31,641.2 lakhs in Fiscal 2024. Our Adjusted EBITDA was ₹17,505.1 lakhs in the half-year ended September 30, 2024. This is attributable to our continued focus on productivity, competitive pricing and cost rationalisation. Our strong financial performance reflects the efficacy of our management protocols that we have implemented and strong working capital management across our business. For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation*” on page 136.

Non-current liabilities – Borrowings of our company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹19,331.5 lakhs, ₹44,920.6 lakhs, ₹36,857.6 lakhs. Current liabilities – Borrowings of our company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹24,761.5 lakhs, ₹36,828.9 lakhs, ₹45,016.4 lakhs. Current assets – Cash and cash equivalents of our company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹4,723.7 lakhs, ₹2,039.2 lakhs, ₹2,531.6 lakhs. Net borrowings to Adjusted EBITDA ratio (times) of our Company for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was 1.2 times, 3.8 times and 2.9 times, respectively, and our Net borrowings to equity ratio (times) for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was 0.3 times, 1.0 times and 1.0 times, respectively. For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation*” on page 136.

Our borrowings have been rated IND AA (Rating Watch with Developing Implications) and IND A1+ / Rating Watch with Developing Implications on October 22, 2024 by *India Ratings and Research*. Our Net borrowings was ₹35,905.8 lakhs as at September 30, 2024, which includes Non-current liabilities – Borrowings of ₹3,863.1 lakhs and Current liabilities – Borrowings of ₹49,259.1 lakhs. For a reconciliation of Non-GAAP measures, see “*Management’s Discussion and Analysis of Financial Position and Results of Operations –Non-GAAP Measures Reconciliation*” on page 136.

For our percentage of growth in revenue compared to the previous fiscal years and other financial information for the half-year ended September 30, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022, see “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on page 112.

Experienced and qualified team

Our Promoter and Managing Director, Rajesh Balkrishna Rathi, and our Executive Director, Ashish Vij, have an average experience of more than 25 years in the pigments industry. Their extensive experience and understanding of the business have been instrumental to our customer satisfaction and relationships.

Our Promoters and Directors are supported by an experienced and professional management team. We believe that our management team's experience and their understanding of the industry will enable us to continue to take advantage of both current and future opportunities. Our senior management includes domain experts many of whom have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. For further details on education, experience and other details of our Directors and senior management, kindly refer to the Section titled “*Board of Directors and Senior Management*” beginning on page 200

In addition, approximately 40% of our senior management come from different countries, such as the United States, Europe, Brazil, China, Turkey, etc. We believe this diversity fosters innovation and collaboration, enhance problem-solving capabilities and development of unique fitness solutions. Our continuous training programs also ensure employees to stay up to date with industry trends and technical knowledge as well as improve productivity.

Our Strategies

We have the following key business strategies to grow our business.

Growth through strategic acquisitions

We will look to capitalize on the growth in the global pigments market by pursuing strategic acquisitions with a focus on expansion of capabilities in terms of capacity or products. In particular, we will look for targets with R&D and manufacturing assets that are in line with our existing or desired competencies, as well as having the profitability and operational metrics that fit in with our business philosophy. We also will look for opportunities to acquire businesses to add additional chemistry or technological competencies, to expand our pigment product portfolio, to enter into new industry sectors or expand our reach into existing industry sectors, and/or enter into new geographies where we are currently not present or are in early stages of establishment. In addition, we will look for targets that present backward integration opportunities that could improve our supply chain efficiency, working capital and reliability of raw material procurement. Further, we are focused on identifying acquisition targets that have natural synergies with our business and that will benefit from our management expertise, our financial strength, our R&D and manufacturing competencies and the scale of our global distribution network.

Acquisition of Heubach Group

On October 11, 2024, our Company, through its Material Subsidiary Sudarshan Europe B.V. entered into definitive agreements with Heubach Group (“**Heubach**”) on an acquisition of Heubach, which is structured as a combination asset and share deal. In respect of the insolvent entities of Heubach, we have entered into a PTA to acquire certain assets from such entities. In respect of the solvent entities of Heubach, we have entered into a SPA to acquire such entities, which will become step-down subsidiaries of the Company upon completion of the transaction. The transaction remains subject to customary closing conditions, including receipt of the requisite regulatory approvals. We are expecting to complete the acquisition of Heubach in the fourth quarter of Fiscal 2025 (i.e., first quarter of calendar year 2025).

The purchase price subject to provisions of PTA and SPA to be paid by the Company is Euro 127.50 million (approx. ₹ 1,13,743 lakhs converted at exchange rate of ₹ 89.21 as on January 20, 2025) on a debt-free basis. Funding for the purchase price and post-completion cash infusion is expected to be met through a combination of cash generated from our operations, borrowings from banks and equity financing. For more information, please refer to the section titled, “*Use of Proceeds*”, on page 94.

Heubach is a Germany-based chemical company. Heubach is the second largest manufacturer in the global pigments market (excluding black and white pigments) in terms of value in calendar year 2023. (Source: *One Lattice Report*) In calendar year 2023, Heubach had a share of approximately 9.3% of the global pigments market (excluding black and white pigments), according to the One Lattice Report.

Expand our export business and increase our wallet share with existing customers

During Fiscal 2023 and Fiscal 2024, we completed all major commissioning of production capacities and operationalised manufacturing lines for new colour indices of pigments. With our expanded manufacturing capabilities and benefiting from the customer base of Heubach after our proposed acquisition, we are well positioned as a global reliable pigment supplier.

During the half-year ended September 30, 2024 and in Fiscal 2024, we sold our products to 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific. We have established international subsidiaries and sales offices in major global markets, including Europe, the United States, Mexico, Japan and China. Our approach to global expansion, consisting of local regional sales offices and sales teams, customer services support, technical marketing teams, and local stocking points, has enabled us to serve global pigment markets directly. We also appointed distributors in international market to help us promote and sell our products. We also intend to focus our export expansion efforts in key markets, such as South Korea, and South America.

We also aim to expand our business with our existing customers. We believe that the long-standing relationships that we have enjoyed with our customers over the years, including repeated and increasing orders from these customers, are an indication of our position as a preferred partner and supplier. We believe that our continuing reputation for quality and comprehensive product offerings will help us to increase our wallet share and product portfolio with existing customers.

Maintain and further develop environmentally sustainable practices

We are committed to implementing sustainable and environmentally friendly practices across our operations. We have achieved EcoVadis Gold rating. We are now amongst the top 3 % of companies in the chemical sector as per the EcoVadis Assessment by virtue of us being identified in the 97th percentile. Also, we received a Score of “B” on CDP (formerly known as Carbon Disclosure Project) for Climate change and Water Security in 2023. We have taken various measures to ensure sustainable business practices, such as purchasing approximately 68% of procured power from renewable energy sources, adopting a strong de-carbonisation plan and committing to SBTi targets. In 2023, we have achieved a more than 5% year-on-year reduction on GHG emissions and a more than 19% year-on-year reduction in Specific Water Withdrawal Intensity per metric ton of product. We intend to continue identifying other opportunities for emission reduction across the entire value chain.

We intend to continue and enhance our environmentally friendly business practices in the future and strive to lead by example in promoting sustainability in the pigments industry.

Continue to focus on R&D activities

Through our extensive R&D activities, we launched four (4) new verticals recently, namely, CICP, Solvent Dyes, Pigment Preparation and Digital Inks. New and high-performance products resulted from our R&D activities have gained acceptance by customers. We intend to continue our focus on R&D activities, with an aim to introduce new and better products as per the market requirements. We intend to continue to have our R&D drive our portfolio expansion with a time-bound product development and scale-up process.

Our Products

Pigments Business

Our business comprises large scale manufacturing of our pigment that we market domestically and internationally. Our pigment products can be categorized into two (2) broad categories, namely (i) specialty pigments and (ii) non-specialty pigments. Specialty pigments are pigments that fall under the specialty chemicals category – they are specially made to perform specific functions in industrial applications. Specialty pigments are usually made in small batches to meet needs across various industrial sectors. Non-specialty pigments are pigments that fall under the non-specialty chemicals (or commodity chemicals) category – they are mass-produced and are widely used across various industrial sectors.

The table below shows our revenue from operations by product categories for the period/fiscal years as indicated.

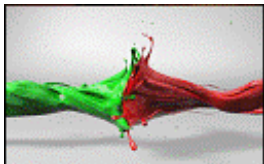
(₹ in lakhs, unless otherwise stated)

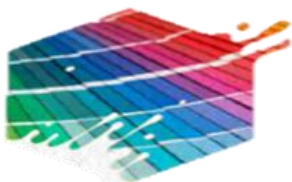
Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
Specialty Pigments	86,008.6	64.69%	1,52,183.4	59.94%	1,43,472.8	62.33%	1,38,280.8	62.83%
Non-specialty Pigments	38,897.7	29.25%	70,139.9	27.63%	64,432.7	28.00%	63,685.5	28.94%
Others ⁽¹⁾	8,064.5	6.06%	31,554.4	12.43%	22,267.7	9.67%	18,114.3	8.23%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Note (1): "Others" comprise of revenue from manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

Our Pigment Brands

In addition, to cater to different customer preferences and budgets, our products are classified into various brands as follows:

Sr. No.	Brand Name	Description/ Use of Product
1.	Sudaperm™	Pigments for high-performance. A premium range of the highest performance pigments with technical benefits for the most demanding plastic and coating applications.
2.	 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.
3.	 Sudafast™	Medium-performance pigments. A consistently high-quality range of medium-performance organic pigments, increasing the options available for colouration.
4.	 Sudatex™	Pigment dispersions for textiles. A carefully selected range of concentrated water-based dispersions is ideal for the surface and thorough colouration of textiles.

Sr. No.	Brand Name	Description/ Use of Product
5.	 Sudacolour™	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.
6.	 Sumica™	Pearlescent pigments; a full range of general-purpose to high performance effect pigments with a unique lustre effect, enhancing the aesthetic appeal of plastics, coatings and inks.
7.	 Sudadur™	An extensive range of traditional inorganic pigments that impart excellent colour, durability, and coverage for the most demanding applications.
8.	 Sumicos™	Pearlescent pigments; mica crystalline platelets, coated with metal oxides, produce iridescent, lustre, bronze, and glitter effects, creating colour illusions for cosmetic applications.
9.	 Sudajet™	A high-purity range of pigments was selected for inkjet application with long-term ink stability performance.
10.	 Sudasol™	A range of polymer soluble dyes for engineering plastics, brilliant color and have low impurity content.
11.	 Sudatherm™	Range of Complex Inorganic Coloured Pigments (CICPs) designed to meet high temperature stability and light and weather fastness properties.

Sr. No.	Brand Name	Description/ Use of Product
12.	 Sudanyl™	A premium range of high-pigment content water dispersion for in-plant tinting and other applications.
13.	 Sudacos™	Cosmetic-grade, water-based organic pigment dispersions offering stir-in, hi-strength, solid color to many cosmetic and personal care applications.
14.	 Sumicair™	Effect pigments based on pure, color-balanced natural mica offering sophisticated visual effects to skin for all types of cosmetics and skincare products.
15.	 Prestige™	100% natural mica based functional fillers, with a range of color and sensory properties for cosmetic applications.

Project Engineering and Manufacturing Services

In addition to our pigment business, we, through our domestic subsidiary (RIECO Industries Limited), are also present in the capital goods industry and engage in the manufacture and sale of machinery and equipment for grinding solutions, clean air solutions and conveying solutions for industrial applications.

Our customers

In respect of our pigments business, we served 1,451 customers during the half-year ended September 30, 2024, 1,708 during Fiscal 2024, 1,610 customers during Fiscal 2023 and 1,577 customers in Fiscal 2022. Our business is predominantly conducted on a business-to-business basis. Our customers are primarily Indian, international and multi-national companies in the paints, plastics, inks, and cosmetics.

We have a long-term business relationship with many of our customers. As of September 30, 2024, we enjoyed relationships in excess of three years with 9 of our top 10 customers. We believe that our long-term relationships and ongoing active engagements with customers also allow us to enhance our ability to benefit from increasing economies of scale with stronger purchasing power for raw materials and a lower cost base.

Concentration of customers

Our business is highly diversified in terms of our customer base with minimal concentration. The table below sets forth our revenue from our largest customer, top 3 customers, top 10 customers and top 20 customers and their contribution to our Revenue from operations for the period / fiscal years indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations	₹ lakhs	% of Revenue from operations
Largest customer	6,337.3	4.77%	11,552.5	4.55%	13,701.5	5.95%	13,143.4	5.97%
Top 3 customers	14,406.4	10.83%	25,368.2	9.99%	25,339.1	11.01%	24,430.4	11.10%
Top 10 customers	33,427.0	25.14%	59,961.4	23.62%	51,124.0	22.21%	48,739.2	22.15%
Top 20 customers	45,220.2	34.01%	86,589.3	34.11%	74,940.8	32.56%	69,771.1	31.70%

Exports

As part of our strategy, we are building an international customer base, with a focus on Europe, Middle East, Americas and Asia Pacific. According to the One Lattice Report, the value of the Indian pigments industry (excluding black and white pigments) is expected to grow at a CAGR of 8.7% from US\$0.4 billion in Fiscal 2024 to US\$0.5 billion in Fiscal 2029, while the value of the Indian overall pigments industry is expected to grow at a CAGR of 8.4% from US\$2.4 billion in Fiscal 2024 to US\$3.6 billion in Fiscal 2029. In the half-year ended September 30, 2024, and in Fiscal 2024, we sold our products 79 and 83 countries, respectively, outside India and some of the key geographies for our products include Europe, Middle East, Americas and Asia Pacific.

The table below sets forth our Revenue from operations in terms of revenue by location of customers in India and outside India as per Ind AS 108 – Operating Segments and % of Total revenue from operations for the period/fiscal years respectively as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations	₹ lakhs	% of Total revenue from operations
In India	65,663.5	49.38%	1,47,132.6	57.95%	1,25,947.8	54.72%	1,20,580.1	54.79%
Outside India	67,307.3	50.62%	1,06,745.1	42.05%	1,04,225.4	45.28%	99,500.5	45.21%
Total revenue from operations:	1,32,970.8	100.00%	2,53,877.7	100.00%	2,30,173.2	100.00%	2,20,080.6	100.00%

Our exports are denominated in foreign currencies, primarily U.S. Dollar and Euro. Accordingly, we have currency exposures relating to buying and selling in currencies other than in Indian Rupees, particularly the U.S. Dollar and Euro. For further information, see “Risk Factors- Internal Risks – Financial Risks - Exchange rate fluctuations may adversely affect our results of operations as our sales outside India and a portion of our expenditures are denominated in foreign currencies” on page 75.

Customer contracts

We do not enter into long-term supply contracts with any of our customers and typically rely on periodic price negotiations. The terms and conditions including the return policy are set forth in the purchase orders. Customer orders usually specify shipping arrangements and packing material and are subject to, among other things,

regulatory requirements.

Sales and Marketing

Our business is predominantly conducted on a business-to-business basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. We have a sales and marketing team that is dedicated to taking new orders, quoting rates and aids in understanding the requirements of the customers. As of September 30, 2024, we had a sales and marketing team of 177 employees, having experience in sales and marketing of our products. Our team follows a customer-centric approach and focuses on providing dedicated support for understanding customer requirements.

Domestically, we have four (4) regional sales offices located in India. In addition to our sales and marketing team, we also have 48 distributors assisting us to promote and sell our products in India.

To assist with our international sales and marketing, as of September 30, 2024, we have five (5) sales offices in Europe, the United States, Mexico, Japan and China.

Research and Development (“R&D”)

As part of our strategy, we are continuously developing new products and related technologies. We have three (3) dedicated R&D centres in India. As of September 30, 2024, we have a R&D team comprising of 80 qualified team members with global experience. We invested in an application testing facility – to ensure that our products suit the application precisely. Our R&D centres are well equipped with equipment, application lab and analytical testing facility.

With the R&D efforts, we are able to develop a comprehensive portfolio and enhance our product offerings. The table below sets forth the expenditure incurred by us on in-house R&D in respect of our eligible facilities approved by the Department of Science and Industrial Research, Ministry of Science and Technology for the periods indicated:

(₹ in lakhs unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Research and Development Expenditure	2,100.7	3,014.0	3,463.5	2,666.5

With a view to further strengthen our R&D capabilities, we recruit and appoint scientists at our R&D laboratory with an objective to successfully implement our strategy of early identification of development and manufacturing opportunities.

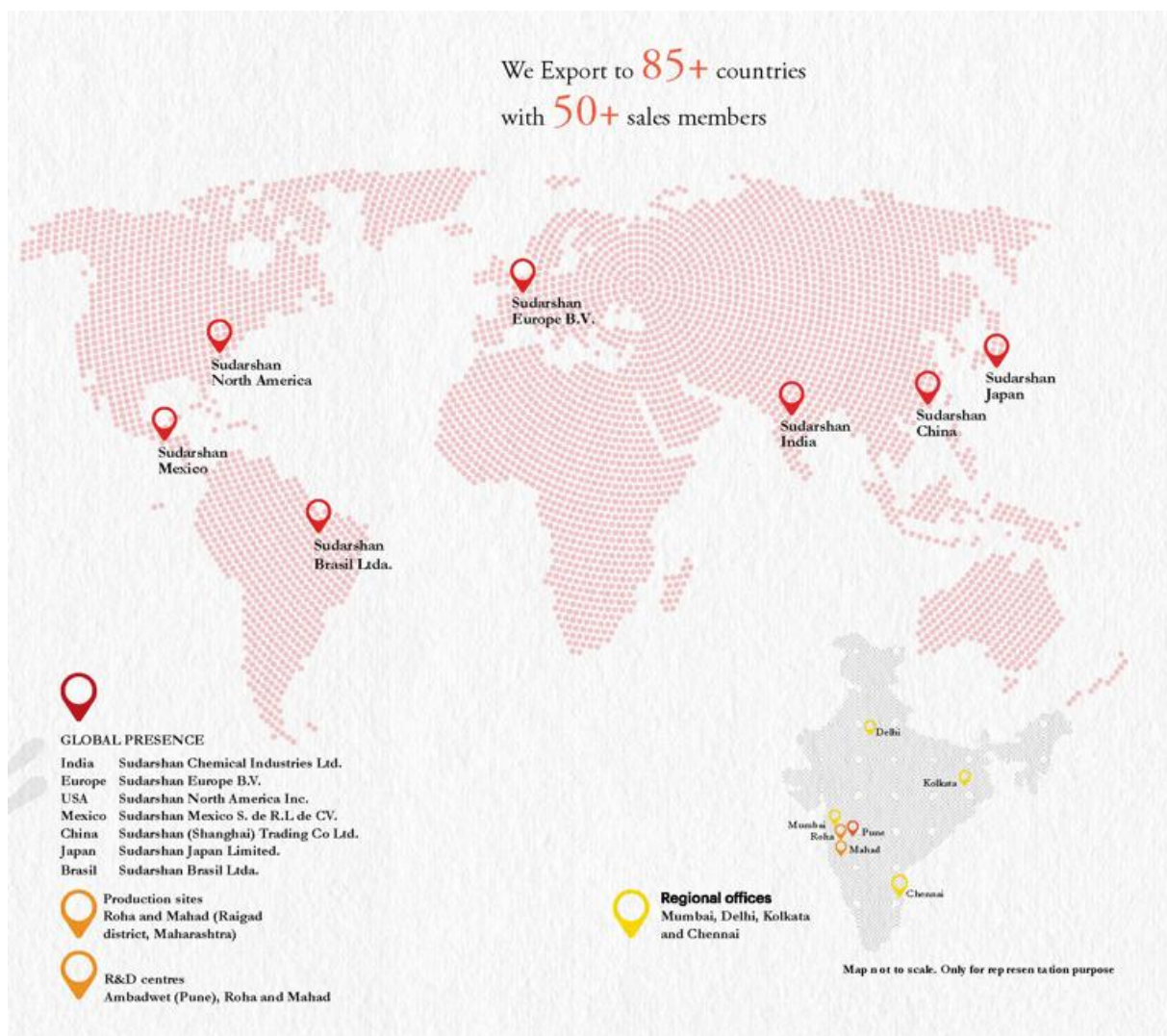
Manufacturing

We have two (2) pigment manufacturing units located in Roha and Mahad in Raigad district, Maharashtra. The plot numbers of the land on which our manufacturing units are situated are set out in “Our Business – Owned Properties” and “Our Business – Leased Properties” beginning on page 198.



The following map shows the location of our global presence, manufacturing facilities, R&D centres and regional offices:

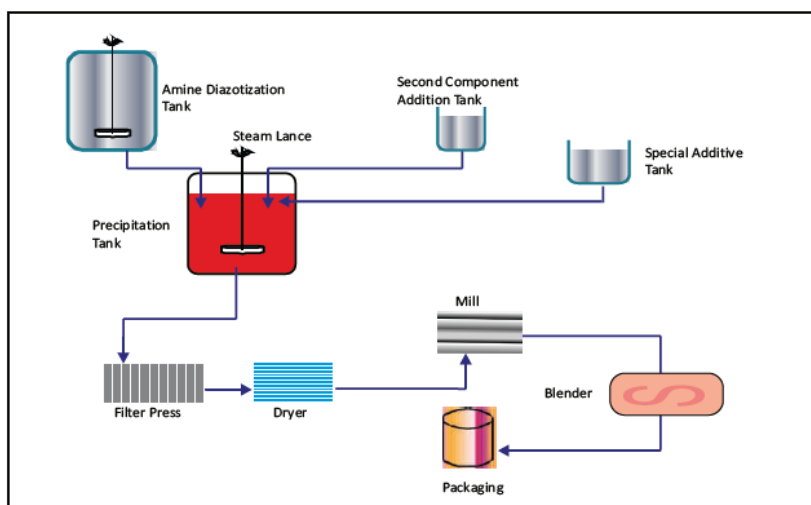
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Manufacturing Process

There are different stages that are involved in our manufacturing process. We ensure quality control check at each of the manufacturing stages. Our manufacturing process consists of the following stage:

General Organic Pigment Manufacturing Process



Our manufacturing process can be summarized as follows:

1. *Amine Diazotization*: In the amine diazotization tank, amine is reacted with sodium nitrate at very low temperature between zero to four degrees Celsius to form diazo solution.
2. *Second Component Addition*: Phenolic or any other suitable coupler are prepared in the second component additional tank.
3. *Special Additive*: Certain additive, such as sodium hydroxide, are to be added to pigment to maintain its pH value. These additives are prepared in a special additive tank.
4. *Precipitation*: The solution, coupler and additive prepared from the above procedures are added to the precipitation tank. Precipitation, formation and/or digestion of the pigments take place in the precipitation tank.
5. *Filter Press*: Water from the pigments is separated in the filter press by applying pressure. The pigment mass produced by the filter press is called “press cake”.
6. *Drying Process*: The press cake is then transferred to the dryer chamber where dry pigment lumps are produced.
7. *Pulverization*: Pigment lumps are then transferred to mill where pulverization takes place. Fine pigment particles can be obtained after pulverization. The fine pigment particles are called “batch”.
8. *Blending*: Pigment batches are blended in the blender to produce desired properties, such as shade, strength, etc. Samples are taken out from blender and sent to the quality control team for approval.
9. *Packaging*: Pigments approved by our quality control team are packed in various packaging for dispatch to customers.

Quality Control and Quality Assurance

We have received the following ISO certifications: ISO 9001:2015 (quality management system), ISO 14001:2015 (environmental management system) and ISO 45001:2018 (occupational health and safety management). Across our manufacturing, we have established a quality management system that cover all areas of our business processes from manufacturing, supply chain to product delivery to ensure consistent quality, efficacy and safety of products. As of September 30, 2024, we have a quality control team comprising of 75 employees working to ensure that we adopt and maintain high-quality standards for all our manufacturing stages. Incoming raw materials go through various testing parameters, for e.g. melting point, turbidity, specific gravity, foreign matter, % purity and impurity analysis, etc. We perform quality check to monitor product quality during manufacturing process. Final finished products are tested as per the predetermined quality specifications before release in the market. The manufactured product is subject to our quality control and testing functions, comprising different levels of testing to test the physical properties, purity and quality of the end products to ensure traceability and repeatability.

Raw Materials and Suppliers

Our raw materials include pigment intermediates, bulk chemicals and solvents, inorganic materials and metals etc. We procure our raw materials from suppliers in India as well as internationally. Our raw materials imports are denominated in foreign currencies, primarily U.S. Dollar. Accordingly, we have currency exposures relating to procurement in currencies other than in Indian Rupees, primarily the U.S. Dollar. For further information, see “Risk Factors- Internal Risks – Financial Risks - Exchange rate fluctuations may adversely affect our results of operations as our sales outside India and a portion of our expenditures are denominated in foreign currencies” on page 35.

The table below sets forth our Cost of materials consumed, and our Cost of materials consumed as a percentage of Total expenses for period/fiscal years as indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses	₹ lakhs	% of Total expenses
Cost of materials consumed	80,508.2	64.76%	1,38,049.3	57.51%	1,31,352.1	58.46%	1,37,397.6	67.53%
Total expenses	124,311.1	100.00%	240,043.4	100.00%	224,678.3	100.00%	203,468.6	100.00%

The table below sets forth our raw material purchases from our largest supplier and our top 10 suppliers and our largest supplier and our top 10 suppliers as a percentage of Cost of materials consumed for the period/fiscal years as indicated:

(₹ in lakhs, unless otherwise stated)

Particulars	for the half-year ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ lakhs	% of Cost of materials consumed	₹ lakhs	% of Cost of materials consumed	₹ lakhs	% of Cost of materials consumed	₹ lakhs	% of Cost of materials consumed
Largest Supplier	3,780.1	4.70%	5,011.7	3.63%	4,142.4	3.15%	5,335.1	3.88%
Top 10 Suppliers	17,960.2	22.31%	29,433.0	21.32%	29,020.1	22.09%	34,293.2	24.96%

The prices of our raw materials depend on crude oil prices which have been globally volatile. We usually enter into quarterly supply contracts with our raw material suppliers and typically source raw materials from direct manufacturers or authorised distributors. Occasionally, spot purchases may also be done to leverage benefit of low prices or meet higher demand. The terms and conditions of our purchase orders contain provisions related to the supplier’s product quantity, pricing, payment and delivery terms. We typically purchase raw materials based on the projected levels of sales, actual sales orders on hand and taking into consideration any expected fluctuation in raw material prices.

Inventory Management and Dispatch

We maintain optimum inventory levels of raw material requirements for the manufacturing of pigments. We typically keep raw materials inventory to meet demand variability of finished goods. We use planning software to evaluate our inventory balances of materials based on shelf life, expected sourcing levels, and anticipated demand based on forecasted customer order activity and changes in our product sales mix. Generally, we pay transportation costs for raw materials and other inputs to be delivered at our manufacturing units. We use third party transportation and logistics providers for delivery of our raw materials.

The inventory of finished products of pigments is typically based on a combination of confirmed and expected orders, as well as a projected annual forecast from customers. We sell our products on ex-work/free-on-board (“FOB”),

cost, insurance and freight (“CIF”) and/or delivery duty paid (“DDP”) basis. Our export sales require our freight forwarders to arrange for the finished products to be transported to the respective port, and to be further loaded onto a shipping vessel. Our customs house agents handle the requisite custom clearance procedures and coordinate with the shipping lines to file and release the necessary bills of lading. The International Commercial Terms (“Incoterms”) determine the delivery terms, which include business terms such as delivery of goods, payment by the parties, risk of loss and loading procedures at the destination ports. For our domestic sales, our products are mostly transported by road with contractual arrangement with transport service provider. In case a third-party transport contractor is appointed by the customer, he collects the goods from our manufacturing facilities or warehouse to be delivered to the applicable customer.

In India, as of September 30, 2024, in addition to the warehousing facilities at our manufacturing units, we have three (3) warehouses in located at Delhi, Chennai and Kolkata to cater to immediate demand from our domestic customers.

For further information, see “Risk Factors - Our financial performance may be adversely affected if we are not successful in forecasting customer demands, managing our inventory levels” on page 26.

Environment, Health and Safety

We are subject to national, regional and state laws and government regulations in India and regulations in relation to safety, health and environmental protection. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health.

We ensure 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 TPCP, among others. We are 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. Our Roha facility has 15 MW co-generation power plants featuring two 62 TPH boilers, and installed electrostatic precipitator effectively minimizes the emission of suspended particular matters. In keeping with our commitment to de-carbonise our operations, we have increased our reliance on renewable power. During Fiscal 2024, approximately 68% of our energy procured was from renewable energy sources. Furthermore, our persistent efforts towards process automation have optimised energy consumption per unit of output. In respect of water management, we have also invested in ETP facilities at our Roha and Mahad manufacturing units. We have also implemented initiatives to reduce, recycle and reuse treated water in downstream processes and other activities at our manufacturing units. In respect of material and waste management, we have implemented measures to minimize Persistent Organic Pollutants (POPs) and Volatile Organic Compounds (VOCs) in our products. We have also developed a waste management strategy that is aimed at minimizing waste generating and maximizing our resource utilisation.

Utilities

Power

Our manufacturing units and registered office have adequate power supply provided by public supply utilities and Cogeneration plant having turbine installed capacity of 15.67MW (CPP). For our Roha manufacturing unit, we have a connected load of 297,89KW with contract demand of 120,00KVA from MSEDCL grid, Cogeneration plant, RE (Wind & Solar) . Further, we have 24x7 power backup at our Roha manufacturing unit through diesel generator sets with a capacity of 3,625KVA supporting our critical manufacturing operations.

For our Mahad manufacturing unit, we have a connected load of 10,425KW with contract demand of 6500KVA from MSEDCL Grid, RE (Wind & Solar). Further, we have 24x7 power backup at our Mahad manufacturing unit through diesel generator sets with a capacity of 2,500KVA supporting our critical manufacturing operations. The Company has entered into power purchase agreements with renewable energy suppliers. In addition, we have a wind power plant with installed capacity of 4.2MW (CPP) at Pishore District.

Water

Water consumption at our Roha manufacturing facility is sourced from MIDC. Water consumption for our Mahad

manufacturing facility is sourced from MIDC.

Information Technology (IT)

Our IT systems are vital to our business, and we have adopted IT policies to assist us in our operations. The key functions of our IT team include establishing and maintaining enterprise information systems and infrastructure services to support our business requirements, maintaining secure enterprise operations. We utilize an enterprise resource planning solution which assists us with various business functions including sales distribution, materials management, inventory management, manufacturing process, quality management, plant maintenance, finance and controlling.

For information on the risk to our IT systems, see “*Risk Factors - Failure or disruption of our IT systems may adversely affect our business, results of operations and financial condition*” on page 51.

Insurance

Our operations are subject to risks inherent as a pigments manufacturer, which include liability for product and/or property damage, malfunctions and failures of manufacturing equipment, fire, explosions, loss-in-transit for our products, accidents, personal injury or death, environmental pollution and natural disasters. We maintain insurance coverage that we consider necessary for our business. We maintain an industrial all risk insurance. We also maintain a marine cargo insurance policy that insures consignment of goods by sea, air, rail and road. We also maintain workmen compensation insurance, medical insurance, public liability and vehicle insurance.

For further information, see “*Risk Factors – We may not have sufficient insurance coverage to cover our economic losses as well as certain other risks, not covered in our insurance policies, which could adversely affect business, results of operations and financial condition*” on page 34.

Human Resources

As of September 30, 2024, our workforce comprised 1,466 permanent employees, and we utilised the services of over 3,000 contract labourers.

The table below sets forth the breakdown of our permanent employees as of September 30, 2024:

Departments / Teams	Number of employees at September 30, 2024
Management and administration	65
Production/manufacturing	695
Research & development (R&D)	64
Sales and marketing	162
Quality Control	72
Finance and accounts	37
Environmental, health and safety	24
Information Technology	16
Others	331
Total	1,466

Our work force is a critical factor in maintaining quality, productivity and safety, which strengthens our competitive position. We engage in a human resources strategy that focuses on recruiting, training and retaining our employees, as well as offering them competitive compensation.

Competition

We compete against domestic as well as overseas companies operating in our industry. The pigments industry presents significant entry barriers, including customer validation, regulatory approvals, customer expectations for process innovation and cost reduction, high quality standards and stringent specifications. Our competition varies by market, geographical areas and type of product. As a result, to remain competitive in our markets, we must continuously strive to improve product quality, innovate new processes and products, offer new colour solutions, reduce our costs of production, transportation and distribution and improve our operating efficiencies. Primarily we compete with other manufacturers on the basis of price, product quality, delivery and credit terms. For more

information on our competition, see “*Industry Overview*” on page 160.

Intellectual Property Rights

As of September 30, 2024, we had 57 registered trademarks in India. As of September 30, 2024, we had 36 registered trademarks and 12 pending trademark applications globally, primarily in Europe, United States, Mexico, Brazil, Russia, Japan, China, Canada and the United Kingdom.

Properties

Our registered and corporate office is located at 7th Floor, Eleven West Panchshil, Survey No.25, Near PAN Card Club Road, Baner, Pune - 411069, Maharashtra, India. Our registered and corporate office is leased for 9 years commencing March 1, 2023.

Brief details of our principal owned and leased immovable properties as on the date of this Preliminary Placement Document are set out below:

Owned Properties:

Sr. No	Purpose	Property Description	Area (square feet)	Date of Acquisition
1.	Research and Development Centre	Survey No. 126/4 and 127, Ambadvet, Taluka Mulshi, District Pune	50,482.69	07/11/2007
2.	Research and Development Centre	Survey No. 136/5/1, Ambadvet, Taluka Mulshi, District Pune	5,920.15	07/11/2007
3.	Research and Development Centre	Survey No. 126/1-3, Ambadvet, Taluka, Mulshi, District Pune	38,642.43	07/11/2007
4.	Research and Development Centre	Survey No. 125/3/1 and 125/3/2 Ambadvet, Taluka Mulshi, District Pune	24,533.34	30/03/2010
5.	Mumbai Office	Unit No. 742, 4/F, G Wing, Solitaire Corporate Park VII, Chakala, Andheri Kurla Road, Andheri E., Mumbai, 400093	2,515	21/07/2010
6.	Employee Residential Colony	Plot Nos. 20/1, 53/5, 53/6/C, 20/4, 22/7, 23/2, 24/1, 26/1, 19/2/B, 20/2, 20/3/A, 21/1, 21/2, 22/5, 53/4, 22/4/A, 22/6, 23/1, 23/3, 23/6, 23/7 Village Dhatav, Tehsil Roha, District Raigad and premises situated at Mahad, District Raigad	7,35,500.00	22/04/1977
7.	Owned Land – Wind Mills	Gat No. 52 and 75, Malegaon Thokal, Tehsil Kannad, Dist. Chatrapati Sambhajnagar	3,94,892.23	29/01/2018

Leased Properties:

Sr. No.	Purpose	Property Description	Area (square feet)	Lessor	Term
1.	Corporate Office	Unit Nos. 701 to 710 7 th Floor, Eleven West Panchshil, Survey No.25, Near PAN Card Club Road, Baner Pune, 411069, Maharashtra	23,090	Respective Unit Owners	9 years from 01/03/2023 till 29/02/2032
2.	Manufacturing Facility	Plot No.46, Roha Industrial Area, Dhatav, Taluka, Roha, Kolaba	3,486,968.78	Maharashtra Industrial Development Corporation	95 years from 01/09/1971 valid till 31/08/2066

Sr. No.	Purpose	Property Description	Area (square feet)	Lessor	Term
3.	Manufacturing Facility	Plot No. A-19/1 and A-19/2, Mahad Industrial Area, Nadgaon and Kamble, Mahad, Raigad	1,430,426.82	Maharashtra Industrial Development Corporation	95 years from 01/01/1992 valid till 31/12/2086
4.	Regional Office (Chennai)	Old No. 72/10 (New No. 25) "Sri Sathya Sai Bagh", Ground Floor and 1st Floor, Alapakkam Road, Chennai - 600 087	5,500	K.S. Venkatraman	5 years from 01/09/2021 valid till 31/08/2026
5.	Regional Office (New Delhi)	Premises DSM #002, DLF Commercial Tower, Shivaji Marg, Moti Nagar, New Delhi, 110015	1,200	Madhu Arora, Roop Basant Arora & Siddharth Paruthi	5 years from 16/09/2019 valid till 16/09/2024*
6.	Regional Office (New Delhi)	Premises DSM #003, DLF Commercial Tower, Shivaji Marg, Moti Nagar, New Delhi, 110015	1,547	Peeyush Narang & Arpit Narang	5 years from 16/09/2019 valid till 16/09/2024*
7.	Regional Office (Kolkata)	P-1 Hide Lane, Johar Building, 7th Floor, Kolkata - 700 073	620	Naman Dalmta	2.75 years from 15/04/2024 valid till 14/01/2026
8.	Warehouse (Delhi)	Khasra No. 20/18, Village Bakoli, Delhi	23,400	Shri Ashish Chauhan & Shri Anurag Chauhan	9 years from 15/04/2023 valid till 14/04/2032
9.	Warehouse (West Bengal)	Dhulagarh Chourastha, West Bengal	2,400	Calcutta Carriers of India	2 years from 01/06/2024 valid till 31/05/2026
10.	Office	Unit Nos. 1101 to 1110 11 th Floor, Eleven West Panchshil, Survey No.25, Near PAN Card Club Road, Baner Pune, 411069, Maharashtra	23,056	Respective Unit Owners	9 years from - 01/01/2025 valid till 31/12/2033

Note: * Company is in the process of renewal of the lease.

Legal Proceedings

For details on any outstanding litigation against our Company, our Directors and our Promoters, see " *Legal Proceedings* " beginning on page 268.

Corporate Social Responsibility

As per provision of Section 135 of the Companies Act, 2013, we are required to spend at least 2% of the average net profits of the preceding three fiscal years towards Corporate Social Responsibility ("CSR"). Accordingly, our Board of Directors has constituted a CSR committee for carrying out CSR activities.

Through Sudarshan's Holistic Aspiration, we focus our CSR activities on five (5) key pillars, namely women's empowerment, health, education, environment and community development. The table below sets forth our Expenditure towards Corporate Social Responsibility for period / fiscal years indicated.

(₹ in lakhs, unless otherwise stated)

Particulars	For the half-year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Expenditure towards Corporate Social Responsibility	106.8	253.8	315.8	312.1

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association.

In accordance with our Articles of Association, read with applicable provisions of the Companies Act, our Company is authorised to have not less than three Directors and not more than 15 Directors. As on the date of this Preliminary Placement Document, our Board consists of nine Directors, including one Non-Executive Director and Chairperson, one Managing Director, one Executive Director, one Non-Executive – Non-Independent Director and five Independent Directors (including four-woman Independent Director).

Our Board composition is in compliance with the Companies Act and the SEBI Listing Regulations.

The following table sets forth details regarding our Board, as of the date of this Preliminary Placement Document:

Name, Address, Occupation, Term, Period of Directorship, Nationality and DIN	Age (years)	Designation
Pradeep Ramwilas Rathi Address: 2, Boat Club Road, Near St. Felix High School, Pune City, Pune- 411001, Maharashtra, India Occupation: Business Period of directorship: Since November 8, 1995 Current term: With effect from June 1, 2018, and liable to retire by rotation Nationality: Indian DIN: 00018577	71	Non-Executive Director and Chairman
Rajesh Balkrishna Rathi Address: S.R. No. 277/ 16-A, Street 3, Lane 3, Pallod Farms, Phase 2 Baner, Pune City, Pune – 411045, Maharashtra, India Occupation: Business Period of directorship: Since May 23, 2008 Current term: For a term of five (5) years effective June 1, 2023, to May 31, 2028 Nationality: Indian DIN: 00018628	56	Managing Director
Anuj Narayandas Rathi Address: 113/3, Lane No. 4A, Koregoan Park, Opp. Koregaon Police Station, Pune City, Pune– 411001, Maharashtra, India Occupation: Business	53	Non-Executive- Non-Independent Director

Name, Address, Occupation, Term, Period of Directorship, Nationality and DIN	Age (years)	Designation
Period of directorship: Since August 8, 2019 Current term: From August 8, 2019, liable to be retire by rotation Nationality: Indian DIN: 00018683		
Shubhalakshmi Panse Address: Flat no.102, Chinara Building B co-operative housing society, crosswinds, Baner, Pune - 411045, Maharashtra, India Occupation: Consultant Period of directorship: Since May 27, 2015 Current term: For a term of five (5) years w.e.f. August 14, 2020 up to August 13, 2025, not liable to retire by rotation Nationality: Indian DIN: 02599310	70	Independent Director
Naresh T. Raisinghani Address: Bldg no. 5, Flat No. 13, Prem Prakash CHS, Mahul Road, Laxmi colony, near shiv hospital, Chembur, Mumbai- 400 074, Maharashtra, India Occupation: Business Period of directorship: Since February 13, 2015 Current term: For a term of five (5) years w.e.f. May 24, 2023 up to May 23, 2028, not liable to retire by rotation Nationality: Indian DIN: 00568298	59	Independent Director
Ashish Vij Address: E-801, 24 K, Glitterati, New D P Road, Near Midori Tower, Pimple Nilakh, Pune City, Aundh Camp, Pune- 411027, Maharashtra, India Occupation: Service Period of directorship: Since May 24, 2018	54	Whole-time Director

Name, Address, Occupation, Term, Period of Directorship, Nationality and DIN	Age (years)	Designation
Current term: For a term of five (5) years w.e.f. May 24, 2023, to May 23, 2028, liable to retire by rotation Nationality: Indian DIN: 08140194		
Bhumika Batra Address: 32, Mody Street, 3rd Floor, Fort, Mumbai 400001, Maharashtra, India Occupation: Solicitor Period of directorship: Since August 2, 2024 Current term: For a term of five (5) years w.e.f. August 2, 2024 up to August 1, 2029, not liable to retire by rotation Nationality: Indian DIN: 03502004	43	Independent Director
Sudha Pravin Navandar Address: 603, 604/209, Anita Kutir CHS, HIG Colony, 90 feet road, Opp State Bank of India, Near Ganpati mandir, Ghatkopar East, Pant Nagar, Mumbai- 400075 Occupation: Chartered Accountant and Insolvency Professional Period of directorship: Since August 2, 2024 Current term: For a term of five (5) years w.e.f. August 2, 2024 up to August 1, 2029, not liable to retire by rotation Nationality: Indian DIN: 02804964	58	Independent Director
Anu Arun Wakhlu Address: Sr. No. 8A/ 88, Veer Bhadra Nagar, Near Pranjali Apartments, New Baner, Pune City, Pune- 411045, Maharashtra, India Occupation: Business owner and consultant Period of directorship: Since August 2, 2024 Current term: For a term of five (5) years w.e.f. August 2, 2024 up to August 1, 2029, not liable to retire by rotation	67	Independent Director

Name, Address, Occupation, Term, Period of Directorship, Nationality and DIN	Age (years)	Designation
Nationality: Indian DIN: 00122052		

Brief profiles of our Directors

Pradeep Ramwilas Rathi is a Non-Executive Director and Chairman on the Board of our Company. He is also one of the Promoters of our Company. He has been on our Board since November 8, 1995. Further, he has been the Non-Executive Director and Chairman since June 1, 2018. He is also a member of the Corporate Social Responsibility Committee of our Company.

Rajesh Balkrishna Rathi is a Managing Director on the Board of our Company. He is also one of the Promoters of our Company. He has been on our Board since May 23, 2008. Further, he has been the Managing Director since June 1, 2018. He is also a member of the Stakeholder's Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of our Company.

Anuj Narayandas Rathi is a Non-Executive and Non-Independent Director on the Board of our Company. He has been on our Board since August 8, 2019. He is also a member of the Stakeholder's Relationship Committee of our Company.

Shubhalakshmi Panse is an Independent Director on the Board of our Company. She has been on our Board since May 27, 2015. She is also a member of the Risk Management Committee of our Company.

Naresh T. Raisinghani is an Independent Director on the Board of our Company. He has been on our Board since February 13, 2015 as Non-Executive and Non-Independent Director. Further he has been the Independent Director since May 24, 2018. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of our Company.

Ashish Vij is a Whole-time Director on the Board of our Company. He has been on our Board since May 24, 2018 as Whole-time Director. He is also a member of the Risk Management Committee of our Company.

Bhumika Batra is an Independent Director on the Board of our Company. She has been on our Board since August 2, 2024. She is also a member of the Audit Committee, Nomination and Remuneration Committee and Chairperson of Stakeholder's Relationship Committee and Risk Management Committee of our Company.

Sudha Pravin Navandar is an Independent Director on the Board of our Company. She has been on our Board since August 2, 2024. She is also the Chairperson of the Audit Committee of our Company.

Anu Arun Wakhlu is an Independent Director on the Board of our Company. She has been on our Board since August 2, 2024. She is also the Chairperson of the Nomination and Remuneration Committee and Corporate Social Responsibility Committee of our Company.

Relationship with other Directors

As on the date of this Preliminary Placement Document, none of our Directors are related to each other.

Shareholding of Directors in our Company

As per the Articles of Association, our Directors are not required to hold any qualification shares.

The following table sets forth details of shareholding of our Directors in our Company as of the date of this Preliminary Placement Document:

Name of the Director	No. of Equity Shares	Percentage (%)
Anuj Narayandas Rathi	54,47,620	7.66
Rajesh Balkrishna Rathi*	40,50,359	5.70
Pradeep Ramwilas Rathi	34,24,740	4.82
Ashish Vij	4001	Negligible
Naresh T. Raisinghani	720	Negligible
Total	1,29,27,440	18.18

* The Fund Raising Committee of the Board of Directors, through its resolution dated December 13, 2024, approved the allotment of 9,80,000 fully convertible equity warrants to Rajesh Balkrishna Rathi

Borrowing powers of the Board

Pursuant to the Board resolution dated October 16, 2024 and Shareholders resolution dated November 30, 2024 passed by way of postal ballot and Section 180 (1)(c) of the Companies Act and other applicable provisions (including statutory modifications thereof), the Board has been authorized to borrow money in any form including but not limited to by way of loans, financial facility, through the issuance of debentures/bonds, commercial paper or such other form on such terms and conditions as the Board may deem fit from time to time provided that the total amount up to which monies may be borrowed together with the money already borrowed by our Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed the higher of (i) sum of ₹ 300,000 Lakhs or (ii) aggregate of the paid-up share capital of our Company, its free reserves and securities premium account.

Interests of our Directors

Our Executive Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as an Executive Director of our Company and reimbursement of expenses, if any, payable to them, as well as the sitting fees and commission, if any, payable to them for attending meetings of our Board and/or committees thereof as approved by our Board and Shareholders. For details of remuneration paid to our Directors, see “- **Terms of appointment and remuneration of Executive Directors**” and “**Remuneration of Non-executive**” on pages 205 and 206.

Our Directors may also be regarded as interested to the extent of Equity Shares or employee stock options under Sudarshan ESOP 2018 held by them in our Company. Our Directors may also be interested to the extent of equity shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as Promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which our Directors are interested. Further, except as disclosed in the section “**Related Party Transactions**” on page 111, our Directors do not have any other interest in the business or promotion of our Company as of the date of this Preliminary Placement Document.

Except as stated in “**Terms of appointment and remuneration of Executive Directors**”, “**Remuneration of Non-executive and Independent Directors**” and “**Related Party Transactions**” on pages 205 and 111, respectively, our Company has not entered into any contract, agreement or arrangement during the preceding three years from the date of this Preliminary Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, as on the date of this Preliminary Placement Document, our Directors have not taken any loans from our Company.

Except as stated in “**Related Party Transactions**” beginning on page 111, our Directors have no interest in any property acquired or proposed to be acquired of or by our Company as on the date of this Preliminary Placement Document or in any transaction by our Company for acquisition of land, construction of buildings and supply of machinery.

Terms of appointment and remuneration of Executive Directors

Rajesh Balkrishna Rathi

Pursuant to a resolution passed by our Board on May 23, 2023, and a resolution passed by our Shareholders on August 11, 2023, Rajesh Balkrishna Rathi has been re-appointed as the Managing Director of our Company with effect from June 1, 2023. Further, the terms and conditions of his appointment as the Managing Director are set forth below:

Particulars	Details (In ₹)
Salary (₹ Per month) (Eligible for revision every year as determined by the Board.)	17,07,750
Other Allowances (₹ Per month) viz. House Rent Allowance, Children Education and Hostel Allowance, Conveyance, Leave Travel Allowance etc, (Eligible for revision every year as determined by the Board.)	10,26,163
Performance Linked Variable Allowance (PLVA) (₹ Per month) (payable annually and eligible for revision every year as determined by the Board.) The Board may also consider granting special incentive based on the recommendation of the Nomination and Remuneration Committee in addition to the PLVA	18,26,344
Perquisites / Benefits / Allowances: House rent allowance / Rent free accommodation, Free Housing, Furniture, Medical Allowance / Medical Reimbursement, Allowances for utilities such as Gas, Electricity, Water, Leave Travel Allowance, Fees of Clubs, Personal Accident Insurance premium, Hospitalisation, Provision for car with driver as per Company Policy, Fuel Reimbursement, Car Maintenance, Telephone, Mobile, Fax, Computer, Watchman, Domestic Servant, Gardner, Ex-gratia, Canteen, compensation for loss of Office as computed under the provisions of Companies Act, 2013	As per Policy of the Company
Retirals: Provident Fund, Superannuation, Gratuity Fund - As per the Company's Policy	As per Policy of the Company

Ashish Vij

Pursuant to a resolution passed by our Board on May 23, 2023, and a resolution passed by our Shareholders on August 11, 2023, Ashish Vij has been re-appointed as the Whole-time Director of our Company with effect from May 24, 2023. Further, the terms and conditions of his appointment as the Whole-time Director are set forth below:

Particulars	Details (In ₹)
Salary (₹ Per month) (Eligible for revision every year as determined by the Board.)	6,93,346
Other Allowances (₹ Per month) viz. House Rent Allowance, Children Education and Hostel Allowance, Conveyance, Leave Travel Allowance etc., (Eligible for revision every year as determined by the Board.)	3,77,829
Performance Linked Variable Allowance (PLVA) (₹ Per month) (payable annually and eligible for revision every year as determined by the Board in accordance with the PLVA Policy of the Company.)	5,72,010
Perquisites / Benefits / Allowances: House rent allowance / Rent free accommodation, Free Housing, Furniture, Medical Allowance / Medical Reimbursement, Allowances for utilities such as Gas, Electricity, Water, Leave Travel Allowance, Fees of Clubs, Personal Accident Insurance premium, Hospitalisation, Provision for car with driver as per Company Policy, Fuel Reimbursement, Car Maintenance, Telephone, Mobile, Fax, Computer, Watchman, Domestic Servant, Gardner, Ex-gratia, Canteen, compensation for loss of Office as computed under the provisions of Companies Act, 2013	As per Policy of the Company
Retirals: Provident Fund, Superannuation, Gratuity Fund - As per the Company's Policy	As per Policy of the Company

The following table set forth the compensation paid by our Company to the Managing Director and Executive Director from October 1, 2024 till January 15, 2025 and half year ended September 30, 2024 and Fiscals 2024, 2023, 2022:

(₹ in lakhs, unless otherwise stated)

Name of the Director	From October 1, 2024 till January 15, 2025	For the half year ended September 30, 2024	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
Rajesh Balkrishna Rathi	136.89	438.01	1,375.60	500.85	683.37
Ashish Vij	48.18	144.95	194.44	184.81	179.87

Remuneration of Non-Executive Directors

Our Non- Executive Directors are entitled to receive sitting fees, commission and pension as applicable besides reimbursement of actual traveling and other expenses incurred for attending such meetings. Pursuant to the board resolution dated May 17, 2024 passed by our Board of Directors, our Non – executive Directors are entitled to sitting fees of approximately ₹50,000 for attending each meeting of our Board and sitting fees of ₹30,000 per meeting for attending each meeting of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of our Board and sitting fees of ₹20,000 per meeting for attending meetings of other committees.

The following table sets forth the remuneration paid by our Company to our existing Non-Executive Directors from October 1, 2024 till January 15, 2025 and half year ended September 30, 2024 and Fiscals 2024, 2023, 2022:

(₹ in lakhs, unless otherwise stated)

Name of the Director	From October 1, 2024 till January 15, 2025	For the half year ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Pradeep Ramwilas Rathi	18.06	28.60	62.02	48.15	54.38
Anuj Narayandas Rathi	2.00	1.50	11.35	1.00	11.20
Shubhalakshmi Panse	2.00	2.10	17.60	2.80	18.40
Naresh T. Raisinghani	2.30	2.00	12.15	1.60	12.40
Bhumika Batra	1.80	1.00	_*	_*	_*
Sudha Pravin Navandar	2.30	1.00	_*	_*	_*
Anu Arun Wakhlu	1.50	1.00	_*	_*	_*

*Since Bhumika Batra, Sudha Pravin Navandar and Anu Arun Wakhlu were appointed as Independent Director effective from August 02, 2024, hence they were not entitled for any sitting fees and commission.

Corporate Governance

As on date of this Preliminary Placement Document, our Board consists of nine (9) Directors comprises of one Non-Executive Director and Chairman, one Managing Director, one Executive Director, one Non-Executive – Non-Independent Director and five Independent Directors (including four-woman Independent Directors). Our Company is in compliance with the corporate governance requirements including in relation to the constitution of the Board and committees thereof, as prescribed under the Companies Act and SEBI Listing Regulations.

Committees of the Board of Directors

Our Company has constituted the following five (5) statutory committees in terms of the SEBI Listing Regulations and the Companies Act, each of which functions in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations.

Our Board has constituted various committees, which function in accordance with the relevant provisions of the

Companies Act, and the SEBI Listing Regulations. These are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee; (v) Risk Management Committee

The following table sets forth the members of the aforesaid committees as of the date of this Preliminary Placement Document:

Name of the Committee	Name	Designation
Audit Committee	Sudha Pravin Navandar	Chairperson
	Naresh T. Raisinghani	Member
	Bhumika Batra	Member
Nomination and Remuneration Committee	Anu Arun Wakhlu	Chairperson
	Naresh T. Raisinghani	Member
	Bhumika Batra	Member
Stakeholders' Relationship Committee	Bhumika Batra	Chairperson
	Anuj Narayandas Rathi	Member
	Rajesh Balkrishna Rathi	Member
Corporate Social Responsibility Committee	Anu Arun Wakhlu	Chairperson
	Pradeep Ramwilas Rathi	Member
	Rajesh Balkrishna Rathi	Member
Risk Management Committee	Bhumika Batra	Chairperson
	Naresh T. Raisinghani	Member
	Rajesh Balkrishna Rathi	Member
	Ashish Vij	Member
	Shubhalakshmi Panse	Member
	Nilkanth Natu	Member

Key Managerial Personnel

In addition to our Managing Director, Rajesh Balkrishna Rathi, and Ashish Vij, Whole-time Director, the details of Key Managerial Personnel of our Company are as follows:

Nilkanth Natu is the Chief Financial Officer of our Company. He has been associated with our Company as a Chief Financial Officer since July 28, 2020. He is also a member of Risk Management Committee of our Company. He currently oversees Accounts and Finance in our Company.

Mandar Velankar is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company as a Company Secretary and Compliance Officer since August 10, 2018. He currently oversees Secretarial and Compliance in our Company.

Senior Management

In addition to Rajesh Balkrishna Rathi, the Managing Director, Ashish Vij, the Executive Director of our Company, whose details are provided in "**Brief profiles of our Directors**" on page 203, and Nilkanth Natu, our Chief Financial Officer and Mandar Velankar, our Company Secretary and Compliance Officer, whose details are set out in "**- Key Managerial Personnel of our Company**" on page 208, the details of other members of Senior Management are given below:

Name	Designation
Shivalika Raje	Head - People Practices
Sandeep Mhalgi	General Manager - Business Technology

Shareholding of Key Managerial Personnel and the members of our Senior Management

Other than as set forth in "**- Shareholding of Directors in our Company**", and as disclosed below, none of our Key Managerial Personnel and members of our Senior Management hold any Equity Shares in our Company, as on the date of this Preliminary Placement Document:

Name of the Key Managerial Personnel	Number of Equity Shares	Percentage (%)
Mandar Velankar	2	Negligible

Relationship between Key Managerial Personnel and Directors

None of the Key Managerial Personnel are related to each other or with the Directors of our Company.

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in our Company, if any, and any dividend payable to them and other distributions in respect of such Equity Shares.

Except as stated in “**Interest of our Directors**” above and in “**Related Party Transactions**” on pages 204 and 111 respectively, and to the extent of the remuneration or benefits to which they are entitled to as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business and to the extent of the Equity Shares held by them in our Company, and any dividend payable to them and other distributions in respect of such shareholding, our Key Managerial Personnel do not have any other interest in our Company. Our Company does not have any bonus or profit-sharing plan with its Non-executive Directors or Key Managerial Personnel.

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to us and our employees and requires us to formulate and implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons.

Our Company is in compliance with the same and has implemented an insider trading code of conduct to regulate, monitor and report trading by Insiders (“**Insider Trading Code**”) in accordance with the SEBI Insider Trading Regulations, in terms of which the Company Secretary acts as the Compliance Officer of our Company under the aforesaid code of conduct for the Insider Trading Code.

The Insider Trading Code is uploaded on the website of the Company at the link: <https://www.sudarshan.com/prohibition-of-insider-trading-policy.pdf>

Other confirmations

Except to the extent of their shareholding in the Company and as disclosed above in “– *Interest of our Directors*” and “– *Interest of Key Managerial Personnel*” none of our Promoters or Directors or Key Managerial Personnel have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Neither our Company, nor our Promoters nor our Directors have been identified as Wilful Defaulters or Fraudulent Borrower, as defined under the SEBI ICDR Regulations.

None of our Promoters or Directors have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Neither our Company, nor our Directors, or our Promoters or members of our Promoter Group or the companies with which our Promoters are or have been associated as a promoter or a person in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other governmental authority.

None of the Directors, Promoters, Key Managerial Personnel or members of Senior Management of our Company intend to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

No loans have been availed or extended by our Directors, from, or to, our Company or the Subsidiaries.

None of our Directors is or was a director of any listed company which has been or was compulsorily delisted from any Stock Exchange during the term of their directorship in such company.

Our Promoters have interests in other companies that may undertake the same business as our Company in which our Promoters have an interest, are authorized to carry out, or engage in business similar to that of our Company.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company as on December 31, 2024, is set forth below:

Summary statement holding of specified securities

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form	Sub-categorisation of shares (XV)		
								Shareholding (No. of shares) under		
								Sub Category I	Sub Category II	Sub Category III
A) Promoter & Promoter Group	10	1,90,74,473	1,90,74,473	27.55	1,90,74,473	27.55	1,90,74,473	--	--	--
(B) Public	70,150	5,01,52,777	5,01,52,777	72.45	5,01,52,777	72.45	4,92,70,922			
(C1) Shares underlying DRs				0.00		0.00				
(C2) Shares held by Employee Trust				0.00		0.00				
(C) Non-Promoter-Non-Public				0.00		0.00				
Grand Total	70,160	6,92,27,250	6,92,27,250	100.00	6,92,27,250	100.00	6,83,45,395			

Note: C= C1+C2

Grand Total= A+B+C

Post December 31, 2024 our Company has issued 18,69,000 fully paid-up equity share of face value of ₹ 2 each on a preferential basis by way of private placement.

Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the Shareholder	Entity Type	No. of Shareholders	No. of fully paid-up equity shares held	Total No. of Shares Held	Shareholding % calculated as per SCRR, 1957, As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class e.g.: X	Total	
(A1) Indian					-		-	
Individuals/ Hindu undivided Family		8	1,74,03,673	1,74,03,673	25.14	1,74,03,673	25.14	1,74,03,673
Pradeep Ramwilas Rathi	Promoter	1	34,24,740	34,24,740	4.95	34,24,740	4.95	34,24,740
Subhadra Pradeep Rathi	Promoter Group	-	-	-	-	-	-	-
Rahul Pradeep Rathi	Promoter Group	1	30,23,859	30,23,859	4.37	30,23,859	4.37	30,23,859
Ajay Balkrishna Rathi	Promoter Group	-	-	-	-	-	-	-
Ajoy Balkrishna Rathi (HUF) (Karta- Ajay Balkrishna Rathi)	Promoter Group	-	-	-	-	-	-	-
Manan Ajay Rathi	Promoter Group	1	8,27,900	8,27,900	1.20	8,27,900	1.20	8,27,900
Nisha Ajay Rathi	Promoter Group	-	-	-	-	-	-	-
Rajesh Balkrishna Rathi	Promoter	1	40,50,359	40,50,359	5.85	40,50,359	5.85	40,50,359
Rajesh Balkrishna Rathi (HUF) (Karta- Rajesh Balkrishna Rathi)	Promoter Group	1	1,77,425	1,77,425	0.26	1,77,425	0.26	1,77,425
Rachna Rajesh Rathi	Promoter Group	1	14,120	14,120	0.02	14,120	0.02	14,120
Narayandas Jagannath Rathi	Promoter Group	1	4,37,650	4,37,650	0.63	4,37,650	0.63	4,37,650
Anuj Narayandas Rathi	Promoter Group	1	54,47,620	54,47,620	7.87	54,47,620	7.87	54,47,620
Anuj Narayandas Rathi (HUF) (Karta- Anuj Narayandas Rathi)	Promoter Group	-	-	-	-	-	-	-

Category & Name of the Shareholder	Entity Type	No. of Shareholders	No. of fully paid-up equity shares held	Total No. of Shares Held	Shareholding % calculated as per SCRR, 1957, As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class e.g.: X	Total	
Archana Anuj Rathi	Promoter Group	-	-	-	-	-	-	-
Kusum Balkrishna Rathi	Promoter Group	-	-	-	-	-	-	-
Balkrishna Jagannath Rathi (HUF) (Karta-Ajay Balkrishna Rathi)	Promoter Group	-	-	-	-	-	-	-
Any Other (Specify)		2	16,70,800	16,70,800	2.41	16,70,800	2.41	16,70,800
Balkrishna Rathi Finance Private Limited	Promoter Group	1	4,62,550	4,62,550	0.67	4,62,550	0.67	4,62,550
NJR Finance Private Limited	Promoter Group	-	-	-	-	-	-	-
Sow Rachna Rathi Family Trust (Trustees- Rajesh Balkrishna Rathi and Ajay Balkrishna Rathi)	Promoter Group	1	12,08,250	12,08,250	1.75	12,08,250	1.75	12,08,250
Shri Balkrishna Rathi Family Trust (Trustees- Rajesh Balkrishna Rathi and Ajay Balkrishna Rathi)	Promoter Group	-	-	-	-	-	-	-
Sub Total (A1)		10	1,90,74,473	1,90,74,473	27.55	1,90,74,473	27.55	1,90,74,473
(A2) Foreign					-		-	
Total Shareholding of Promoter and Promoter Group (A)=(A1+A2)		10	1,90,74,473	1,90,74,473	27.55	1,90,74,473	27.55	1,90,74,473

Statement showing shareholding pattern of the Public shareholders

Category & Name of the Shareholders	No. of Shareholder	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957, As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form
B1) Institutions	-	-	-	-	-	-	-
B2) Institutions (Domestic)	-	-	-	-	-	-	-
Mutual Funds	16	1,25,97,860	1,25,97,860	18.20	1,25,97,860	18.20	1,25,97,860
Mirae Asset Multicap Fund	1	12,17,923	12,17,923	1.76	12,17,923	1.76	12,17,923
Franklin India Opportunities Fund	1	17,77,990	17,77,990	2.57	17,77,990	2.57	17,77,990
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund	1	22,98,898	22,98,898	3.32	22,98,898	3.32	22,98,898
HDFC Small Cap Fund	1	55,37,610	55,37,610	8.00	55,37,610	8.00	55,37,610
Alternate Investment Funds	4	1,68,195	1,68,195	0.24	1,68,195	0.24	1,68,195
Banks	4	3,460	3,460	-	3,460	-	1,750
Insurance Companies	4	1,39,394	1,39,394	0.20	1,39,394	0.20	1,28,394
NBFCs registered with RBI	1	2,700	2,700	-	2,700	-	2,700
Sub Total B1	29	1,29,11,609	1,29,11,609	18.65	1,29,11,609	18.65	1,28,98,899
B3) Institutions (Foreign)	-	-	-	-	-	-	-
Foreign Portfolio Investors Category I	93	53,90,211	53,90,211	7.79	53,90,211	7.79	53,90,211
Foreign Portfolio Investors Category II	10	6,27,873	6,27,873	0.91	6,27,873	0.91	6,27,873
Any Other (Institutions (Foreign)	2	4,000	4,000	0.01	4,000	0.01	-
Foreign Institutional Investors	2	4,000	4,000	0.01	4,000	0.01	-
Sub Total B2	105	60,22,084	60,22,084	8.70	60,22,084	8.70	60,18,084
B3) Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-
B4) Non-Institutions	-	-	-	-	-	-	-
Directors and their relatives (excluding independent directors and nominee directors)	1	4,001	4,001	0.01	4,001	0.01	4,001
Key Managerial Personnel	1	2	2	-	2	-	2
Investor Education and Protection Fund (IEPF)	1	2,21,566	2,21,566	0.32	2,21,566	0.32	2,21,566
Resident Individuals holding nominal share capital up to Rs. 2 lakhs	66,813	1,14,11,289	1,14,11,289	16.48	1,14,11,289	16.48	1,05,91,904
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	13	1,30,30,672	1,30,30,672	18.82	1,30,30,672	18.82	1,30,30,672

Category & Name of the Shareholders	No. of Shareholder	No. of fully paid-up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR, 1957, As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form
Vijaykumar Ramchandra Rathi	1	20,93,214	20,93,214	3.02	20,93,214	3.02	20,93,214
Vijay Kishanlal Kedia	1	10,00,000	10,00,000	1.44	10,00,000	1.44	10,00,000
Rohit Kishor Rathi	1	20,56,092	20,56,092	2.97	20,56,092	2.97	20,56,092
Akash Bhansali	1	56,05,577	56,05,577	8.10	56,05,577	8.10	56,05,577
Non-Resident Indian (NRI)	1,609	4,13,348	4,13,348	0.60	4,13,348	0.60	4,05,608
Bodies Corporate	376	44,25,643	44,25,643	6.39	44,25,643	6.39	43,89,123
Rhodenium Private Limited	1	6,98,793	6,98,793	1.01	6,98,793	1.01	6,98,793
Boon Investment and Trading Company Private Limited	1	7,22,472	7,22,472	1.04	7,22,472	1.04	7,22,472
Any other (specify)	1,202	17,12,563	17,12,563	2.47	17,12,563	2.47	17,11,063
Unclaimed or Suspense or Escrow Account	1	5,27,210	5,27,210	0.76	5,27,210	0.76	5,27,210
Clearing Members	6	236	236	-	236	-	236
HUF	1,150	11,21,513	11,21,513	1.62	11,21,513	1.62	11,20,013
LLPs	44	63,354	63,354	0.09	63,354	0.09	63,354
Trusts	1	250	250	-	250	-	250
Sub Total B4	70,016	3,12,19,084	3,12,19,084	45.10	3,12,19,084	45.10	3,03,53,939
Total Public Shareholding (B=B1+B2+B3+B4)	70,150	5,01,52,777	5,01,52,777	72.45	5,01,52,777	72.45	4,92,70,922

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note

(1) PAN would not be displayed on website of Stock Exchange(s).

(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares.

(3) With respect to the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

Statement showing shareholding pattern of the Non-Promoter- Non-Public shareholder

Category & Name of the Shareholders (I)	No. of Shareholder (III)	No. of fully paid-up equity shares held (IV)	Total no. of shares held (VII=IV+V +VI)	Shareholding % calculated as per SCRR, 1957, As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (XIV) (not applicable)
(C1) Custodian/ DR Holder	-	-	-	-	
(C2) Employee Benefit Trust	-	-	-	-	
Sub Total C2	-	-	-	-	
C=C1+C2	-	-	-	-	

Note:

- (1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) With respect to the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.

Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of the Company.

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
1.	NIL	NIL	NIL	NIL	NIL

Statement showing details of significant beneficial owners

Sr. No.	Details of the SBO (I)		Details of the registered owner (II)		Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Details of creation/ acquisition/ of significant beneficial interest# (IV)
					Whether by virtue of:					
	Name	Nationality	Name	Nationality	Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Rajesh Balkrishna Rathi	India	Rajesh Balkrishna Rathi	India	5.85	5.85	5.85	Yes	Yes	01/02/1977
2	Rajesh Balkrishna Rathi	India	SOW Rachna Rathi Family	India	1.75	1.75	1.75	Yes	Yes	26/12/2003

Sr. No.	Details of the SBO (I)		Details of the registered owner (II)		Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Details of creation/ acquisition of significant beneficial interest# (IV)
	Name	Nationality	Name	Nationality	Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
			Trust (Trustees- Rajesh Balkrishna Rathi and Ajay Balkrishna Rathi)							
3	Rajesh Balkrishna Rathi	India	Rajesh Balkrishna Rathi (HUF) (Karta- Rajesh Balkrishna Rathi)	India	0.26	0.26	0.26	Yes	Yes	06/06/1991
4	Rajesh Balkrishna Rathi	India	Rachna Rajesh Rathi	India	0.02	-	-	Yes	Yes	10/08/1978

Note:

* In case the nature of the holding/ exercise of the right of an SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.

This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

ORGANISATIONAL STRUCTURE

Corporate History

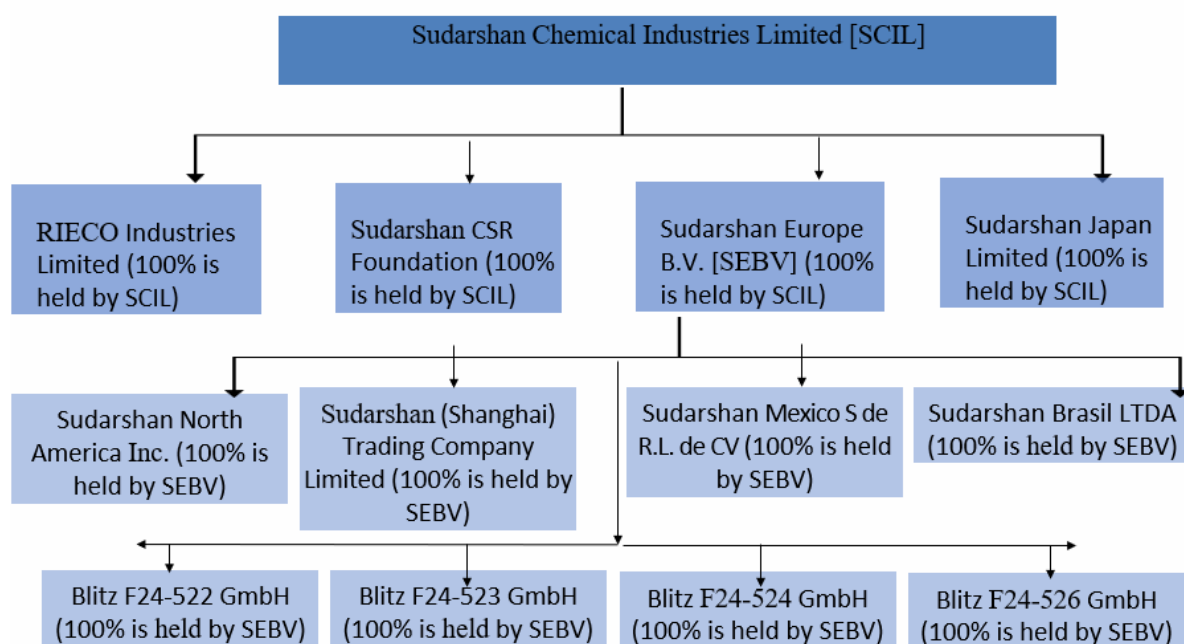
Our Company was originally incorporated as “*Sudarshan Chemical Industries Private Limited*” on February 19, 1951 under the Indian Companies Act No. VII of 1913 with the Registrar of Companies, Maharashtra at Bombay. The name of our Company was subsequently changed to “*Sudarshan Chemical Industries Limited*” pursuant to approval of the shareholders vide special resolution, at its extraordinary general meeting held on December 31, 1974, and a certificate of change of name was issued by the Registrar of Companies, Maharashtra at Bombay on May 15, 1975 under the provisions of the Companies Act, 1956.

The Corporate Identification Number of our Company is L24119PN1951PLC008409. Our Registered and Corporate Office is located at 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411069, Maharashtra, India.

Organisational Structure

As on the date of this Preliminary Placement Document, our Company has four (4) Wholly owned subsidiaries and Eight (8) foreign step-down subsidiaries. For further details, see “**Definitions and Abbreviations**” and “**Financial Information**” on pages 22 and 276, respectively.

The organisational structure of the Company as on the date of this Preliminary Placement Document are as follows:



Direct Subsidiaries

a) Indian Subsidiary

- i. RIECO Industries Limited
- ii. Sudarshan CSR Foundation

b) Foreign Subsidiary

- i. Sudarshan Europe B.V
- ii. Sudarshan Japan Limited

Step down Subsidiaries

a) Indian step-down Subsidiaries

Our Company does not have any Indian step-down subsidiaries, as on the date of this Preliminary Placement Document.

b) Foreign step-down Subsidiaries

- i. Sudarshan North America Inc.
- ii. Sudarshan Mexico S. de. R.L. de CV
- iii. Sudarshan (Shanghai) Trading Company Limited
- iv. Sudarshan Brasil LTDA (w.e.f. August 12, 2024)
- v. Blitz F24-522 GmbH (w.e.f. December 20, 2024)
- vi. Blitz F24-523 GmbH (w.e.f. December 20, 2024)
- vii. Blitz F24-524 GmbH (w.e.f. December 20, 2024)
- viii. Blitz F24-526 GmbH (w.e.f. January 14, 2025)

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have apprised themselves of the same from our Company. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisors in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Manager and their respective directors, officer, agents affiliate and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Also see “Selling Restrictions” and “Purchaser Representations and Transfer Restrictions” beginning on page 237 and 245 respectively.

Our Company, the Book Running Lead Manager and its directors, officers, agents, advisors, shareholders, employees, counsel, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Our Company and the BRLM and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such an investor is eligible to acquire Equity Shares in this Issue.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 and other applicable provisions of the Companies Act and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, our Company, being a listed company in India may issue eligible securities to Eligible QIBs on a private placement basis provided that certain conditions are met by such Company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must *inter alia* specify that, (a) the allotment of securities is proposed to be made pursuant to the QIP; and (b) the Relevant Date for the QIP;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the Promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognized Stock Exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to seek approval of the shareholders for the

abovementioned special resolution; except for Equity Shares allotted during the preceding one year from the date of this Preliminary Placement Document;

- invitation to apply in the QIP must be made through a private placement offer-cum-application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the issuer shall have completed allotments with respect to any earlier offer or invitation made by the issuer or shall have withdrawn or abandoned such invitation or offer made by the issuer, except as permitted under the applicable law;
- the issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;
- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document and Application Form), the issuer shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;
- the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited.
- the Promoters or Directors are not declared as ‘wilful defaulter’ ‘Fraudulent Borrower’ by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016;
- In accordance with the SEBI ICDR Regulations, securities will be issued, and allotment shall be made only in dematerialized form to the allottees; and
- the Promoter and directors of the issuer are not Fugitive Economic Offenders

At least 10% of the Equity Shares issued pursuant to this QIP to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs

Bidders are not allowed to withdraw or revise downwards their Bids after the Bid/ Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer’s Equity Shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of up to 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated October 16, 2024 and our Shareholders through a special resolution by a postal ballot dated November 30, 2024 have authorised our Board to decide the quantum of discount up to 5 % of the Floor Price at the time of determination of the Issue Price.

The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as mentioned in Regulation 176 (4) of the SEBI ICDR Regulations.

The “Relevant Date” mentioned above in case of allotment of Equity Shares, refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and “Stock Exchange” means any of the recognised Stock Exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares must be allotted within 365 days from the date of the shareholders’ resolution approving the QIP in one or tranches and also within 60 days from the date of receipt of Application Amount from the successful Eligible QIBs failing which our Company shall refund the Bid Amount in accordance with applicable

laws For details of Allotment, see ***“Pricing and Allocation – Designated Date and Allotment of Equity Shares”*** below.

Subscription to the Equity Shares issued pursuant to the Issue must be made by Eligible QIBs on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with the Issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500 lakhs; and
- five, where the issue size is greater than ₹2,500 lakhs.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes “same group” or “common control”, see ***“Application Form – Bid Process”*** on beginning page 227.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised Stock Exchange.

We have applied for and received the in-principle approval from BSE and NSE dated January 23, 2025 under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on October 16, 2024 and our Shareholders through a special resolution by a postal ballot dated November 30, 2024.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in “offshore transactions”, as defined in, and in reliance on, Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under *“Selling Restrictions”*** and ***“Purchaser Representations and Transfer Restrictions”*** on pages 237 and 245, respectively.**

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold. and Bids may not be made by persons in any such jurisdictions, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On Bid / Issue Opening Date, our Company in consultation with the Book Running Lead Manager shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of such Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form will be dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act and the PAS Rules.
2. The list of Eligible QIBs to whom the Application Form and serially numbered Preliminary Placement Document will be delivered shall be determined by our Company in consultation with the Book Running Lead Manager. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.
3. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Application Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/Issue Period to the Book Running Lead Manager.
4. Bidders will be required to indicate the following in the Application Form:
 - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, email id, PAN details (if applicable), phone number and bank account details;
 - number of Equity Shares Bid for;
 - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;
 - an undertaking that they will deliver an offshore transaction letter to our Company prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian Stock Exchange in compliance with Regulation S;
 - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;
 - Equity Shares held by the Bidder in our Company prior to the Issue;

- it has agreed to all the representations, warranties, acknowledgements and agreements set forth in or incorporated by reference in the Application Form, which will include, but will not be limited to, the representations, warranties, acknowledgements and agreements set forth in the “*Notice to Investors*”, “*Representations by Investors*”, “*Issue Procedure*”, “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” beginning on pages 1, 4, 219, 237, and 245, respectively, which will be incorporated by reference; and
- a representation that it is outside the United States acquiring the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in this Preliminary Placement Document and in the Application Form.

NOTE: *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Eligible QIBs shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of “*Sudarshan Chemical Industries Limited QIP Escrow Account 2024-25*” with the Escrow Bank, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders, and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in “*Issue Procedure–Refunds*” on page 232.
6. Once a duly completed Application Form is submitted by a Bidder and the Application Amount is transferred to the Escrow Account, such application constitutes an irrevocable offer, and the Bid cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.
7. The Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.
8. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual

Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

9. Upon receipt of the duly completed Application Form, whether signed or not and the Application Amount in the Escrow Account, on or after the Bid/ Issue Closing Date, our Company shall, in consultation with Book Running Lead Manager determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Manager, on behalf of our Company, will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated and Refund Amount (if any) due to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders who have been allocated the Equity Shares. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the Book Running Lead Manager.**
10. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.
11. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Manager, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.
12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.
13. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.
14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.
15. Our Company will then apply for the final trading approvals from the Stock Exchanges.
16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.
17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in “- Refunds” on page 232.

Eligible Qualified Institutional Buyers

Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, will be considered as eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs; other than individuals, corporate bodies and family offices;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions; (which are resident in India)
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹25 crore registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹25 crore;
- public financial institutions; as defined under Section 2(72) of the Companies Act
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND CONDITIONS AND RESTRICTIONS WHICH MAY BE SPECIFIED BY THE GOVERNMENT FROM TIME TO TIME, AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) should not exceed 10.00% of post-Issue Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10.00% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100.00% under the automatic route. As of September 30, 2024, the aggregate FPI shareholding in our Company is 8.34% of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see “Shareholding Pattern of our Company” on page 210.

In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of P-Note. Two or more subscribers of P-Note having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Note, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed Central Depository Services (India) Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3.00% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see “**Selling Restrictions**” and “**Purchaser Representations and Transfer Restrictions**” on page 237 and 245, respectively.

Please note that participation by non-residents in the Issue is restricted to participation by FPIs under Schedule II of the FEMA Rules, in the Issue subject to limit of the individual holding of an FPI below 10.00% of the post Issue paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 100.00% (sectoral limit of the sector in which our Company operates) of the paid-up capital of our Company. Other non-residents such as FVCIs are not permitted to participate in the Issue.

Restriction on Allotment.

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoter:

- rights under a shareholders’ agreement or voting agreement entered into with the promoters or members of the Promoter Group.
- veto rights; or
- a right to appoint any nominee director on the board of the Issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Book Running Lead Manager and any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Eligible QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the Book Running Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties and the representations, warranties and agreements made under “**Notice to Investors**”, “**Representations by Investors**” and “**Selling Restrictions**” beginning on pages 1, 4 and 237, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;
2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);
3. Each Eligible QIB confirms that it has no rights under a shareholders’ agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter(s);
4. Each Eligible QIB confirms that, and consents to, its name and percentage of post- Issue shareholding (assuming full subscription in this Issue) being included as a “proposed Allottee” in this Issue in the Placement Document. However, each Bidder further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment shall continue to be at the sole discretion of our Company, in consultation with the BRLM.
5. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as

amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

6. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;
7. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;
8. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;
9. Each Eligible QIB confirms that its Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations;
10. The Eligible QIB agrees that it will make payment of its Application Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;
11. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Manager. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;
12. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as “*proposed Allottees*” and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that disclosure of such details as “*proposed Allottees*” in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;
 - a. QIBs “*belonging to the same group*” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB; and
 - b. ‘Control’ shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;
13. The Eligible QIBs acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.
14. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.
15. Each Eligible FPI confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent

or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

16. A representation that such Bidder is outside the United States, is acquiring the Equity Shares in an “offshore transaction” under Regulation S and is not an affiliate of the Company or the Book Running Lead Manager or a person acting on behalf of such an affiliate

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANTS IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM, IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO, REQUIRED BY THE BOOK RUNNING LEAD MANAGER, THE ELIGIBLE QIBs SUBMITTING A BID ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS A “QIB” AS DEFINED HEREINABOVE.

IF SO, REQUIRED BY THE BOOK RUNNING LEAD MANAGER, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the Book Running Lead Manager) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and Email	Telephone
IIFL Capital Services Limited (formerly known as	24th Floor, One Lodha Place, Senapati Bapat Marg Lower Parel (West) Mumbai	Mukesh Garg	Website: www.iiflcap.com E-mail: project.glory@iiflcap.com	+ 91 22 4646 4728

Name	Address	Contact Person	Website and Email	Telephone
IIFL Securities Limited)	400 013 Maharashtra, India			

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

All Bidders Bidding in the Issue shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of “Sudarshan Chemical Industries Limited QIP Escrow Account 2024-25 ” with Amount only through electronic transfer of funds from their own bank account the Escrow Bank, in terms of the Escrow Agreement entered among our Company, the Book Running Lead Manager and the Escrow Bank. Each Bidder will be required to deposit the Application Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bid/ Issue Period. Bidders can make payment of the Application.

Note: Payments are to be made only through electronic fund transfer from the Bidder’s own bank account. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in “Sudarshan Chemical Industries Limited QIP Escrow Account 2024-25 ” only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the application amount was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the application amount has been arrived at using an indicative price higher than the Issue Price, or any Bidder lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in “Issue Procedure – Refunds” on page 232.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchange during the two weeks preceding the Relevant Date. For the purpose of determination of the Floor Price, ‘Stock Exchange’ shall mean any of the recognised Stock Exchanges in which the Equity Shares are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of the Shareholders of our Company accorded through special resolution by a postal ballot dated November 30, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price.

The “Relevant Date” referred to above will be the date of the meeting in which the Board or the committee thereof decides to open the Issue and “Stock Exchange” means any of the recognized Stock Exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build-up of the Book

The Bidders shall submit their Bids (including any revision thereof) through the Application Forms within the Bid/ Issue Period to the Book Running Lead Manager. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our shareholders pursuant to special resolution by a postal ballot dated November 30, 2024. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLM AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE BID/ ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE NOT OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Successful Bidders’ account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the respective Successful Bidders shall be deemed a valid, binding and irrevocable contract for such Bidders to subscribe to the Equity Shares Allocated to them. Subsequently, our Board or the Fund-Raising Committee will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Manager.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section “*Notice to Investors*” on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.
2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer of securities in listed companies in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.
3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Allottees.
5. Following the credit of Equity Shares into the respective Allottees’ beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.
6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue under Form PAS-3 with the RoC within the prescribed timelines under the Companies Act, whichever is later. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.
7. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company.
8. Pursuant to the circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the BRLM of the listing and trading approvals of the Stock Exchanges for Equity Shares offered in the Issue, and after filing return of Allotment under Form PAS-3 with the RoC.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Bidder has deposited the Application Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% per annum. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our

Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder as set out in the Application Form. For details, see “*Issue Procedure*” – “*Refund*” on page 232.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.

The Stock Exchanges have electronic connectivity with NSDL and CDSL. The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK UP

Placement Agreement

The Book Running Lead Manager has entered into the Placement Agreement dated January 23, 2025 with our Company, pursuant to which the Book Running Lead Manager has agreed, subject to certain conditions, to manage this Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares on a reasonable effort's basis.

The Equity Shares will be placed with the Eligible QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies, and no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public in India or any other class of prospective investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further details, see "**Selling Restrictions**" and "**Purchaser Representations and Transfer Restrictions**" on pages 237 and 245, respectively.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager or its affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase or subscribe to the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see the section "**Offshore Derivative Instruments**" beginning on page 10.

From time to time, the Book Running Lead Manager, and their affiliates and associates may have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, commercial banking, trading services for our Company, Subsidiaries, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its affiliates and associates.

Lock up

The Company undertakes that it will not for a period of 120 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly:

- a. Purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without

limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or

- b. Enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or
- c. Deposit Equity Shares with any other depository in connection with a depository receipt facility
- d. Enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or
- e. Publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depository receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above.

Promoter's Lock-up

The Company acknowledges that Rajesh Balkrishna Rathi, Rajesh Balkrishna Rathi HUF (Karta - Rajesh Balkrishna Rathi), Rachna Rajesh Rathi, Balkrishna Rathi Finance Private Limited and Sow Rachna Rathi Family Trust (Trustees - Rajesh Balkrishna Rathi and Ajay Balkrishna Rathi) (collectively, "**P&PG Members**") has undertaken that they will not for a period of 120 days ("**Lock-up Period**") from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly: (a) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depository receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

Provided, that none of the foregoing restrictions shall restrict –

- (i) sale of the Equity Shares pursuant to exercise of any employee stock options held by the P&PG Members; and
- (ii) any transfer or sale of Equity Shares pursuant to exercise or exchange of 9,80,000 fully convertible equity warrants.

In addition, the Promoters shall not, without the prior written consent of the Book Running Lead Manager, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration of any Equity Shares or any other securities of the Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, hereinafter acquired.

SELLING RESTRICTIONS

The Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act.

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. Except for in India, no action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with or other material relating to the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (“**Corporations Act**”) and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a “sophisticated investor” or a “professional investor” within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

British Virgin Islands

The Equity Shares are not being and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a “BVI Company”), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Preliminary Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Act (the “SIBA”), high net worth persons (as defined in the SIBA) or otherwise in accordance with the SIBA. This Preliminary Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

People’s Republic of China

This Preliminary Placement Document may not be circulated or distributed in the People’s Republic of China (excluding, for the purposes of this paragraph, the Hong Kong and Macau Special Administrative Regions and Taiwan Province) and the Equity Shares may not be offered or sold directly or indirectly to any resident of the People’s Republic of China, or offered or sold to any person for reoffering or re-sale directly or indirectly to any resident of the People’s Republic of China.

European Economic Area

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the Company may make an offer to the public in that Relevant State of any Equity Shares at any time:

1. to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
2. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the placement agent for any such offer; or
3. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

Provided that no such offer of the Equity Shares shall require the Company or placement agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 and includes any delegated regulations.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**CWUMPO**”) or which do not constitute an offer to the public within the meaning of the CWUMPO.

No advertisement, invitation or document relating to the Equity Shares has been or will be issued for the purposes of the issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be

accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act (Act No. 25 of 1948 as amended) of Japan (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949 as amended) of Japan (a “**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

In an offering of Equity Shares in Japan or to, or for the benefit of, a Japanese Resident, if an offeree does not fall under a “qualified institutional investor” (*tekikaku kikan toshika*), as defined in Article 2, Paragraph 3, Item 1 of the FIEA and Article 10, Paragraph 1 of the Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act (Order of the Ministry of Finance No. 14 of 1993) of Japan (a “**Qualified Institutional Investor**”), Equity Shares will be offered to such offeree by a private placement to small number of investors (*shoninzu muke kan'yu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

In an offering of Equity Shares in Japan or to, or for the benefit of, a Japanese Resident, if an offeree falls under a Qualified Institutional Investor, Equity Shares will be offered to such offeree by a private placement to Qualified Institutional Investors (*tekikaku kikan toshika muke kan'yu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe for any Equity Shares, such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring any of such Equity Shares other than to another Qualified Institutional Investor.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the “**FSCMA**”), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the “**FETL**”). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on

terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), provided that the net value of the primary residence of the individual (with his or her spouse) contribute not more than RM1 million of the total net assets; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of the Equity Shares may be released or offered to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell the Equity Shares to the public in Mauritius and is not a prospectus as defined under the Securities Act 2005.

The Mauritius Financial Services Commission (the “**FSC**”) does not assume any responsibility for the contents of this Preliminary Placement Document and makes no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof. The FSC does not vouch for the financial soundness of the Issuer or for the correctness of any statements made or opinions expressed with regard to it.

Sultanate of Oman

The information contained in this Preliminary Placement Document does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law (Royal Decree 18/2019) or the Securities Law (Royal Decree 46/2022) or the Executive Regulations of the Capital Market Law (Decision No. 1/2009, as amended) or an offer to sell or the solicitation of any offer to buy non-Omani securities in Oman.

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Oman Capital Market Authority (“**CMA**”) (or its successor, the Financial Services Authority (“**FSA**”), and any reference to the CMA shall include the reference to the FSA in accordance with Royal Decree 20/2024) and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA (or any successor entity thereof, such as the FSA). The offering and sale of Equity Shares described in the Preliminary Placement Document will not take place inside Oman. The Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any person other than the intended recipient hereof.

Additionally, this Preliminary Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

The CMA (or any successor entity thereof, such as the FSA) takes no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document or for the performance of the

Company with respect to the Equity Shares, nor shall it have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Lead Manager are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Lead Manager are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

Nothing in this Preliminary Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Preliminary Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Preliminary Placement Document is strictly private and confidential. This Preliminary Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Singapore

This Issue is made in reliance on the exemption under sections 274 and 275(1) and (1A) of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the “SFA”). It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore (the “MAS”). This Preliminary Placement Document has not been registered as a prospectus with the MAS. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA, or (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA.

It is a condition of the Issue that where the Equity Shares are subscribed for or acquired pursuant to an offer made in reliance on sections 274 or 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in section 276(3)(c)(ii) of the SFA or (in case of a trust) where the transfer arises from an offer referred to in section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and are not and will not be listed or admitted to trading on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading venue in Switzerland. Neither this Preliminary Placement Document, any other offering or marketing material relating to the Equity Shares offered hereby nor this Issue constitutes or fulfils the requirements of a prospectus in accordance with Articles 35 et seq. of the Swiss Financial Services Act of 15 June 2018, as amended (“FinSA”) and Articles 43 et seq. of the underlying regulations of the Swiss Financial Services Ordinance of 6 November 2019, as amended (“FinSO”) or in accordance with Articles 27 et seq. of the SIX Listing Rules of 23 August 2023, as amended (“SIX Listing Rules”) or the respective listing rules of any other stock exchange or regulated trading venue in Switzerland. Neither this Preliminary Placement Document, any other offering or marketing material relating to the Equity Shares offered hereby nor this Issue may be distributed, directly or indirectly, or otherwise made available in or into Switzerland in a manner which would require the publication of a prospectus in accordance with the regulations of the FinSA and the FinSO.

Neither this Preliminary Placement Document, any other offering or marketing material relating to the Equity Shares offered hereby, this Issue nor the Issuer have been or will be filed with or reviewed by a prospectus review body licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**"). In particular, this Issue is not and will not be supervised by, the FINMA, and is not and will not be authorized in accordance with the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended ("**CISA**"). Accordingly, no such protection is provided. In particular, the investor protection afforded to acquirers of interests in collective investment schemes within the meaning of the CISA does not extend to acquirers of the Equity Shares.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document does not constitute or contain an offer of securities to the general public in the United Arab Emirates (the "**UAE**"). No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this Preliminary Placement Document or the Equity Shares may be made to the general public in the UAE unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Decision No. (13/R.M) of 2021 (the "**Rulebook**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted under one of the exemptions from licensing set out in the Rulebook or otherwise in accordance with the laws and regulations of the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module of the DFSA Rulebook. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Prospective purchasers of the securities offered may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the FCA, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

1. to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
2. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or
3. in any other circumstances falling within Section 86 of the FSMA.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any

Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

United States

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. For further information, see “*Representations by Investors*” and “*Purchase Restriction and Transfer Restrictions*” on pages 4 and 245, respectively.

Other Jurisdictions

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares offered in the Issue or making any resale, pledge or transfer of the Equity Shares purchased in the Issue.

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to an investment in the Equity Shares and related matters concerning the Issue. For more information, please refer to the section titled "Selling Restrictions" on page 237.

Additionally, in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. Further, the Bidders need to confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase the Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in its jurisdiction and it has obtained or will obtain any consent, approval or authorisation required for it to purchase and accept delivery of Equity Shares, and it acknowledges and agrees that none of our Company or the Book Running Lead Manager and its respective affiliates shall have any responsibility in this regard.
- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in "offshore transactions" as defined in, and in compliance with, Regulation S, and such Equity Shares have not been and will not be registered under the U.S. Securities Act.
- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.
- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.
- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer

agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any “directed selling efforts” as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any “directed selling efforts” as defined in Regulation S

- It understands and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred in compliance with the U.S. Securities Act and other applicable securities laws only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and, in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.
- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Book Running Lead Manager for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. It is seeking to subscribe to the Equity Shares in this Issue for its own investment and not with a view to distribution. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.
- It has been provided access to this Preliminary Placement Document and will be provided access to the Placement Document which it has read in its entirety.
- It agrees to indemnify and hold our Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold our Company or the Book Running Lead Manager liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.
- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. It acknowledges that our Company and the Book Running Lead Manager and its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify our Company and the Book Running Lead Manager. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document

incorporating such acknowledgements, representations and agreements shall be enforceable by our Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes our Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the Book Running Lead Manager or any of their respective affiliates or advisors

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first Stock Exchange was established in Mumbai. The BSE and the NSE are the significant Stock Exchanges in terms of the number of listed companies, market capitalisation and trading activity

Stock Exchanges Regulation

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the “**SECC Regulations**”), which regulate inter alia the recognition, ownership and internal governance of Stock Exchanges and clearing corporations in India together with providing for minimum net worth requirements for Stock Exchanges. The SCRA, the SCRR and the SECC Regulations along with various rules, byelaws and regulations of the respective Stock Exchanges, regulate the recognition of Stock Exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the Stock Exchanges

The SEBI Act empowers SEBI to regulate the Indian securities markets, including Stock Exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian Stock Exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act, and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations SEBI Listing Regulations as well as the listing agreements. The SCRA and the SCRR empowers the governing body of each recognised Stock Exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company’s obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and byelaws of the Stock Exchanges in India, to overrule a Stock Exchange’s governing body and withdraw recognition of a recognized Stock Exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, to govern the voluntary and compulsory delisting of Equity Shares from the Stock Exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding at 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25% (except exempted public sector undertakings) at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed Stock Exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted. The markets are required to re-open, after a circuit breaker threshold is hit, with a pre-open call auction session. The timing of the halt and the pre-open call auction session varies depending on the time of day and the circuit breaker breached.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The Stock Exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by Stock Exchanges that are required to be paid by the stockbrokers.

BSE

BSE is one of the Stock Exchanges in India on which our Equity Shares are listed. Established in 1875, it is the oldest Stock Exchange in India. In 1956, it became the first Stock Exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier Stock Exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on-market" are exchanged through the NSE Clearing. It has evolved over the years into its present status as one of the premier Stock Exchanges of India. The NSE was recognised as a Stock Exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 2004.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant Stock Exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised Stock Exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the Stock Exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (“**BOLT**”) facility in 1995. This totally automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus NSE has introduced a fully automated trading system called National Exchange for Automated Trading (“**NEAT**”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Settlement

The stock exchanges in India operate on a trading day plus one, or T+1 rolling settlement system. At the end of the T+1 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Tuesday.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management’s discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to, inter alia, continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the Equity Shares of a company are listed on a Stock Exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company’s shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information (“**UPSI**”).

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, inter alia, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities listed or proposed to be listed, to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and

procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations also provides for disclosure obligations for Promoters, members of the Promoter group, designated person or director in case value of trade exceed monetary threshold of ₹0.1 crore over a calendar quarter, within two trading days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations.

Further, on July 17, 2020, SEBI amended the Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing Stock Exchange. The derivatives exchange or derivatives segment of a Stock Exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act. Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹2,000 lakhs divided into 10,00,00,000 Equity Shares of ₹ 2 each. For further details, see “**Capital Structure**” beginning on page 106.

Dividends

Subject to the provisions of the Companies Act, dividends shall be paid out of profits at the rate declared at the General Meeting but not exceeding the rate recommended by the Board, in proportion to the capital paid up on shares after providing for depreciation. Before recommending any dividend, the Board may set aside a certain amount of profits as reserves, which shall be applied in the manner as may be decided by the Board from time to time. The Board may also carry forward the profits without declaring a dividend.

The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by them to our Company on account of calls or otherwise in relation to the shares of the Company. Any General Meeting declaring a dividend may make a call on the members for such amounts as the meeting fixes, provided that the call on each member shall not exceed the dividend payable to them and shall be made payable at the same time as the dividend. The dividend may, if so arranged between the Company and the members, be set off against the call.

Notice of any dividend that has been declared shall be given to the persons entitled thereto in the manner mentioned in the Act. No dividends shall bear interest against the Company. Subject to the provisions of Section 126 of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. Dividend payments shall be made by cheque, warrant, or through an electronic payment mechanism to the members whose names appear on the Register of Members on a particular day, as may be decided by the Board.

If any dividend remains unpaid or unclaimed for a period of 30 days from the date of its declaration, the Company shall, within seven days of the expiry of the said period, transfer the total amount of such unpaid or unclaimed dividend to a special account in a scheduled bank. Any money transferred to the unpaid dividend account of the Company that remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education and Protection Fund. No unclaimed or unpaid dividend shall be forfeited by the Board, and the Directors shall comply with the provisions of Section 124 of the Act regarding unclaimed dividends.

Capitalisation of profits

Our Company, in a General Meeting and upon the recommendation of the Board, may resolve that it is desirable to capitalise any part of the amounts standing to the credit of the Company’s reserve accounts, or to the credit of the profit and loss account, or any other sums available for distribution. The capitalised sum shall be distributed among the members in proportion to the shares they would have been entitled to if the amount had been distributed as a dividend.

This capitalised sum shall not be paid in cash but shall be applied in one or more of the following ways:

- a) To pay up any amounts unpaid on shares held by the members.
- b) To pay up in full unissued shares of the Company to be allotted and distributed to members, credited as fully paid-up, in proportion to their holdings.
- c) Or partly in one way and partly in another.

The Securities Premium Account and the Capital Redemption Reserve Account may, for the purposes of capitalisation, only be applied towards paying up unissued shares to be issued to members as fully paid-up bonus shares.

The Board shall implement the resolution passed by the Company in this regard. Upon passing such a resolution, the Board will:

- a) Make all necessary appropriations and applications of the undivided profits resolved to be capitalised, including any allotments or issues of fully paid-up shares;
- b) Take all required actions to ensure the capitalisation is effectively carried out.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company can increase its share capital by issuing new Equity Shares. Such new Equity Shares must be offered to existing shareholders registered on the record date in proportion to the amount paid-up on those Equity Shares at that date. The offer shall be made by notice specifying the number of Equity Shares offered and the date (being not less than fifteen days and not exceeding thirty days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the Equity Shares offered in respect of which no acceptance has been received, in such manner as they think is not disadvantageous to the shareholders and our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares in favor of any other person provided that the person in whose favor such shares have been renounced is approved by the Board in their absolute discretion.

However, under the provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons, whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by the shareholders of our Company in a general meeting. The issue of the Equity Shares pursuant to the Issue has been approved by a special resolution of our Company's shareholders and such shareholders have waived their pre-emptive rights with respect to such Equity Shares.

Our Company's issued share capital may, among other things, be increased by the exercise of warrants attached to any of our Company's securities entitling the holder to subscribe for shares. Our Articles of Association provide that our Company may consolidate or divide all or any of our Company's share capital into shares of larger amount than its existing shares. Our Company can also alter its share capital by way of a reduction of capital, in accordance with the Companies Act, 2013.

Every year our Company is required to hold an annual general meeting in addition to any other meetings. Further, our Board may, whenever it thinks fit, call an extraordinary general meeting and shall, on the requisition of a number of members who constitute not less than one-tenth of the paid-up capital of our Company, proceed to call an extraordinary general meeting. Not less than 21 days' clear notice in writing of the general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the members entitled to vote and in case of any other meetings, with the consent of members holding not less than 95 per cent of such part of the paid-up Share capital of our Company which gives a right to vote at the meeting. For a meeting of the shareholders, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. . No business is to be transacted at the general meeting unless the requisite quorum is present at the commencement of the same. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place.

The Chairman of our Board shall be entitled to take the chair at every general meeting or, if there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding such general meeting or is unwilling to act as Chairman, the Directors present shall elect one of them to be the chairman of the meeting. If no Director is present or if all the Directors present decline to take the chair, then the members present shall choose one amongst themselves to be chairman of the general meeting.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal ballot includes voting by electronic mode.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present in person shall have one vote. On a poll, the voting rights of members shall be in proportion to their share in the paid-up equity share capital of the company. Votes cast by shareholders through e-voting shall be conclusive. A poll (before or on the declaration of the result of the e-voting) may be demanded in accordance with the provisions of Section 109 of the Companies Act by a shareholder, provided that the shareholder has not voted on all or certain specific resolutions through e-voting. Unless a poll is demanded, a declaration by the Chairman that the resolution, through e-voting, has been carried unanimously or by a particular majority, or has been lost, and an entry to that effect in the book of the proceedings of the company, shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favor of or against that resolution.

On a poll, a member having more than one vote, or their proxy or other persons entitled to vote for them, need not use all their votes in the same way. A member may exercise their vote at a meeting by electronic means in accordance with Section 108 of the Companies Act and shall vote only once. In the case of joint-holders, the vote of the first-named joint-holder, who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint-holders. A member of unsound mind, or one in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by them have been paid, or in regard to which the company has exercised any right of lien.

Directors

The Articles of Association of our Company provide that until otherwise determined by a General Meeting, the number of Directors shall not be less than three and shall not exceed fifteen, including all kinds of Directors. The Board of Directors shall have the power at any time, and from time to time, to appoint one or more persons as Additional Directors, provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An Additional Director so appointed shall hold office up to the date of the next Annual General Meeting and shall be eligible for re-election at that meeting.

The Board of Directors shall hold at least four meetings every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board.

Subject to the provisions of Sections 161 and 152 of the Companies Act, the Board shall have the power at any time, and from time to time, to appoint any other qualified person to fill a casual vacancy. Any person so appointed shall hold office only up to the date which the Director in whose place he is appointed would have held office had it not been vacated by him.

In accordance with the provisions of the Act, the Board of Directors may appoint any individual, not being a person holding any alternate directorship for any other Director in the Company, to be an Alternate Director for any Director of the Company during his absence for a period of not less than three months from India. Such appointee, while holding office as an Alternate Director, shall be entitled to notice of all meetings of the Board, and to attend and vote thereat, as well as on all resolutions proposed by circulation. No person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of the Act.

Except as otherwise provided in our Articles of Association, all the Directors of our Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of our Company.

Transfer and Transmission of Equity Shares

The Company maintains a "Register of Transfers" where particulars of every transfer or transmission of shares are fairly and distinctly entered. The Board of Directors may decline to register the transfer of shares that are not fully paid or if the company has a lien on such shares. The Board may also refuse to recognize any instrument of transfer unless it complies with the prescribed format under the Companies Act, 2013, is accompanied by the relevant share certificate, and pertains to only one class of shares. Transfers may be suspended for periods not exceeding 30 days at a time or 45 days in aggregate in any financial year, upon giving prior notice as required by law.

All transfers of shares must be executed using a duly stamped instrument of transfer in compliance with Section 56 of the Companies Act, 2013. No transfer fee shall be charged for the registration of transfers, and the Company employs a common form of transfer for all classes of shares. In the event of a member's death, insolvency, or bankruptcy, legal representatives or persons entitled by law may request the registration of shares in their name, subject to providing satisfactory evidence to the Board. However, no shares shall be transferred to minors, insolvents, or persons of unsound mind, except through a legal guardian.

Acquisition by us of our own Equity Shares

Subject to the provisions of the Companies Act and all other applicable provisions of the law as may be in force at any time and from time to time, the Company may acquire or purchase any of its fully paid or redeemable shares and may make payment out of funds at its disposal for and in respect of the acquisition/purchase on such terms and conditions at such time as the Board may in its discretion deem fit, and such acquisition/purchase shall not be construed as reduction of Share Capital of the Company.

Winding Up

Our Articles of Association provide that on winding up, the liquidator may, with the sanction of a special resolution and any other sanction required under the Companies Act, 2013, divide amongst the members, in specie or kind, the whole or any part of the assets of our Company and vest the whole or any part of the assets of the Company in trustees upon such trust for the benefit of the contributories if considered necessary.

STATEMENT OF POSSIBLE TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, TO ITS MATERIAL SUBSIDIARY AND TO SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT TAX LAW IN INDIA

The Board of Directors
Sudarshan Chemical Industries Limited
7th Floor, Eleven West Panchshil, Survey No. 25,
Near PAN Card Club Road, Baner,
Pune – 411 069, Maharashtra
India

Dear Sirs/Madams,

Statement of Possible Tax Benefits available to Sudarshan Chemical Industries Limited (“the Company”), to its material subsidiary located in India i.e. RIECO Industries Limited and its shareholders under the Direct Tax law in India in connection with the Proposed Qualified Institutions Placement (“QIP”) of equity shares of face value of INR 2 each (the “Equity Shares” and hereinafter referred to as the “Proposed Issue”)

1. We hereby confirm that the enclosed Annexure 1 (the “Annexure”), prepared by management of the Company, provides the possible tax benefits available to the Company, to its material subsidiary and to the shareholders of the Company under the Income-tax Act, 1961 (the “Act”) as amended by the Finance Act 2024, i.e. applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India (together, the ‘Direct Tax Laws’).

Several of these benefits are dependent on the Company, or its material subsidiary or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its material subsidiary and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company or its material subsidiary or its shareholders may or may not choose to fulfil in the future.

2. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed issue of equity shares of INR 2 each by the Company in the Proposed Issue.
3. We do not express any opinion or provide any assurance as to whether:
 - i) the Company or its material subsidiary or the Company’s shareholders will continue to obtain these benefits in future;
 - ii) the conditions prescribed for availing the benefits have been / would be met with; and
 - iii) the revenue authorities / courts will concur with the views expressed herein.
4. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and its material subsidiary and on the basis of their understanding of the business activities and operations of the Company and its material subsidiary.

5. This Statement is issued solely for inclusion in the Preliminary Placement Document / Placement Document in connection with the Proposed Issue, to be filed by the Company with the National Stock Exchange of India Limited and BSE Limited, and is not to be used, referred to or distributed for any other purpose.
6. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 25111757BMIWFH6728

Place of Signature: Pune
Date: January 20, 2025

ANNEXURE I

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SUDARSHAN CHEMICAL INDUSTRIES LIMITED ('THE COMPANY'), TO ITS MATERIAL SUBSIDIARY AND ITS SHAREHOLDERS UNDER THE DIRECT TAX LAW IN INDIA

Under the Income-tax Act, 1961 (hereinafter referred to as 'the Act') as amended by the Finance Act 2024 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2024-25 relevant to Assessment Year 2025-26.

The information provided below sets out the possible tax benefits available to the Company, equity shareholders under the Income-tax Act, 1961 ('the Act') presently in force in India as amended by the Finance Act, 2024 and is subject to change, possibly with retroactive effect. It is not an exhaustive or comprehensive description of all tax considerations which may be relevant to a decision to purchase, own or dispose of the equity shares. In particular, the information does not consider any specific facts or circumstances that may apply to a particular investor and does not purport to deal with the tax consequences applicable to all categories of investors some of which may be subject to tax treaty benefits or special rules. Neither these statements nor any other statements in this document are intended to be a substitute for professional tax advice. Prospective investors are advised to consult their own tax consultant with respect to the tax implications arising in India and each country of which they are tax residents regarding the purchase, ownership and disposition of an investment in the equity shares in their specific situation particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Additionally, in view of the number of jurisdictions where local laws may apply, this document does not discuss the local tax consequences to a potential holder, purchaser and seller arising from the acquisition, holding or disposition of the equity shares. Prospective investors must therefore inform themselves as to any tax, exchange control legislation or other laws and regulations in force relating to the purchase, holding or disposition of the equity shares at their place of ordinance, and the countries of which they are citizens or countries of purchase, holding or disposition of the equity shares.

1. GENERAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS MATERIAL SUBSIDIARY UNDER THE ACT

The following benefits are available to the Company and its material subsidiary:

1.1 Lower corporate tax rate under Section 115BAA

Section 115BAA of the Act was inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act 2019") w.e.f. April 1, 2020 (i.e. FY 2019-20) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cuss of 4%). The said benefit is available subject to compliance with the various conditions mentioned therein including specific restrictions on claiming deductions/ incentives etc. specified in sub-section (2) of section 115BAA of the Act.

The Amendment Act, 2019 further provides that domestic companies availing such option will not be subject to Minimum Alternate Tax ('MAT') under Section 115JB.

Domestic company is required to exercise its option of being governed under concessional tax regime as per applicable rules on or before the due date of filing of its tax return. Once exercised, the option cannot be withdrawn and is applicable to all subsequent tax years.

The Company and its domestic material subsidiary have opted for the beneficial tax rate under section 115BAA of the Act as under:

Entity	Financial Year in which option u/s 115BAA
Sudarshan Chemical Industries Limited	FY 2019 -20 (AY 2020-21)
RIECO Industries Limited (“domestic material subsidiary”)	FY 2019 -20 (AY 2020-21)

There are no possible tax benefits available to the foreign material subsidiary of the Company i.e. Sudarshan Europe B. V. under the direct tax laws applicable in India.

1.2 Deduction of expenditure incurred on Scientific Research

In accordance with section 35(1)(iv) of the Act and subject to the requirements provided therein, as the Company is engaged in R&D activities, it can claim deduction of 100% of capital expenditure incurred on scientific research related to its business (except expenditure incurred for acquisition of land).

Further, the aforesaid deduction remains available even if the Company has opted for lower tax rate regime under section 115BAA as discussed at para 1.1 above.

General benefits while computing total taxable income

1.1 Eligibility to claim deductions from Gross Total Income

As per Finance Act, 2019 the provision of section 115BAA no longer allows deduction under any provision of Chapter VI-A other than section 80JJAA or Section 80M, in case of domestic companies opting for taxation under this section.

1.1.1 Section 80JJAA: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to 30% of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

1.1.2 Section 80M of the Act: Deduction in respect of inter-corporate dividends

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to deduction under Section 80M of the Act.

1.2 Taxability of capital gains

Period of Holding:

Post amendment in section 2(42A) by Finance Act, 2024, the period of holding to determine whether the transfer carried out on or after 23 July 2024 would lead to a long term or short-term capital gain is 24 months i.e., if an asset transferred is held for more than 24 months, it shall lead to long term capital gains as the asset shall qualify as a long term capital asset as per section 2(29AA) read with section 2(42A) of the Act.

However, for securities listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity-oriented fund or a zero-coupon bond, if the period of holding is more than 12 months, it will be considered a long-term capital asset as per section 2(29AA) read with section 2(42A) of the Act.

Applicable tax rates:

As per amendment in section 111A by Finance Act 2024, any income arising from transfer of a short-term capital asset, being an equity share in a company or a unit of an equity-oriented fund or a unit of a Business trust on which securities transaction tax is paid, shall be taxable at the rate of:

- A) 15% (plus applicable surcharge and cess, if any) for short term capital gains before 23 July 2024
- B) 20% (plus applicable surcharge and cess, if any) for short term capital gains on or after 23 July 2024

For all the other short term capital gains, the normal tax rate applicable to the Company shall apply.

Long-term capital gains under section 112A of the Act (exceeding Rs 1,25,000) from equity shares, equity oriented mutual fund units and units of a business trust, if Securities Transaction Tax ('STT') has been paid on both acquisition and transfer in case of equity shares and STT has been paid on transfer in case of units of equity-oriented mutual funds or units of business trust, shall be taxable at the rate of

- a) 10% (plus applicable surcharge and cess, if any) for long term capital gains before 23 July 2024
- b) 12.5% (plus applicable surcharge and cess, if any) for long term capital gains on or after 23 July 2024

The Company is not entitled to claim benefit of indexation under the second proviso to section 48 of the Act.

Further, as per the provisions amendment in section 112(1) of the Act by Finance Act 2024, gains arising on the transfer of other long-term capital assets shall be taxable at the rate of:

- a) 20% (plus applicable surcharge and cess, if any) for long term capital gains before 23 July 2024
- b) 12.5% (plus applicable surcharge and cess, if any) for long term capital gains on or after 23 July 2024

Further, the benefit of indexation as provided by second proviso to section 48 will not be available for long-term capital assets transferred by a company on or after 23 July 2024.

Section 48 of the Act provides for deduction of cost of acquisition and improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration, to arrive at the amount of Capital Gains.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

1.3 Dividend:

As per amendment vide Finance Act, 2020 with effect from 1 April 2020, dividend income is taxable in the hands of shareholders at the applicable rates and the Company is not required to pay any dividend distribution tax.

Additionally, for Dividend received, deduction of interest expense wholly and exclusively incurred for earning of dividend income can be claimed under section 57 of the Act. However, such deduction is restricted to 20% of dividend received. No other expenditure is allowable as deduction against such dividend income as per proviso to section 57 of the Act.

2 GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

A. For resident shareholders

1. Taxability of dividend income from shares of the Company

With effect from 1 April 2020, dividend income is taxable in the hands of shareholders as 'income from other sources' at the applicable rates and the shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act (deduction is restricted to 20% of dividend received).

Further, in case of a shareholder being a domestic company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before one month prior to filing return of income for such year as prescribed under Section 139(1) of the Act.

2. Taxability of gain/loss arising from sale of shares of the company

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

(i) Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

As per amendment in section 111A by Finance Act 2024, any income arising from transfer of a short-term capital asset, being an equity share in a company on which securities transaction tax is paid, shall be taxable at the rate of:

- a) 15% (plus applicable surcharge and cess, if any) for short term capital gains before 23 July 2024
- b) 20% (plus applicable surcharge and cess, if any) for short term capital gains on or after 23 July 2024

Long-term capital gains under section 112A of the Act (exceeding Rs 1,25,000) from equity shares if Securities Transaction Tax ('STT') has been paid on both acquisition and transfer, shall be taxable at the rate of:

- a) 10% (plus applicable surcharge and cess if any) for long term capital gains before 23 July 2024
- b) 12.5% (plus applicable surcharge and cess if any) for long term capital gains on or after 23 July 2024

In such case, the Shareholder shall not be entitled for benefit of indexation under the second proviso to section 48 of the Act.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss,

if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

(ii) Taxability under the head ‘income from business and profession’

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head “Profits and Gains from Business or Profession” and such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act.

B. For non-resident shareholders including Foreign Portfolio Investors ('FPI')/ Foreign Institutional Investors ('FII'):

1. Taxability of dividend income from shares of the company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as ‘income from other sources’ and taxes will be withheld at the rate of 20% (plus surcharge and cess) as per section 115A of the Act. Depending on the tax rate applicable to the shareholder, the shareholder may be eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20% of dividend received. No other expenditure is allowable as deduction against such dividend income as per proviso to section 57 of the Act.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement (‘DTAA’) between India and the country of tax residence of the non-resident, and the provisions of the Act apply to the extent they are more beneficial to the non-resident assessee.

2. Treatment of gain/ loss arising from sale of shares of the Company

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

As per amendment in section 111A by Finance Act 2024 r.w.s 115AD, any income arising from transfer of a short-term capital asset, being an equity share in a company on which securities transaction tax is paid, shall be taxable at the rate of:

- a) 15% (plus applicable surcharge and cess if any) for short term capital gains before 23 July 2024
- b) 20% (plus applicable surcharge and cess if any) for short term capital gains on or after 23 July 2024

As per section 112A of the Act as amended by Finance Act 2024 r.w.s 115AD, long term capital gains exceeding Rs 1,25,000 from equity shares, if Securities Transaction Tax (‘STT’) has been paid on both acquisition and transfer, shall be taxable at the rate of

- a) 10% (plus applicable surcharge and cess if any) for long term capital gains before 23 July 2024
- b) 12.5% (plus applicable surcharge and cess if any) for long term capital gains on or after 23 July 2024

In such case, the Shareholder shall not be entitled for benefit of indexation under the second proviso to section 48 of the Act.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

For non-resident shareholders, where DTAA is applicable and where shareholder is eligible to claim DTAA benefits, tax rate and provisions if beneficial can be considered.

C. Treatment of income of Foreign Institutional Investors

As per provisions of section 115AD of the Act applicable to FII, for income received in respect of securities, the income-tax payable shall be at the rate of 20% in case of FIIs and at the rate of 10% in case of specified funds.

For other non-resident shareholders, interest income shall be taxable at the rate in force (as given under relevant Part and Schedule of Finance Act, 2024).

Please note that under the provisions of section 90 of the Act, a non-resident will be governed by the provisions of **DTAA** between India and the country of tax residence or the provisions of the Act, to the extent they are more beneficial.

D. For Mutual Funds:

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

E. For Venture Capital companies/ Funds (VCC/VCF):

VCC/ VCF registered post 21 May 2012 shall be classified as a Category I or a Category II Alternate Investment Fund which shall be governed by the SEBI (AIF) Regulations 2012 or under the International Finance Services Centre Authorities Act, 2019. For such funds benefit of section 10(23FB) and section 115U shall not be applicable and shall be governed by section 115UB read with section 10(23FBA) and 10(23FBB) which states that business income earned by such fund shall be taxable in the hands of the Fund and exempt in the hands of the unit holders, and other income earned viz. capital gains, income from other sources shall be exempt in the hands of the fund and taxable in the hands of unit holder.

F. For shareholders and/ or debenture holders who are Investment Funds:

Section 10(23FBA) provides exemption to the income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 or regulated under the International Financial Services Centre Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centre Authority Act, 2019 other than the income chargeable under the head 'profits and gains of business and profession'.

As per Section 115UB of the Act, any income derived by a person from his investment in an Investment Fund covered under section 10(23FBA), other than that proportion which is of the same nature as 'profits and gains of business and profession', would be taxable in the hands of the person making such

investment in the same manner as if it were the income accruing or arising to or received by such person had the investments made by the Investment Fund been made directly by him.

3. TAX DEDUCTION AT SOURCE UNDER THE ACT

1. Section 194 - Dividend distribution by the Company to resident shareholders:

As per section 194 of the Act, dividend income distributed/ paid by the Company shall be subject to withholding tax at the rate of 10%. However, such withholding tax requirement is not applicable in case of distribution/ payment of dividend to Life Insurance Corporation of India, General Insurance Corporation of India and any other insurer. Also, in case of individual resident shareholders where the amount does not exceed INR 5,000, no TDS is required to be deducted subject to dividend being paid in a mode other than cash.

1. Section 195 - Dividend distribution by the Company to non-resident shareholders:

As per the provisions of Section 195 read with Section 115A of the Act, any income by way of dividend paid to non-residents shall be subject to withholding tax at the rate of 20% (plus applicable surcharge and cess) under the domestic tax laws or as per the tax rate under the applicable DTAA, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities subject to fulfilment of certain conditions specified in Section 90 of the Income Tax Act, 1961.

Section 196D – Income of FII:

As per the provisions of Section 196D of the Act, any income in respect of securities (excluding income by way of interest referred to in Section 194LD), payable to FII may be subject to withholding of tax at the rate of 20% (plus applicable surcharge and cess) under the domestic tax laws or rates specified under the DTAA, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

Section 196 – Income of Mutual Funds:

As per section 196 of the Act, no tax is to be deducted from income distributed/ paid by the Company to a Mutual Fund specified under section 10(23D) of the Act.

Income of Investment Fund:

Notification No. 51/ 2015 issued by the Central Board of Direct Taxes has notified that no deduction of tax (under Chapter XVII of the Act) be made on payments of nature specified in clause (23FBA) of section 10 of the said Act received by any investment fund as defined in clause (a) of the Section 115UB (Explanation 1) of the Act.

Section 193 - Interest paid by the Company

As per section 193 of the Act, interest income paid by the Company shall be subject to withholding tax at the rate in force (as given under relevant Part and Schedule of Finance Act, 2024) on the amount of the interest payable. However, such withholding tax requirement is not applicable in case of payment of interest on debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may specify by notification in the Official Gazette. Also, in case of resident shareholders where the amount does not exceed INR 5,000, no TDS is required to be deducted.

Section 195 – Withholding provisions for non-residents:

As per the provisions of Section 195, any income by way of interest paid to non-residents shall be subject to withholding tax at the rate in force (as given under relevant Part and Schedule of Finance Act, 2024), plus applicable surcharge and cess, under the domestic tax laws or as per the tax rate under the applicable DTAA, whichever is beneficial to the non-resident, unless a lower withholding tax

certificate is obtained from the tax authorities subject to fulfilment of certain conditions specified in Section 90 of the Income Tax Act, 1961.

In case of resident individual shareholders tax will be deducted at higher rate if the resident individual shareholders covered under provisions specified in Section 206AA and 206AB of the Income Tax Act 1961 (refer Point No. 3 and 4 of Other aspects).

Other aspects:

Withholding tax provisions for capital gains:

No income tax is required to be withheld at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. As per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

Possibility to explore beneficial provisions as per DTAA:

For claiming the beneficial provisions under the DTAA, the non-resident investor will have to furnish a certificate of him being a tax resident ('TRC') in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90 of Act. The TRC should capture relevant details for it to be considered valid viz. name, address, legal entity status, country of incorporation, the tax identification/unique identification number in the country of residence, residential status, and the period for which such TRC pertains. In case such details do not form part of the TRC, the non-resident investor will be required to file Form 10F (an online declaration) on the e-filing portal.

1. Section 206AA of the Act:

As per section 206AA, where TDS chapter is attracted, any person entitled to receive any sum or income or amount, on which tax is deductible shall furnish his Permanent Account Number ('PAN') to the person responsible for deducting such tax, failing which tax shall be deducted at higher of the following rates:

- at the rate specified in the relevant provision of this Act; or
- at the rate or rates in force; or
- at the rate of 20%:

However, provisions of this section shall not apply to a non-resident, not being a company, or to a foreign company, in respect of (i) payment of interest on long-term bonds as referred to in section 194LC and (ii) any other payment subject to such conditions as may be prescribed.

Pursuant to amendment in section 206AA vide notification 53/2016 dated 24 June 2016 introducing Rule 37BC, requirement of quoting permanent account number ('PAN') in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said Rule.

2. Section 206AB of the Act:

As per section 206AB, where TDS chapter is attracted (subject to exceptions) on payment of any sum by a person to a specified person*, tax is required to be deducted at higher of the following rates:

- twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Please note that section 206AB may apply alongside section 206AA of the Act in which case, tax is required to be deducted at higher of the rates provides under either of these sections.

**Meaning of "specified person": A person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. Please note that specified person shall not include a non-resident who does not have a permanent establishment (PE) in India or a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.*

4. NOTES:

The income-tax rates specified in this note are as applicable for the financial year 2024-25, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:

Surcharge:

Domestic companies (not opting for Section 115BAA/ 115BAB):

If the net income does not exceed INR 10 million Nil

If the net income exceeds INR 10 million but does not exceed INR 100 million – 7%

If the net income exceeds INR 100 million - 12%

Domestic companies (opting for Section 115BAA/ 115BAB): 10%

Foreign companies:

If the net income does not exceed INR 10 million - Nil

If the net income exceeds INR 10 million but does not exceed INR 100 million – 2%

If the net income exceeds INR 100 million – 5%

Individuals, HUF, AOP and BOI:

If the net income does not exceed INR 5 million - Nil

If the net income exceeds INR 5 million but does not exceed IN 10 million 10%

If the net income exceeds INR 10 million but does not exceed INR 20 million 15%

If the net income exceeds INR 20 million but does not exceed INR 50 million 25%

If the net income exceeds INR 50 million 37%

The enhanced surcharge of 25% & 37% is not levied on income chargeable to tax under sections 111A, 112, 112A and 115AD as well as on dividend income. The maximum rate of surcharge on tax payable on such incomes shall be 15%. In case of Individual, HUF, AOP (other than Co-op Society) and BOI the enhanced surcharge of 37% is restricted to 25% if income is chargeable u/s 115BAC.

Health and Education cess:

In all cases, health and education cess will be levied at the rate of 4% of income-tax and surcharge

1. The above Annexure sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. The above Annexure does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
4. The above Annexure is as per the current direct tax laws relevant for the assessment year 2025-26 onwards. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
5. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, entered into between India and the country in which the non-resident has fiscal domicile. Please note there may be other general benefits available to non-resident shareholders.
7. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**For and on behalf of
Sudarshan Chemical Industries Limited**

Nilkanth Natu
Chief Financial Officer

Place: Pune
Date: January 20, 2025

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of tax disputes and material civil proceedings, which are pending before various adjudicating forums. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.

In terms of our Company's "Policy For Determination of Materiality of Events/information" ("**Materiality Policy**") framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated October 31, 2015 and amended by our Board pursuant to its resolution dated August 08, 2023 there are no outstanding litigations involving our Company that have been disclosed to the Stock Exchanges, and accordingly, except as disclosed in this section there is no such outstanding litigation involving our Company that requires disclosure in this Preliminary Placement Document.

However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable (i) all outstanding criminal proceedings involving our Company, our Subsidiaries, our Directors and our Promoters; (ii) all outstanding actions by statutory or regulatory authorities against our Company, our Subsidiaries, our Directors and our Promoters; (iii) outstanding civil involving our Company, our Subsidiaries, our Promoters and our Directors, where the amount involved in such proceeding exceeds ₹475.33 lakhs which is 5% of the average of profit after tax excluding Exceptional item and Tax on Exceptional item based on the last three audited consolidated financial statement ("**Materiality Threshold**"); (iv) consolidated disclosure of the direct and indirect tax matters involving the Company; and (v) any other outstanding litigation involving our Company wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Company.

Further, other than as disclosed in this section, (i) there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Preliminary Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Preliminary Placement Document involving our Company, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company; (iii) there are no defaults in repayment of (a) undisputed statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon by our Company, as of the date of this Preliminary Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; or (vii) there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Preliminary Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Directors and/or our Promoters from third parties (excluding statutory / regulatory /governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Directors and/or our Promoters, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

1. Litigation involving our Company

Material civil proceedings involving our Company

A. Civil Proceedings filed by our Company

Our Company has filed a writ petition before the High Court of Judicature at Bombay dated August 14, 2024 against State of Maharashtra (“**Respondent 1**”) and Collector and Competent Authority (ULC) Pune Urban Agglomeration (“**Respondent 2**”) under section 6(1) of the Urban Land (Ceiling and regulation) Act, 1976. Our Company owns land bearing final plot no. 90 of Sangamwadi, Pune, totalling 23,316.96 sq. mtrs. under the Urban Land (Ceiling and Regulation) Act, 1976 (now repealed), part of this land was declared as surplus and exempted under section 20(1), while 11,596 sq. m. was retainable.

After the repeal of the Act in 1999, the Respondent 2 calculated and demanded a premium on the entire land area (both surplus and retainable). The Petitioner was directed to pay ₹1047.47 lakhs including interest of which ₹530.95 lakhs was incorrectly imposed on the retainable land. The Petitioner paid this amount and requested a refund for the wrongly charged premium. Despite multiple representations, the refund was not processed, therefore the present petition. The matter is currently pending.

B. Civil Proceedings filed against our Company

As on the date of this Preliminary Placement Document, there are no outstanding material civil proceedings against the Company

Criminal Proceedings involving our Company

A. Criminal proceedings filed by our Company

Our Company (“**Complainant**”) has filed a complaint under Section 138 of the Negotiable Instruments Act, 1881 before Pune criminal court against Hindustan Turbo Machinery Limited (“**HTML**”) (“**Accused**”) bearing case no. 28439/2013 on December 11, 2013 on account of the dishonour of a cheque of ₹90,00,000 which was issued by the Accused to the Company towards the payment of goods supplied by our Company to the Accused. The matter is currently pending.

B. Criminal proceedings filed against our Company

As on the date of this Preliminary Placement Document, there are no outstanding criminal proceedings against the Company.

Actions taken by statutory or regulatory authorities against our Company

As on the date of this Preliminary Placement Document, there are no actions taken by statutory or regulatory authorities filed against our Company.

Tax proceedings involving our Company

Material tax litigation

1. For Financial Year 2017-18, the State Goods and Service Tax (“**GST**”) Authority, Pune, Maharashtra, issued an order dated November 23, 2023 (“**Order**”) disputing an amount of ₹ 804.35 lakhs including interest and penalty. The Order was based on, inter alia, disallowance of ITC on procurement of assets which would be used for generation of electricity for captive consumption, disallowance of Input Tax Credit (“**ITC**”) availed in GSTR-3B towards some of invoices not reflecting in GSTR-2A, and the demand for Output Tax liability on specified transactions. Company has filed an appeal with the Appellate Authority on February 21, 2024 and the matter is currently pending.
2. For Financial Year 2018-19, the State Goods and Service Tax (“**GST**”) Authority, Pune, Maharashtra, issued an order dated June 4, 2024 (“**Order**”) disputing an amount of ₹ 1,457.92 lakhs including interest and penalty. The primary reasons for issuance of such demand are (a) disallowance of Input Tax Credit (“**ITC**”) availed in GSTR-3B towards some of invoices not reflecting in GSTR-2A (b) Tax liability on non-

fulfilment of condition for transfer of business on-going concern basis (c) Tax liability demanded under reverse charge mechanism for reimbursements made to foreign subsidiary. In this regard, the Company has filed the Appeal with the Appellate Authority dated September 03, 2024 and the matter is currently pending.

3. For Financial Year 2019-20, the State Goods and Service Tax (“GST”) Authority, Pune, Maharashtra, has issued an order dated August 20, 2024 (“Order”) disputing an amount of ₹ 4,079.15 lakhs including interest and penalty. The primary/ key reasons for issuance such demand are (a) ITC disallowance for non-fulfilment of condition specified under section 16 of Central Goods and Service Tax Act, 2017 (b) Mismatch in transactions as per documents issued under Rule 138 of Central Goods and Service Tax rules, 2017 (c) Tax liability on non-fulfilment of condition for transfer of business on-going concern basis (d) Tax liability demanded under reverse charge mechanism for reimbursements made to foreign subsidiary. The Company has filed an Appeal with the Appellate Authority dated November 11, 2024 and the matter is currently pending.

We have set out below claims other than material tax litigation relating to direct and indirect taxes involving our Company in a consolidated manner giving details of number of cases and total amount involved in such claims (Net of Provision):

Nature of case	Number of cases	Amount Involved (Net of Provision) (in ₹ lakhs)
Direct Tax	14	404.94
Indirect Tax	23	7,765.74

4. Litigation involving our Subsidiaries

Material civil proceedings involving our Subsidiaries

A. Civil Proceedings filed by our Subsidiaries

As on the date of this Preliminary Placement Document, there are no outstanding material civil proceedings by our Subsidiaries.

B. Civil Proceedings filed against our Subsidiaries

As on the date of this Preliminary Placement Document, there are no outstanding material civil proceedings against our Subsidiaries.

Criminal proceedings involving our Subsidiaries

A. Criminal proceedings filed by our Subsidiaries

As on the date of this Preliminary Placement Document, there are no outstanding material criminal proceedings by our Subsidiaries.

B. Criminal proceedings filed against our Subsidiaries

As on the date of this Preliminary Placement Document, there are no outstanding criminal proceedings against our Subsidiaries.

Tax proceedings involving our Subsidiaries

We have set out below claims relating to direct and indirect taxes involving our Subsidiaries in a consolidated manner giving details of number of cases and total amount involved in such claims (Net of Provision):

Nature of case	Number of cases	Amount Involved (net of provision) (in ₹ lakhs)
Direct Tax	1	14.08
Indirect Tax	4	84.93

5. **Litigation involving our Directors**

Criminal proceedings involving our Directors

A. Criminal proceedings filed by our Directors

As on the date of this Preliminary Placement Document, there are no outstanding criminal proceedings by our Directors.

B. Criminal proceedings filed against our Directors

Except as disclosed below, there are no outstanding criminal proceedings against our Directors.

- A. A criminal complaint bearing no. COMA/0000016/2018 was filed by the Insecticides Inspector at Judicial Magistrate of first class Malerkotla, Punjab against Sudarshan Chemical Industries Limited (“**SCIL**”) and its board of directors, under the Insecticides Act, 1968 (“**Insecticides Act**”) in relation to the declaration of ‘Cogent’ (a product of SCIL) as a misbranded product by the Department of Agriculture, Punjab. The complaint was filed for offences under Section 29 of the Insecticides Act. Pradeep Ramwilas Rathi, one of the directors of SCIL, was summoned by the Malerkotla Court (Judicial Magistrate First Class) and was granted bail. On March 26, 2019 SCIL had approached the High Court at Chandigarh bearing petition no. CRM-M No. 14740 of 2019 under Section 482 of the Criminal Procedure Code requesting the High Court to dismiss the complaint. Accordingly, a stay order was passed by the High Court of Chandigarh. The matter is currently pending.
- B. A company Petition bearing no. 3638/2018 has been filed by the Ministry of Corporate Affairs (“**Union of India**”) against our Independent Director Shubhalakshmi Panse, one of the (“**Respondents**”) in the present case under section 241-242, 246 and 339 of the Companies Act, 2013 before the Hon’ble National Company Law Tribunal Bench-1 Mumbai. This application was filed against all the subsidiaries of IL & FS Group, their respective board of directors including but not limited to independent directors and statutory auditors of IL & FS and IL & FS Financial Services Limited. The subject matter of the petition is oppression and mismanagement in the IL & FS Group and its subsidiaries for the alleged fraudulent conduct of business and alleged loss of public money. The oppression and mismanagement case were filed to replace the board of directors of IL & FS and appoint new directors on the board amongst other things. Our Independent Director Mrs. Shubhalakshmi Panse is arrayed as Respondent No.329 in the aforesaid petition. The matter is currently pending.
- C. A miscellaneous application bearing no. 2070/2019 was filed by the Ministry of Corporate Affairs (“**Union of India**”) against our Independent Director, Shubhalakshmi Panse, one of the (“**Respondents**”) in the present case, before the National Company Law Tribunal, Bench-1, Mumbai. This application was filed against all the directors, including but not limited to independent directors and statutory auditors of IL&FS Financial Services Limited, to extend the orders dated December 03, 2018, and October 16, 2019, passed in Company Petition No. 3638/2018. The orders require the directors of IL&FS to disclose on affidavit information regarding their movable and immovable assets, including bank accounts and jointly held properties. Additionally, the application seeks a direction restraining the respondents from creating any third-party rights, interests, or charges, or from mortgaging or creating any charge over the properties owned by them. Shubhalakshmi Panse is arrayed as Respondent No.329 in the Petition. The matter is currently pending.
- D. A criminal company petition bearing no. 20/2019 has been filed by the Serious Fraud Investigation Office before the Sessions Court, Mumbai against IL & FS Financial Services Limited and its board of directors including but not limited to independent directors and statutory auditors under section under Section 439(2) read with section 436(1)(a), (d) & (2) r/w section 212(15) of the Companies Act, 2013 r/w 621(1) of the Companies Act, 1956 r/w section 193 of the Code of Criminal Procedure, 1973. Mrs. Shubhalakshmi Panse has been arrayed as Accused No. 16 in the aforesaid Criminal Complaint. Cognizance was taken against the accused on November 28, 2023, but the charges are yet to be framed, and no trial has commenced. Further, no travel restrictions are imposed on Mrs. Shubhalakshmi Panse. The matter is currently pending.

6. Litigation involving our Promoters

Criminal proceedings involving our Promoters

A. Criminal Matters filed by our Promoters

Except as disclosed in the “*criminal proceedings involving our directors*” on page no. 271 there are no outstanding criminal proceedings by our Promoters.

B. Criminal Matters filed against our Promoters

As on the date of this Preliminary Placement Document, there are no outstanding criminal proceedings against our Promoters.

7. Inquiries, inspections, or investigations under the Companies Act initiated or conducted in the last three years

As on the date of this Preliminary Placement Document there have been no inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company or our Subsidiaries in the last three years immediately preceding the year of issue of this Preliminary Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or our Subsidiaries.

8. Details of acts of material frauds committed against our Company in the last three years, and if so, the action taken by our Company

There have been no material frauds committed against our Company in the last three years preceding the date of this Preliminary Placement Document.

9. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

As on the date of this Preliminary Placement Document, there have been no outstanding defaults in repayment of undisputed statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution.

10. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

As on the date of this Preliminary Placement Document, our Company has not made any default in filings of our Company under the Companies Act, 2013 and the rules made thereunder

11. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operation

There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

12. Litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against our Promoter during the last three years

There is no litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against our Promoter during the last three years preceding the date of this Preliminary Placement Document.

OUR STATUTORY AUDITORS

S R B C & CO LLP, Chartered Accountants, are the current independent Statutory Auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI.

S R B C & CO LLP, Chartered Accountants, have performed a review of the Unaudited Interim Condensed Consolidated Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the ICAI as stated in their report appearing therein and have issued a review report dated January 23, 2025 on the Unaudited Interim Condensed Consolidated Financial Statements, which is included in this Preliminary Placement Document in "***Financial Information***" on page 276.

Further, S R B C & CO LLP, Chartered Accountants, have audited Fiscal 2024 Audited Consolidated Financial Statements and Fiscal 2023 Audited Consolidated Financial Statements as stated in their reports appearing therein and their audit reports on those consolidated financial statements are included in this Preliminary Placement Document in "***Financial Information***" on page 276.

Further, our previous Statutory Auditors, B S R & Associates LLP, Chartered Accountants, have audited Fiscal 2022 Consolidated Financial Statements and their audit report on the consolidated financial statements are included in this Preliminary Placement Document in "***Financial Information***" on page 276.

GENERAL INFORMATION

1. Our Company was originally incorporated as “Sudarshan Chemical Industries Private Limited” on February 19, 1951 under the Indian Companies Act No. VII of 1913 with the Registrar of Companies, Maharashtra at Bombay. The name of our Company was subsequently changed to “Sudarshan Chemical Industries Limited” pursuant to approval of the shareholders vide special resolution, at its extraordinary general meeting held on December 31, 1974 and a certificate of change of name was issued by the Registrar of Companies, Maharashtra at Bombay on May 15, 1975.
2. Our Registered and Corporate Office is located at 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411069, Maharashtra, India.
3. Our Corporate Identification Number is L24119PN1951PLC008409. The website of our Company is www.sudarshan.com.
4. The Equity Shares are listed on BSE and NSE.
5. The Issue was authorised and approved by our Board pursuant to a resolution dated October 16, 2024 and by the shareholders of our Company pursuant to a special resolution dated November 30, 2024 passed by way of postal ballot.
6. Our Company has received in-principle approvals in terms of Regulation 28(1) of the SEBI Listing Regulations from each of BSE and NSE on January 23, 2025 to list the Equity Shares issued pursuant to the Issue on the Stock Exchanges. We will apply for final listing and trading approvals to the Stock Exchanges, after Allotment of the Equity Shares in the Issue.
7. The authorised share capital of our Company is ₹2,000 lakhs comprising of 10,00,00,000 Equity Shares of face value of ₹2 each. As on the date of this Preliminary Placement Document, the subscribed and paid-up capital of our Company is ₹1,421.93 lakhs comprising 7,10,96,250 Equity Shares of face value of ₹2 each (Not considering allotment of 500 equity Shares having face value of ₹2 each issued by way of rights issue which has been kept held in abeyance as the matter being is sub-judice).
8. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Limited, for monitoring the utilisation of the Gross Proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.
9. Copies of our Memorandum and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all working days, (except Saturdays and public holidays) during the Bid/ Issue Period at our Registered and Corporate Office.
10. Except as disclosed in this Preliminary Placement Document, there has been no material adverse change in our financial or trading position since the date of the Unaudited Interim Condensed Consolidated Financial Statements, which has been included in this Preliminary Placement Document.
11. The Floor Price is ₹ 1,107.89 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations.
12. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the SEBI ICDR Regulations, the SCRA and the SCRR.
13. Our Company has obtained all necessary consents, approvals and authorisations as may be required in connection with the Issue.
14. Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings against or affecting our Company, or its assets or revenues, nor is our Company aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of

this Issue or could have a material adverse effect on the position, business, operations, prospects or reputation of our Company. For further details, see “**Legal Proceedings**” on page 268.

15. The Company and the BRLM accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.
16. Mandar Velankar is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Mandar Velankar

7th Floor, Eleven West Panchshil, Survey No. 25

Near PAN Card Club Road, Baner,

Pune – 411069,

Maharashtra, India

Tel No.: +91-20-68281200

E-mail: mmvelankar@sudarshan.com

FINANCIAL INFORMATION

S. No.	Financial Information
1.	Unaudited Interim Condensed Consolidated Financial Statements as at and for the half-year ended September 30, 2024 along with the review report issued
2.	Fiscal 2024 Audited Consolidated Financial Statements along with audit report issued
3.	Fiscal 2023 Audited Consolidated Financial Statements along with audit report issued
4.	Fiscal 2022 Audited Consolidated Financial Statements along with audit report issued

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

To
The Board of Directors
Sudarshan Chemical Industries Limited

Introduction

We have reviewed the accompanying Interim Condensed Consolidated 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 the interim condensed consolidated balance sheet as at September 30, 2024, the related interim condensed consolidated statement of profit and loss, including the statement of other comprehensive income for the half year ended September 30, 2024, the interim condensed consolidated cash flow statement for the half year ended September 30, 2024, the interim condensed consolidated statement of changes in equity for the half year ended September 30, 2024 and condensed notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information (together hereinafter referred to as "Interim Condensed Consolidated Financial Statements").

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

The Holding Company's management is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with the requirements of Indian Accounting Standard - 34 "Interim Financial Reporting" (hereinafter referred to as "Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules, 2015 (as amended) and other accounting principles generally accepted in India. These Interim Condensed Consolidated Financial Statements have been prepared solely in connection with raising of fund in accordance with provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (the "Regulations") and Guidance Note on Reports in Company Prospectus (Revised 2019) issued by The Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note"). Our responsibility is to express a conclusion on the Interim Condensed Consolidated Financial Statements based on our review.

Scope of review

We conducted our review of the Interim Condensed Consolidated Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Interim Condensed Consolidated Financial Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The Interim Condensed Consolidated Financial Statements include the interim financial statements of the entities as listed below along with the Holding Company:

Sr. No	Name of the Entity	Country of Incorporation	% holding at period end
1	RIECO Industries Limited	India	100%
2	Sudarshan Europe B.V.	Netherlands	100%
3	Sudarshan Mexico S. de. R.L de C.V.*	Mexico	100%
4	Sudarshan North America Inc.*	United States of America	100%
5	Sudarshan (Shanghai) Trading Company Limited*	China	100%
6	Sudarshan Japan Limited	Japan	100%
7	Sudarshan Brasil LTDA* #	Brazil	100%

*held through subsidiary – Sudarshan Europe B.V.

#not consolidated

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Condensed Consolidated Financial Statements, are not prepared, in all material respects, in accordance with the requirements of Ind AS 34 prescribed under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standard) Rules, 2015 (as amended) and other accounting principles generally accepted in India.

Other Matters

1. The accompanying Interim Condensed Consolidated Financial Statements include the interim financial statements in respect of five subsidiaries, whose interim financial statements include total assets of INR 37,326.9 lakhs as at September 30, 2024, total revenues of INR 31,256.8 lakhs, total net (loss) after tax of INR (376.5) lakhs, total comprehensive loss of INR (108.6) lakhs, for the period ended on that date respectively, and net cash inflows of INR 269.2 lakhs for the period from April 01, 2024 to September 30, 2024, as considered in the Interim Condensed Consolidated Financial Statements which have been reviewed by their respective independent auditors.

The independent auditor’s reports on the interim condensed financial statements of these entities have been furnished to us by the Management of the Holding Company and our conclusion on the Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors.

2. We have not audited or reviewed the corresponding financial information for the half year ended September 30, 2023 in the accompanying Interim Condensed Consolidated Financial Statements for the half-year ended September 30, 2024, which has been presented solely based on the information compiled by the Management.

Our conclusion on the Interim Condensed Consolidated Financial Statements 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.

S R B C & C O L L P

Chartered Accountants

3. The Holding Company had prepared a separate statement of Unaudited Consolidated Financial Results for the half year ended September 30, 2024, in accordance with the recognition and measurement principles prescribed in Ind AS 34, on which we have issued a separate limited review report dated October 28, 2024 with unmodified conclusion. These Unaudited Consolidated Financial Results were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
4. This report on the Interim Condensed Consolidated Financial Statements has been issued solely in connection with the purpose of raising funds through Qualified Institutional Placement in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the “Regulations”), as amended from time to time, as stated in Note 2 to the Interim Condensed Consolidated Financial Statements, and should not be used or referred or distributed for any other purpose.

For S R B C & C O L L P

Chartered Accountants

ICAI Firm registration number: 324982E/E300003

per Huzefa Ginwala

Partner

Membership No.: 111757

UDIN: 25111757BMIWFK2605

Place: Pune

Date: January 23, 2025

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2024
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 30th September, 2024 (Unaudited)	As at 31st March, 2024 (Audited)
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	1,00,311.9	1,03,974.8
(b) Capital work-in-progress	3	3,174.0	1,454.3
(c) Goodwill	4	684.4	684.4
(d) Intangible assets	4	2,475.4	2,866.5
(e) Intangible assets under development	4	3.6	3.7
(f) Right-of-use assets		2,768.5	2,629.3
(g) Financial assets			
i Investments		263.5	244.1
ii Derivative instruments		19.2	127.6
iii Other financial assets		875.1	833.2
(h) Income tax assets (net)		1,009.1	1,657.2
(i) Deferred tax assets		2,145.4	921.7
(j) Other non-current assets		1,075.3	778.4
		1,14,805.4	1,16,175.2
II Current assets			
(a) Inventories		60,795.7	43,760.0
(b) Financial assets			
i Investments	5	14,098.7	-
ii Trade receivables		56,405.4	58,531.9
iii Cash and cash equivalents		3,117.7	4,723.7
iv Bank balances other than (iii) above		651.6	866.8
v Derivative instruments		290.6	703.5
vi Other financial assets		898.0	753.1
(c) Other current assets		10,173.9	9,989.0
		1,46,431.6	1,19,328.0
Total assets		2,61,237.0	2,35,503.2
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital		1,384.5	1,384.5
(b) Other equity		1,19,800.3	1,13,519.2
Total equity		1,21,184.8	1,14,903.7
B Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
i Borrowings	6	3,863.1	19,331.5
ii Lease liabilities		2,415.1	2,267.9
iii Other financial liabilities		161.3	161.3
(b) Provisions		3,319.8	3,175.0
(c) Deferred tax liabilities (net)		8,641.1	9,111.6
(d) Other non-current liabilities		203.7	302.8
		18,604.1	34,350.1
II Current liabilities			
(a) Financial liabilities			
i Borrowings	6	49,259.1	24,761.5
ii Lease liabilities		403.4	345.6
iii Trade payables			
Dues to micro enterprises and small enterprises		4,426.2	6,121.6
Dues to other than micro enterprises and small enterprises		55,645.8	45,083.0
iv Derivative instruments		223.8	82.0
v Other financial liabilities		3,296.4	4,262.4
(b) Provisions		429.4	349.5
(c) Other current liabilities		6,237.1	4,977.0
(d) Current tax liabilities (net)		1,526.9	266.8
		1,21,448.1	86,249.4
Total liabilities		1,40,052.2	1,20,599.5
Total equity and liabilities		2,61,237.0	2,35,503.2

The above interim condensed consolidated balance sheet is to be read in conjunction with the accompanying notes

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 : 23rd January, 2025

R.B. Rathi

Managing Director

DIN No. 00018628

Ashish Vij

Wholetime Director

DIN No. 08140194

Nilkanth Natu

Chief Financial

Officer

ICAI Membership

No.:108532

Mandar Velankar

Company Secretary

ICSI Membership

No.:14469

Place: Pune

Date : 23rd January, 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF-YEAR ENDED 30TH SEPTEMBER, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Income			
Revenue from operations	8	1,32,970.8	1,20,878.6
Other income		847.5	982.7
Total income (i)		1,33,818.3	1,21,861.3
Expenses			
Cost of materials consumed		80,508.2	67,845.6
Purchase of stock in trade		1,404.9	1,221.4
Changes in inventories of finished goods and work-in-progress		(10,988.1)	(2,384.9)
Employee benefits expense		11,116.4	10,388.6
Finance costs		1,591.6	1,993.7
Depreciation and amortisation expense		7,253.8	7,001.7
Other expenses		33,424.3	30,262.8
Total expenses (ii)		1,24,311.1	1,16,328.9
Profit before exceptional items and tax (i - ii)		9,507.2	5,532.4
Exceptional Items gain / (loss) (iii)	12	(1,115.7)	31,510.1
Profit before tax		8,391.5	37,042.5
Tax expense			
Current tax		4,050.9	7,909.6
Deferred tax		(1,593.2)	650.7
Total tax expense		2,457.7	8,560.3
Profit for the period		5,933.8	28,482.2
Other comprehensive income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(18.1)	(10.5)
Income tax effect		4.6	2.6
		(13.5)	(7.9)
(b) Items that will be reclassified to profit or loss			
Net movement on effective portion of cash flow hedges		655.8	162.0
Income tax effect		92.9	(239.1)
Gain / (Loss) on translation of foreign operations		267.9	(6.1)
		1,016.6	(83.2)
Other comprehensive income/(loss) for the period (net of taxes)		1,003.1	(91.1)
Total comprehensive income for the period (net of taxes)		6,936.9	28,391.1
Earnings per equity share (not annualised)			
[Nominal value per share ₹ 2 (30th September, 2023- ₹ 2)]	11		
Basic (in ₹)		8.6	41.1
Diluted (in ₹)		8.5	41.1

The above interim condensed consolidated statement of profit and loss is to be read in conjunction with the accompanying notes

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

R.B. Rathi

Managing Director
DIN No. 00018628

Nilkanth Natu

Chief Financial
Officer
ICAI Membership
No.:108532

per Huzefa Ginwala

Partner
Membership No.:111757

Ashish Vij

Wholtime Director
DIN No. 08140194

Mandar Velankar

Company Secretary
ICSI Membership
No.:14469

Place: Pune

Date : 23rd January, 2025

Place: Pune

Date : 23rd January, 2025

Particulars	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Cash flow from operating activities		
Profit before exceptional items and tax	9,507.2	5,532.5
(Loss)/ Gain on exceptional items (net) (refer note 12)	(1,115.7)	31,510.1
Adjustment to reconcile profit before exceptional items and tax to net cash flow		
Depreciation and amortisation expense	7,253.8	7,001.7
Loss / (gain) on sale / disposal of property plant and equipment - Exceptional item (refer note 12)	-	(31,510.1)
Loss / (gain) on sale / disposal of property plant and equipment - Others	(55.8)	-
Net gain on fair valuation on financial instruments	(19.4)	(19.4)
Liabilities no longer required, written back	(88.0)	(8.0)
Share based payment expenses	36.5	63.0
Unrealised foreign exchange loss / (gain)	(5.5)	(68.0)
Net gain on sale of financial instruments	(118.1)	(581.3)
(Reversal) / provision for net realisable value adjustment	293.9	93.2
Fair value loss / (gain) on derivatives	172.1	(62.2)
Charge / (reversal) of provision for bad and doubtful debts / advances (including expected credit loss)	71.4	(40.7)
Finance costs	1,591.6	1,993.7
Interest income	(104.6)	(317.7)
Effect of Consolidation	-	(6.1)
Operating profit before working capital changes	17,419.4	13,580.7
Working capital adjustments :		
Increase / (decrease) in trade payables	8,971.3	(5,517.9)
Increase / (decrease) in provisions	206.6	208.8
Increase / (decrease) in other liabilities	1,161.0	(1,545.3)
Increase / (decrease) in other financial liabilities	(1,085.2)	(309.5)
(Increase) / decrease in trade receivables	2,164.4	2,368.1
(Increase) / decrease in inventories	(17,195.7)	(308.5)
(Increase) / decrease in other assets	(185.5)	2,556.2
(Increase) / decrease in other financial assets	(186.8)	45.3
(Increase) / decrease in other bank balances	215.2	41.8
Cash generated from operations	11,484.7	11,119.7
Income taxes paid (net of refunds) including tax related to exceptional items (refer note 12)	(2,146.1)	(3,421.2)
Net cash flow from operating activities (A)	9,338.6	7,698.5
Cash flows from investing activities :		
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)	(4,635.3)	(4,857.8)
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)	56.8	34,356.6
Investments in financial instruments	(43,000.0)	(26,500.0)
Proceeds from sale of financial instruments	29,019.4	12,703.3
Interest received	104.6	317.7
Net cash flow generated from / (used in) investing activities (B)	(18,454.5)	16,019.8
Cash flows from financing activities :		
Repayment of long-term borrowings*	(7,145.7)	(8,545.1)
Dividend paid on equity shares and tax thereon	(918.0)	(1,070.3)
Proceeds from short-term borrowings	64,517.4	2,034.8
Repayments of short-term borrowings	(47,181.5)	(12,655.1)
Finance costs paid	(1,466.9)	(1,962.6)
Payment of lease liabilities	(295.4)	(118.3)
Net cash flow generated from / (used in) financing activities (C)	7,509.9	(22,316.6)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(1,606.0)	1,401.7
Cash and cash equivalents at the beginning of the period	4,723.7	2,039.2
Cash and cash equivalents at the end of the period (excluding earmarked balances)	3,117.7	3,440.9
Cash and cash equivalents		
Cash on hand	10.6	9.6
Balance with Banks (on current account)	3,107.1	3,431.3
Total	3,117.7	3,440.9

The above statement of cash flows has been prepared under the 'Indirect Method' set out in Indian Accounting Standard 7 (Ind AS 7) 'Statement of Cash Flows'.

*Repayment for the previous period includes prepayment paid out of proceeds from exceptional items

Changes in liabilities arising from financing activities	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Balance at the beginning of period		
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
Proceeds from borrowings	64,517.4	2,034.8
Repayment of borrowings	(54,327.2)	(21,200.2)
Unrealised foreign exchange gain / (loss) (net)	(1,161.0)	(290.5)
Balance at the end of period		
Non-current borrowings	3,863.1	27,215.7
Current borrowings	35,437.6	8,628.6
Current maturities of non-current borrowings	13,821.5	26,449.34

The above interim condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes

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

R.B. Rathi

Managing Director
DIN No. 00018628

Nilkanth Natu

Chief Financial
Officer
ICAI Membership
No.:108532

per Huzefa Ginwala

Partner
Membership No.:111757

Ashish Vij

Wholetime Director
DIN No. 08140194

Mandar Velankar

Company Secretary
ICSI Membership
No.:14469

Place: Pune
Date : 23rd January, 2025

Place: Pune
Date : 23rd January, 2025

A. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

As at 30th September, 2024					
	Balance at the beginning of the reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	-	1,384.5
Number of shares	6,92,27,250	-	-	-	6,92,27,250
As at 31st March, 2024					
	Balance at the beginning of the reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	-	1,384.5
Number of shares	6,92,27,250	-	-	-	6,92,27,250
As at 30th September, 2023					
	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	Balance at the end of the current reporting period
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	Effective portion of cash flow hedge	Foreign currency translation reserve	
Balance as at 1st April, 2023	1,321.2	0.4	410.0	21,340.5	59,499.4	337.1	(2,409.7)	939.0	81,437.9
Profit for the period	-	-	-	-	28,482.2	-	-	-	28,482.2
Other comprehensive income (net of tax)	-	-	-	-	(7.9)	-	(77.1)	(6.1)	(91.1)
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	63.0	-	-	63.0
Total comprehensive income for the period ended 30th September 2023	-	-	-	-	28,474.3	63.0	(77.1)	(6.1)	28,454.1
Transactions with equity holders, recorded directly in equity									-
Final equity dividend (Refer note 7)	-	-	-	-	(1,038.4)	-	-	-	(1,038.4)
Total distributions to equity holders	-	-	-	-	(1,038.4)	-	-	-	(1,038.4)
Balance as at 30th September 2023	1,321.2	0.4	410.0	21,340.5	86,935.3	400.1	(2,486.8)	932.9	1,08,853.6
Profit for the period	-	-	-	-	7,262.5	-	-	-	7,262.5
Other comprehensive income (net of tax)	-	-	-	-	(132.2)	-	(52.1)	16.5	(167.8)
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	63.1	-	-	63.1
Others			(400.0)		400.0				
Total comprehensive income for the period ended 31st March 2024	-	-	(400.0)	-	7,530.3	63.1	(52.1)	16.5	7,157.8
Transactions with equity holders, recorded directly in equity									-
Interim equity dividend (Refer note 7)	-	-	-	-	(2,492.2)	-	-	-	(2,492.2)
Total distributions to equity holders	-	-	-	-	(2,492.2)	-	-	-	(2,492.2)
Balance as at 31st March, 2024	1,321.2	0.4	10.0	21,340.5	91,973.4	463.2	(2,538.9)	949.4	1,13,519.2
Profit for the period	-	-	-	-	5,933.8	-	-	-	5,933.8
Other comprehensive income (net of tax)	-	-	-	-	(13.5)	-	748.7	267.9	1,003.1
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	36.5	-	-	36.5
Others			-		-				-
Total comprehensive income for the period ended 30th September 2024	-	-	-	-	5,920.3	36.5	748.7	267.9	6,973.4
Transactions with equity holders, recorded directly in equity									-
Final equity dividend (Refer note 7)	-	-	-	-	(692.3)	-	-	-	(692.30)
Total distributions to equity holders	-	-	-	-	(692.3)	-	-	-	(692.30)
Balance as at 30th September 2024	1,321.2	0.4	10.0	21,340.5	97,201.4	499.7	(1,790.2)	1,217.3	1,19,800.3

* includes re-measurement of defined employee benefit plans
There are no prior period errors during the current period and previous periods.

The above interim condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

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

R.B. Rathi
Managing Director
DIN No. 00018628

Nilkanth Natu
Chief Financial
Officer
ICAI Membership
No.:108532

per Huzefa Ginvwala
Partner
Membership No.:111757
Place: Pune
Date : 23rd January, 2025

Place: Pune
Date : 23rd January, 2025

Ashish Vij
Wholesale Director
DIN No. 08140194

Mandar Velankar
Company Secretary
ICSI Membership
No.:14469

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE HALF-YEAR ENDED 30th SEPTEMBER, 2024

1. Corporate Information

The Interim Condensed Consolidated Financial Statements comprise financial statements of “Sudarshan Chemical Industries Limited” (“the Company” or “the Holding Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”) for the half-year ended September 30, 2024. The Company is a Public Limited Company domiciled in India. The Holding Company was incorporated as a Private Limited Company on 19th February 1951. The name of the Holding Company was changed to Sudarshan Chemical Industries Limited on 15th May, 1975 and the Company went Public in the year 1976.

The CIN number of the Holding 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 7th 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 Interim Condensed Consolidated Financial Statements for the half year ended 30th September, 2024 were approved for issue in accordance with a resolution of the Board of Directors on 23rd January, 2025.

2. Material accounting policies

2.1 Basis of preparation

These Interim Condensed Consolidated Financial Statements of the Group comprising the Interim Condensed Consolidated Balance Sheet as at September 30, 2024 and the related Interim Condensed Consolidated Statement of Profit and Loss (including other comprehensive income), the Interim Condensed Consolidated Cash Flow Statement and the Interim Condensed Consolidated Statement of Changes in Equity for the half-year ended September 30, 2024 together with selected explanatory notes thereon (together hereinafter referred to as the "Interim Condensed Consolidated Financial Statements") have been prepared in accordance with the Indian Accounting Standard ("Ind AS") 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The Interim Condensed Consolidated Financial Statements is not a complete set of financial statements of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, as applicable. These Interim Condensed Consolidated Financial Statements should be read in conjunction with annual consolidated financial statements of the Company as at and for the year ended March 31, 2024. The accounting policies followed in preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the annual consolidated financial statements. The comparative financial information have been compiled / extracted from the books of account used for the purpose of preparation of the Statement of Unaudited Consolidated Financial Results and the Audited Annual Consolidated Financial Statements, as applicable. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year. The Interim Condensed Consolidated Financial Statements are presented in Indian Rupees "INR" and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

These Interim Condensed Consolidated Financial Statements have been prepared solely in connection with raising of funds through Qualified Institutional Placement in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "Regulations").

Refer Note 16 for the details of subsidiaries of the Group.

2.2 Recent accounting pronouncements

(i) Ind AS 117 - Insurance contracts

On August 12, 2024, MCA announced the amendments to the Companies (Indian Accounting Standards) Rules, 2015, applicable from August 12, 2024, as below:

The amendment outlines scenarios where Ind AS 117 does not apply. These include warranties from manufacturers, dealers, or retailers related to goods or services and employer obligations from employee benefit plans. It also excludes retirement benefit obligations from defined benefit plans and contractual rights or obligations tied to future use of non-financial items, such as certain license fees and variable lease payments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE HALF-YEAR
ENDED 30th SEPTEMBER , 2024

(ii) Accounting for sale and leaseback transaction the books of seller - lessee - Amendments to Ind AS 116

On September 09, 2024, MCA announced the amendments to the Companies (Indian Accounting Standards) Rules, 2015, applicable from September 09, 2024, as below:

The amendment require seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. These rules aim to streamline accounting processes and ensure compliance with the updated Ind AS requirements.

However, the Company is not routinely engaged in sale and lease back transactions, hence do not have any impact on the Interim Condensed Consolidated Financial Statements.

2.3 Standards notified but not yet effective

There are no standards that are notified and not yet effective as on date.

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Buildings	Leasehold Improvements	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1st 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	-
Transfers to property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	8,326.7
Less: Transfers to right-of-use asset (Note (i))	127.7	-	-	-	-	-	-	-	-	-	-	127.7	-
Gross amount as at 31st 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 1st 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 period	-	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 31st 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 31st 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
Gross amount as at 1st April, 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
Additions	-	262.5	28.2	1,884.4	98.3	35.9	57.4	169.7	400.0	-	-	2,936.4	3,790.2
Disposals	-	-	-	-	116.0	-	-	-	-	-	-	116.0	-
Transfers to property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	2,070.5
Gross amount as at 30th September, 2024	839.0	16,752.9	72.2	1,41,470.2	950.3	1,825.9	422.1	1,617.0	3,869.5	955.6	41.5	1,68,816.2	3,174.0
Accumulated depreciation as at 1st April, 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	-
Depreciation for the period	-	242.3	5.6	5,950.5	61.5	93.4	40.1	14.2	145.0	45.4	0.3	6,598.3	-
Disposals	-	-	-	-	115.0	-	-	-	-	-	-	115.0	-
Accumulated depreciation as at 30th September, 2024	-	2,759.5	12.1	62,143.7	497.6	311.7	119.2	169.0	1,851.4	603.0	37.1	68,504.3	-
Net amount as at 30th September, 2024	839.0	13,993.4	60.1	79,326.5	452.7	1,514.2	302.9	1,448.0	2,018.1	352.6	4.4	1,00,311.9	3,174.0

(i) During the previous period, 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.

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4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Goodwill on acquisition of business	Intangible Assets under development
Gross amount as at 1st 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 31st 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 1st April, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-
Amortisation for the period	295.1	-	394.2	92.1	63.3	844.7	-	-
Disposals	18.6	-	-	-	-	18.6	-	-
Accumulated amortisation as at 31st March, 2024	1,384.6	205.7	1,039.2	614.5	255.6	3,499.6	-	-
Net amount as at 31st March, 2024	772.5	69.5	1,174.4	638.4	211.7	2,866.5	684.4	3.7
Gross amount as at 1st April, 2024	2,157.1	275.2	2,213.6	1,252.9	467.3	6,366.1	684.4	3.7
Additions	8.4	-	-	19.3	-	27.7	-	-
Disposals / Transfer	-	-	-	-	-	-	-	0.1
Gross amount as at 30th September, 2024	2,165.5	275.2	2,213.6	1,272.2	467.3	6,393.8	684.4	3.6
Accumulated amortisation as at 1st April, 2024	1,384.6	205.7	1,039.2	614.5	255.6	3,499.6	-	-
Amortisation for the period	142.4	-	190.8	53.8	31.8	418.8	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated amortisation as at 30th September, 2024	1,527.0	205.7	1,230.0	668.3	287.4	3,918.4	-	-
Net amount as at 30th September, 2024	638.5	69.5	983.6	603.9	179.9	2,475.4	684.4	3.6

Goodwill on acquisition of business -

Goodwill of ₹ 684.4 lakhs (Previous period: ₹ 684.4 lakhs) relates to the CGU - Engineering Equipments Business. 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.

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	As at 30th September, 2024 (Unaudited)	As at 31st March, 2024 (Audited)
5 INVESTMENTS		
I. Investments at fair value through profit and loss account (FVTPL)		
Investments in mutual funds (quoted funds)	14,098.7	-
	14,098.7	-
6 BORROWINGS		
(a) Non-current borrowings		
Secured		
Term loans from banks		
Foreign currency loans	3,863.1	9,438.3
Unsecured		
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs)	-	9,893.2
Term loans from banks		
Rupee loans	-	-
	3,863.1	19,331.5
(b) Current borrowings		
Secured		
From banks :		
Rupee loans	17,018.0	1,610.7
Foreign currency loans	4,479.7	3,747.0
Current maturities of non-current borrowings		
Rupee loans	99.6	199.1
Foreign currency loans	13,721.9	15,941.4
Unsecured		
From banks :		
Rupee loans	3,868.0	2,672.0
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs)	10,071.9	591.3
	49,259.1	24,761.5

Non-current borrowings are disclosed net of unamortized finance cost of ₹ 96 Lakhs (Previous Year: ₹ 138.8 Lakhs)

The above balance also includes interest accrued but not due amounting to ₹ 295.5 lakhs as at 30th September, 2024 and ₹ 723.0 lakhs as at 31st March, 2024.

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	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)

7 DISTRIBUTION MADE

Dividends on equity shares declared and paid :

Final dividend for the period ended 31st March 2024 : ₹ 1 per share	692.3	-
Final dividend for the period ended 31st March 2023 : ₹ 1.5 per share	-	1,038.4

Interim dividend of ₹ 3.6 per share amounting to ₹ 2492.2 was paid during the year ended 31st March, 2024.

	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
8 REVENUE FROM OPERATIONS		
Sale of products	1,31,485.1	1,19,554.6
Sale of services	75.8	147.3
	1,31,560.9	1,19,701.9
Other operating revenues		
Government grants (export incentives)	1,004.5	837.9
Miscellaneous operating income #	405.4	338.8
	1,409.9	1,176.7
Total revenue from operations	1,32,970.8	1,20,878.6

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 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.

	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Sale of products	1,31,560.9	1,19,701.9
Other operating revenues	1,409.9	1,176.7
	1,32,970.8	1,20,878.6

(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.

	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Major product lines		
Sale of pigments	1,23,496.4	1,04,626.5
Sale of engineering equipments	8,064.5	15,075.4
Total	1,31,560.9	1,19,701.9
Primary geographical market		
In India	65,258.1	68,215.5
Outside India	66,302.8	51,486.4
Total	1,31,560.9	1,19,701.9
Timing of revenue recognition		
Products transferred at point in time	1,25,830.8	1,06,434.6
Products transferred over a period of time	5,730.1	13,267.3
Total	1,31,560.9	1,19,701.9

(c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Revenue from operations	1,32,970.8	1,20,878.6
Less: Adjustments		
Government grants (export incentives)	1,004.5	837.9
Revenue from contract with customers	1,31,966.3	1,20,040.7
Add: Adjustments (sales returns, commission, hedge, etc.)	2,461.7	1,597.5
Revenue as per contracted price	1,34,428.0	1,21,638.2

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Half-year ended 30th September, 2024 (Unaudited)	As at 31st March, 2024 (Audited)
Trade receivables	56,405.4	58,531.9
Contracts assets	3,472.2	5,191.4
Contracts liabilities (Deferred revenue)	-	-
Contract liabilities (advance from customers)	5,489.4	3,978.7

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,420.3 lakhs (Previous period: ₹ 1,366.4 lakhs).

	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Revenue recognised from amount included in contract liabilities at the beginning of the period	3,978.7	5,450.8
	3,978.7	5,450.8

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9 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**(a) CAPITAL COMMITMENT**

The unexecuted value of capital purchase orders issued to vendors as at 30th September, 2024 is ₹ 725.3 lakhs (31st March, 2024 : ₹ 646.4 lakhs)

(b) CONTINGENT LIABILITIES**Claims against the Group not acknowledged as debts**

Particulars	As at 30th September, 2024 (Unaudited)	As at 31st March, 2024 (Audited)
Excise duty / Service tax demands - matters under dispute	507.1	507.1
GST / VAT / CST demands - matters under dispute (Refer note iv)	6,857.8	2,360.3
Custom duty demands - matters under dispute	330.4	330.4
Direct Tax demands - matters under dispute	370.0	370.0
Electricity duty on Power Generation (Refer note v)	3,020.4	2,810.4

- i 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.
- ii 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.
- iii The Group does not expect any reimbursements in respect of the above contingent liabilities.
- iv The Group has received demand orders from the Goods and Services Tax (GST) Department pertaining to the fiscal years 2017-18 to 2019-20. These orders are appealable and the Group believes that it has a good case on all the points raised by the GST Department. Hence there is no impact on the financial, operation or other activities of the Group due to issuance of these Orders.
- v The Government of Maharashtra revised electricity duty payable on captive power generation ("CPP") vide notification dated 13th April, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23rd 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 24th 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) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Holding Company has issued guarantees to Maharashtra Pollution Control Board, Maharashtra State Electricity Distribution Company Limited, Custom Authorities and other authorities amounting to ₹928.6 lakhs (31st March, 2024: ₹ 729.8 lakhs).

The domestic subsidiary (RIECO Industries Limited) has issued performance bank guarantees to the customers amounting to ₹ 2374.6 lakhs as at 30th September, 2024 (31st March, 2024: ₹ 3,278.9 lakhs)

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10 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 (upto 6th August, 2024)
- Mr. S. Padmanabhan	Non-Executive - Independent Director (upto 6th August, 2024)
- Mr. S. K. Asher	Non-Executive - Independent Director (upto 6th August, 2024)
- Mrs. R. F. Forbes	Non-Executive - Independent Director (upto 6th August, 2024)
- Mr. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director (upto 2nd February, 2024)
- Mrs. Anu Wakhlu	Non-Executive - Independent Director (w.e.f. 2nd August, 2024)
- Ms. Bhumika Batra	Non-Executive - Independent Director (w.e.f. 2nd August, 2024)
- Mrs. Sudha Navandar	Non-Executive - Independent Director (w.e.f. 2nd August, 2024)
- Mr. N. J. Rathi	KMP of Subsidiary - (upto 25th July, 2024)
- Ms. Shivalika Raje	KMP of Subsidiary - (w.e.f. 25th July, 2024)
- Mr. Amitabha Mukhopadhyay	KMP of Subsidiary - (w.e.f. 25th July, 2024)
- Mr. V. R. Bhatia	KMP of Subsidiary - (upto 25th September, 2024)
- Mr. Milan Krumbhe	KMP of Subsidiary - (upto 31st December, 2023)
- Mr. Mahesh Patil	KMP of Subsidiary
- Mr. Vincent Bembaron	KMP of Subsidiary
- Mr. Frank Bursch	KMP of Subsidiary
- Mr. Hari Govind Katri Puliakote	KMP of Subsidiary - (w.e.f. 09th October, 2024)
- Ms. Medha Gokhale	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

(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 with whom the Group has entered into the transaction during the course of the period.

- 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	- Pragati Leadership Institute Private Limited

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE HALF-YEAR ENDED 30TH SEPTEMBER, 2024

(All amounts are in ₹ Lakhs, unless otherwise stated)

10 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 half-year ended 30th September 2024 (unaudited)				For the half-year ended 30th September 2023 (unaudited)			
	Key Management Personnel	Close Member of Key Management Personnel	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Others	Total
a Salary, Reimbursement of expenses etc.* :	1,027.0	7.9	-	1,034.9	1,205.5	6.0	-	1,211.5
Mr. R.B.Rathi	438.0	-	-	438.0	595.2	-	-	595.2
Mr. Frank Bursch	157.7	-	-	157.7	134.9	-	-	134.9
Mr. Milan Krumbe	-	-	-	-	107.4	-	-	107.4
Mr. A.Vij	145.0	-	-	145.0	109.5	-	-	109.5
Mr. V. R. Bhatia	83.7	-	-	83.7	75.6	-	-	75.6
Mr. Nilkanth J. Natu	66.2	-	-	66.2	46.5	-	-	46.5
Mr. Mandar Velankar	38.8	-	-	38.8	48.8	-	-	48.8
Mr. Mahesh Patil	25.8	-	-	25.8	30.0	-	-	30.0
Others	71.8	7.9	-	79.7	57.6	6.0	-	63.6
b Pension :	53.0	18.6	-	71.6	48.7	17.1	-	65.8
Mr. P. R. Rathi	26.9	-	-	26.9	24.7	-	-	24.7
Mr. N. J. Rathi	26.1	-	-	26.1	24.0	-	-	24.0
Others	-	18.6	-	18.6	-	17.1	-	17.1
c Sitting fees* :	21.6	-	-	21.6	22.6	-	-	22.6
Mr. D. N. Damania	3.5	-	-	3.5	5.3	-	-	5.3
Mr. S. Padmanabhan	3.0	-	-	3.0	4.9	-	-	4.9
Mr. P.R.Rathi	2.1	-	-	2.1	3.7	-	-	3.7
Mrs. S. A. Panse	2.1	-	-	2.1	1.0	-	-	1.0
Mr. S. K. Asher	2.1	-	-	2.1	1.2	-	-	1.2
Mr. N. Raisinghani	2.0	-	-	2.0	1.2	-	-	1.2
Mr. A. N. Rathi	1.5	-	-	1.5	0.6	-	-	0.6
Mr. N. J. Rathi	1.2	-	-	1.2	3.1	-	-	3.1
Mrs. Sudha Navandar	1.0	-	-	1.0	-	-	-	-
Mrs. Aun Arun Wakhlu	1.0	-	-	1.0	-	-	-	-
Ms. Bhumika Batra	1.0	-	-	1.0	-	-	-	-
Mrs. R. F. Forbes	0.9	-	-	0.9	1.0	-	-	1.0
Mr. R.B.Rathi	0.2	-	-	0.2	0.2	-	-	0.2
Dr. Deepak Parikh	-	-	-	-	0.4	-	-	0.4
d Pension Refunded	-	-	-	-	45.9	-	-	45.9
Mr. P.R.Rathi	-	-	-	-	45.9	-	-	45.9
e Sale of goods (Incl. Taxes) :	-	-	-	-	-	-	3.0	3.0
Marathwada Chemical Industries Private Limited	-	-	-	-	-	-	3.0	3.0

10 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 half-year ended 30th September 2024 (unaudited)				For the half-year ended 30th September 2023 (unaudited)			
	Key Management Personnel	Close Member of Key Management Personnel	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Others	Total
f Purchase of Goods / Services / Property Plant and Equipment :								
	-	-	171.0	171.0	-	-	14.4	14.4
Rabro Speciality Chemicals Pvt. Ltd.	-	-	165.0	165.0	-	-	-	-
Forbes Marshall Private Limited	-	-	4.2	4.2	-	-	6.2	6.2
Pragati Leadership Institute Private Limited	-	-	1.8	1.8	-	-	-	-
Aquapharm Chemicals Private Limited	-	-	-	-	-	-	6.3	6.3
Krohne Marshall Private Limited	-	-	-	-	-	-	1.9	1.9
g Legal and Professional Fees Paid (Incl. Taxes):	-	-	-	-	-	-	127.8	127.8
Dr. Deepak Parikh	-	-	-	-	-	-	12.3	12.3
Crawford Bayley & Co.	-	-	-	-	-	-	115.0	115.0
Others	-	-	-	-	-	-	0.5	0.5
h Sale of Fixed Asset	42.3	-	-	42.3	-	-	-	-
Mr. P.R.Rathi	42.3	-	-	42.3	-	-	-	-
i Rent received (Incl. Taxes) :	-	-	0.5	0.5	-	-	1.1	1.1
Rabro Speciality Chemicals Pvt. Ltd.	-	-	0.2	0.2	-	-	0.2	0.2
Balkrishna Rathi Finance Private Limited	-	-	0.2	0.2	-	-	0.2	0.2
NJR Finance Private Limited	-	-	-	-	-	-	0.2	0.2
Others	-	-	0.1	0.1	-	-	0.5	0.5
j Repayment of Car Deposit	49.0	-	-	49.0	-	-	-	-
Mr. P.R.Rathi	49.0	-	-	49.0	-	-	-	-
k Donation Paid :	-	-	85.0	85.0	-	-	68.0	68.0
Sudarshan CSR Foundation	-	-	85.0	85.0	-	-	68.0	68.0
l Reimbursement (Net) :	-	-	8.9	8.9	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	8.9	8.9	-	-	-	-
m Subscription paid :	-	-	3.1	3.1	-	-	-	-
Pigment Manufacturers Association	-	-	3.1	3.1	-	-	-	-
n Car Deposit Received :	28.7	-	-	28.7	-	-	-	-
Mr. P.R.Rathi	20.9	-	-	20.9	-	-	-	-
Mr. Nilkanth J. Natu	7.8	-	-	7.8	-	-	-	-

* Pertains to short-term employee benefits other than gratuity and leave encashment since the same is computed for all employees of the Group as a whole

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 period ended 30th September 2024, the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (30th September, 2023 : ₹ Nil). This assessment is undertaken in each financial period through examining the financial position of the related party and the market in which the related party operates.

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(All amounts are in ₹ Lakhs, unless otherwise stated)

10 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 30th September 2024 (Unaudited)				As at 31st March 2024 (Audited)			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Trade Payable :	-	-	-	-	1.7	-	13.7	15.4
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	11.6	11.6
Others	-	-	-	-	1.7	-	2.1	3.8
b Other Receivable :	-	-	269.1	269.1	-	-	98.5	98.5
Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme	-	-	258.0	258.0	-	-	97.9	97.9
Shri Jagannath Rathi Charity Trust	-	-	8.6	8.6	-	-	-	-
Rabro Speciality Chemicals Private Limited	-	-	2.4	2.4	-	-	-	-
Others	-	-	0.1	0.1	-	-	0.6	0.6
c Other Payable :	-	-	-	-	-	-	0.1	0.1
Others	-	-	-	-	-	-	0.1	0.1
d Commission Payable :	-	-	-	-	101.3	-	-	101.3
Mr. D. N. Damania	-	-	-	-	14.4	-	-	14.4
Mr. P.R.Rathi	-	-	-	-	11.7	-	-	11.7
Mr. S. Padmanabhan	-	-	-	-	11.7	-	-	11.7
Mr. N. J. Rathi	-	-	-	-	2.0	-	-	2.0
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. Rathi	-	-	-	-	9.8	-	-	9.8
Dr. Deepak Parikh	-	-	-	-	7.3	-	-	7.3
e Salary / Pension Payable * :	21.4	1.9	-	23.3	236.8	1.9	-	238.7
Mr. V. R. Bhatia	10.3	-	-	10.3	14.1	-	-	14.1
Mr. Mahesh Patil	3.8	-	-	3.8	4.7	-	-	4.7
Mr. N. J. Rathi	2.7	-	-	2.7	2.5	-	-	2.5
Mr. P.R.Rathi	2.6	-	-	2.6	4.7	-	-	4.7
Mr. R.B.Rathi	-	-	-	-	200.0	-	-	200.0
Mr. A.Vij	-	-	-	-	1.0	-	-	1.0
Mr. Nilkanth J. Natu	-	-	-	-	3.1	-	-	3.1
Mr. Mandar Velankar	-	-	-	-	4.6	-	-	4.6
Others	2.0	1.9	-	3.9	2.1	1.9	-	4.0
f Car deposit payable :	71.4	-	-	71.4	83.9	-	-	83.9
Mr. P.R. Rathi	20.9	-	-	20.9	49.0	-	-	49.0
Mr. R.B. Rathi	18.9	-	-	18.9	18.9	-	-	18.9
Mr. A.Vij	13.7	-	-	13.7	5.9	-	-	5.9
Mr. Nilkanth J. Natu	7.8	-	-	7.8	-	-	-	-
Mr. N.J. Rathi	4.2	-	-	4.2	4.2	-	-	4.2
Mr. M.M. Velankar	5.9	-	-	5.9	5.9	-	-	5.9

*Does not include gratuity and leave encashment since the same is computed 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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409

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(All amounts are in ₹ Lakhs, unless otherwise stated)

11 EARNINGS PER SHARE

		Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Profit for the period	(A)	5,933.8	28,482.2
Equity shares outstanding as at the end of the period			
Number of equity shares outstanding at the end of period		6,92,27,250	6,92,27,250
Weighted average equity shares outstanding as at the end of the period	(B)	6,92,27,250	6,92,27,250
Add: Dilutive impact of employee stock options		1,98,604	85,518
Number of equity shares used as denominator for calculating diluted earnings per share	(C)	6,94,25,854	6,93,12,768
Nominal value per equity share (in ₹)		2.0	2.0
Basic (in ₹) (not annualised)	(A/B)	8.6	41.1
Diluted (in ₹) (not annualised)	(A/C)	8.5	41.1

12 EXCEPTIONAL ITEMS

	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Sale of freehold land (note a)	-	31,510.1
Transaction or incidental cost for proposed acquisition (note b)	(1,115.7)	-

- a) During the period ended 30th September, 2023, 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). Tax expense on this exceptional item amounting to ₹ 6,921.0 lakhs is included in current tax expenses.
- b) Subsequent to quarter end, the Board of Directors of Sudarshan Europe B.V ("SEBV") (wholly owned subsidiary of Sudarshan Chemical Industries Limited) at its meeting held on 8th October, 2024 provided its in-principle approval for the acquisition of global pigment business operations of the Heubach Group of Germany for a total consideration of Euro 127.5 million (approx. ₹ 1,18,000 lakhs) through an asset and share deal, subject to completion of customary conditions and receipt of requisite regulatory approvals. Pursuant to this, SEBV has entered into a definitive agreement in relation to the said proposed acquisition on 11th October 2024. Transaction and other incidental costs with respect to the aforesaid proposed acquisition incurred upto 30th September, 2024 have been disclosed as "Exceptional Items".

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13 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.

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	Half-year ended 30th September, 2024 (Unaudited)			Half-year ended 30th September, 2023 (Unaudited)		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	1,24,906.3	8,137.4	1,33,043.7	1,05,803.1	15,127.1	1,20,930.2
Inter-segment Revenue	-	72.9	72.9	-	51.6	51.6
Total segment revenue	1,24,906.3	8,064.5	1,32,970.8	1,05,803.1	15,075.5	1,20,878.6
Segment Results						
Profit / (loss) before tax, exceptional items and finance cost	13,327.0	(2,228.2)	11,098.8	7,262.0	264.1	7,526.1
Less: Finance costs (net)	1,230.9	360.7	1,591.6	1,740.0	253.7	1,993.7
Profit after finance cost but before tax and exceptional items	12,096.1	(2,588.9)	9,507.2	5,522.0	10.4	5,532.4
Profit after tax	7,898.9	(1,965.1)	5,933.8	28,477.9	4.3	28,482.2
Particulars	As at 30th September, 2024 (Unaudited)			As at 31st March, 2024 (Audited)		
	Pigment	Others	Total	Pigment	Others	Total
Segment Assets and Segment Liabilities						
Segment Assets	2,42,995.7	18,241.3	2,61,237.0	2,15,849.4	19,653.8	2,35,503.2
Segment Liabilities	1,23,720.9	16,331.3	1,40,052.2	1,04,821.5	15,778.0	1,20,599.5
Particulars	Half-year ended 30th September, 2024			Half-year ended 30th September, 2023		
	Pigment	Others	Total	Pigment	Others	Total
Other Details:						
Capital Expenditure	4,481.5	153.8	4,635.3	4,629.6	228.3	4,857.8
Depreciation and Amortisation	7,032.5	221.3	7,253.8	6,807.9	193.8	7,001.7

C Geographical Information

	Half-year ended 30th September, 2024 (Unaudited)	Half-year ended 30th September, 2023 (Unaudited)
Segment Revenue by location of customers		
In India	65,663.5	68,554.3
Outside India	67,307.3	52,324.3
	1,32,970.8	1,20,878.6
Non-current operating assets by location of assets		
	As at 30th September, 2024 (Unaudited)	As at 31st March, 2024 (Audited)
In India	1,09,224.7	1,11,358.3
Outside India	1,478.3	1,309.5
	1,10,703.0	1,12,667.8

D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

14 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as at 30th September, 2024 (Unaudited)

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
Investments	1.1	14,361.1	-	14,362.2
Other non-current financial assets	875.1	-	-	875.1
Trade receivables	56,405.4	-	-	56,405.4
Cash and cash equivalents	3,117.7	-	-	3,117.7
Bank balances other than cash and cash equivalents	651.6	-	-	651.6
Derivatives - Forward contracts receivable	-	3.7	-	3.7
Interest rate / currency swap contracts	-	-	306.1	306.1
Other current financial assets	898.0	-	-	898.0
Total	61,948.9	14,364.8	306.1	76,619.8
Financial liabilities				
Borrowings	53,122.2	-	-	53,122.2
Lease liability	2,818.5	-	-	2,818.5
Trade payables	60,072.0	-	-	60,072.0
Derivative - Forward contracts payable	-	223.8	-	223.8
Interest rate / currency swap contracts	-	-	-	-
Other financial liabilities	3,457.7	-	-	3,457.7
Total	1,19,470.4	223.8	-	1,19,694.2

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as at 31st March, 2024 (Audited).

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
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
Total	65,709.8	277.0	797.1	66,783.9
Financial liabilities				
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
Total	1,02,334.8	82.0	-	1,02,416.8

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 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.
- 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 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.
- 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.
- There are no significant changes in business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities

15 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 30th September, 2024 and 31st March, 2024.

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 30th September, 2024 (Unaudited)	30th September, 2024	3.7	-	3.7	-
As at 31st March, 2024 (Audited)	31st March, 2024	34.0	-	34.0	-
Interest rate swap contracts					
As at 30th September, 2024 (Unaudited)	30th September, 2024	306.1	-	306.1	-
As at 31st March, 2024 (Audited)	31st March, 2024	797.1	-	797.1	-
Investment in mutual funds					
As at 30th September, 2024 (Unaudited)	30th September, 2024	14,098.7	14,098.7	-	-
As at 31st March, 2024 (Audited)	31st March, 2024	-	-	-	-
Investment in others*					
As at 30th September, 2024 (Unaudited)	30th September, 2024	263.5	-	-	263.5
As at 31st March, 2024 (Audited)	31st March, 2024	243.0	-	-	243.0
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 30th September, 2024 (Unaudited)	30th September, 2024	223.8	-	223.8	-
As at 31st March, 2024 (Audited)	31st March, 2024	82.0	-	82.0	-

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 period.

16 DETAILS OF SUBSIDIARIES

(a) The following subsidiary companies are considered in the Consolidated Financial Statements

Name of the subsidiaries	Ownership in % either directly or		Country of Incorporation
	As at 30th September, 2024 (Unaudited)	As at 31st March, 2024 (Audited)	
1 Sudarshan Europe B.V	100%	100%	The Netherlands
2 Sudarshan North America, Inc (Step-down subsidiary)	100%	100%	The United States
3 Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary)	100%	100%	Mexico
4 Sudarshan (Shanghai) Trading Company Ltd. (Step-down subsidiary)	100%	100%	China
5 RIECO Industries Limited	100%	100%	India
6 Sudarshan Japan Limited	100%	100%	Japan
7 Sudarshan Brasil LTDA [#] (Step-down subsidiary w.e.f 12th August, 2024)	100%	-	Brazil

^{**} 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.

[#] On 12th August 2024, Sudarshan Brasil LTDA has been incorporated in Brazil as a wholly owned subsidiary of Sudarshan Europe B.V, making it a step-down subsidiary of the Holding Company. The said step-down subsidiary is yet to commence business operations and there has been no transactions since incorporation and hence same has not been consolidated as on the reporting period end.

17 EVENTS AFTER THE REPORTING PERIOD ENDED 30TH SEPTEMBER, 2024

a Subsequent to period end, the Board of Directors of Sudarshan Europe B.V ("SEBV") (wholly owned subsidiary of Sudarshan Chemical Industries Limited) at its meeting held on 8th October, 2024 provided its in-principle approval for the acquisition of global pigment business operations of the Heubach Group of Germany for a total consideration of Euro 127.5 million (approx. ₹ 118,000 lakhs) through an asset and share deal, subject to completion of customary conditions and receipt of requisite regulatory approvals. Pursuant to this, SEBV has entered into a definitive agreement in relation to the said proposed acquisition on 11th October 2024.

b The Board of Directors of the Holding Company at its meeting held on 16th October, 2024, considered and approved the proposal for increase in the Authorised Share Capital from ₹ 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 7,50,00,000 (Seven Crore Fifty Lakh only) equity shares of ₹ 2/- (Rupee Two only) each to ₹ 20,00,00,000/- (Rupees Twenty Crores Only) divided into 10,00,00,000 (Ten Crore Only) equity shares of ₹ 2/- (Rupee Two only) each ranking pari-passu with the existing equity shares of the Company with a consequent amendment to the Memorandum of Association. The same was subsequently approved by the Shareholders of the Holding Company by way of resolution passed by Postal Ballot on 30th November, 2024.

c The Board of Directors of the Holding company at its meeting held on 16th October, 2024 considered and approved Proposal for raising of funds of ₹ 1,000 Crores plus green shoe option upto 25% by way of issuance of Equity Shares or any other eligible securities ("Securities") through permissible modes, including but not limited to Qualified Institutions Placements ("QIP"), Preferential Issue, Rights Issue, Private Placement, Bonds, Debentures, Follow-On Public Offer ("FPO"), Global Depository Receipts ("GDR"), Foreign Currency Convertible Bonds ("FCCB") or any other method or combination of methods as may be considered appropriate or necessary and as permitted under applicable laws. The same was subsequently approved by the Shareholders of the Holding Company by way of resolution passed by Postal Ballot on 30th November, 2024.

d Subsequent to period end, Sudarshan Europe B.V. ("Acquirer") along with Sudarshan Chemical Industries Limited ("Person Acting in Concert" or "PAC"), acting in the capacity as a person acting in concert with the Acquirer released open offer on 16th October, 2024 vide Public Announcement for the acquisition of up to 6,001,268 fully paid up equity shares of face value ₹ 10 (Indian Rupees Ten) each ("Equity Shares") of Heubach Colorants India Limited ("Target Company"), representing 26% of the Voting Share Capital of Target Company from the Public Shareholders of the Target Company ("Open Offer" or "Offer")

e The Fund Raising Committee of the Board of Directors of the Holding Company at its meeting held on 31st October, 2024, approved raising of funds not exceeding ₹ 100 Crores (Rupees One Hundred Crores only) by way of issuance of upto 9,80,000 (Nine Lakhs Eighty Thousand) warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of ₹ 2/- each ("Warrants") at a price of ₹ 1,019.75 each payable in cash ("Warrants Issue Price"), which may be exercised in one or more tranches during the period commencing from the date of allotment of the Warrants until expiry of 18 (eighteen) months, to Mr. Rajesh Balkrishna Rath, being a part of the promoter and promoter group of the Holding Company (referred to as the "Proposed Allottee"), by way of a preferential issue through private placement offer (the "Preferential Issue"). The same was subsequently approved by the Shareholders of the Holding Company by way of resolution passed by Postal Ballot on 30th November, 2024. The Fund Raising Committee of the Board of Directors of the Holding Company at its meeting held on 13th December, 2024, approved the allotment of 9,80,000 warrants to Mr. Rajesh Balkrishna Rath, as per the details set forth below:

Name of Allottee	Category	Number of warrants allotted	Price at which the warrants are issued (in ₹) (per warrant)	Paid-up value per warrant on allotment (in ₹)* (at least 25% of the price at which the warrants are issued)	Consideration received as on the date of allotment (in ₹ lakhs)*
Mr. Rajesh Balkrishna Rath	Member of the Promoter and Promoter Group and Managing Director	9,80,000	1,019.75 (Including premium of ₹ 1,017.75 per Warrant)	254.94	2,498.4

* The warrant holder will be required to make further payments of ₹ 764.81 (Rupees Seven Hundred Sixty Four and Eighty One Paise Only) for each Warrant, which is equivalent to 75% (seventy five percent) of the Warrants Issue Price at the time of exercise of the right attached to Warrant(s) to subscribe to equity share(s).

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17 EVENTS AFTER THE REPORTING PERIOD ENDED 30TH SEPTEMBER, 2024

f The Board of Directors of the Holding Company, at its meeting held on 13th December, 2024 has approved raising of funds by way of creation, offer, issue and allotment of upto 18,69,000 (Eighteen Lakhs Sixty Nine Thousand) fully paid-up equity shares of the Holding Company of face value of ₹ 2/- each ("Equity Shares") at a price of ₹ 1,043.33 (Rupees One Thousand Forty Three and Thirty Three Paise only) each including premium of ₹ 1,041.33 (Rupees One Thousand Forty-One and Thirty-Three Paise only) per equity share, payable in cash ("Issue Price"), in accordance with Chapter V of the SEBI ICDR Regulations, aggregating upto ₹ 195 Crores to the identified allottees/ investors (hereinafter referred to as "Proposed Allottees"), not belonging to "Promoter and Promoter Group" of the Group by way of a preferential issue on private placement basis, for cash consideration (the "Preferential Allotment"). The same was subsequently approved by the Shareholders of the Holding Company through Extraordinary General Meeting held on 4th January, 2025. The Fund Raising Committee of the Board of Directors of the Holding Company at its meeting held on 13th January, 2025, approved the allotment of 18,69,000 fully paid up Equity Shares of face value of ₹ 2 each, in accordance with the provisions of the Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), and as per applicable provisions of the Companies Act, 2013 and rules made thereunder.

g The Board of Directors of Sudarshan Europe B.V., at its meeting held on 20th December, 2024, has approved acquisition of three entities incorporated in Germany, named "Blitz F24-522 GmbH", "Blitz F24-523 GmbH", and "Blitz F24-524 GmbH". Subsequent to the acquisition, the aforesaid three entities have now become step-down subsidiaries of Sudarshan Chemical Industries Limited.

h The Board of Directors of Sudarshan Europe B.V., at its meeting held on 14th January, 2025, has approved acquisition of an entity incorporated in Germany, named "Blitz

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

R.B. Rathi

Managing Director

DIN No. 00018628

Nilkanth Natu

Chief Financial

Officer

ICAI Membership

No.:108532

per Huzefa Ginwala

Partner

Membership No.:111757

Place: Pune

Date : 23rd January, 2025

Place: Pune

Date : 23rd January, 2025**Ashish Vij**

Wholetime Director

DIN No. 08140194

Mandar Velankar

Company Secretary

ICSI Membership

No.:14469



**Consolidated Financial Statements for
the Year ended 31st March, 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
<i>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)</i> 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. Determination of point in time when control of the goods is transferred to the customer involves establishing the present right to receive payment for the products, delivery specifications, shipping terms, timing of transfer of legal title of the goods and determination of the point of acceptance of goods by the customers. These considerations require exercise of significant judgements by the management. Considering the multitude and variety of contractual terms and significant judgments involved, determination of point in time of transfer of control of goods, has been identified as a key audit matter.	
	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.

Key audit matters	How our audit addressed the key audit matter
<i>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)</i>	
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 statement of profit and loss along with the relevant hedged item. Considering the significant complexities and judgements involved in estimating highly probable forecasted sales transactions, future foreign exchange rates, determination of effectiveness of hedge and the fact that these transactions have a significant financial effect and extensive accounting and disclosure requirements, hedge accounting has been identified as a key audit matter.	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.
<i>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)</i>	
As at March 31, 2024 the consolidated Ind AS financial statements includes goodwill of INR 684.4 lakhs pertaining to acquisition of a subsidiary company in earlier years.	Our audit procedures included the following: 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.

Key audit matters	How our audit addressed the key audit matter
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. 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 INR 28,243.3 lakhs as at March 31, 2024, and total revenues of INR 47,497.8 lakhs and net cash outflows of INR 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

1. 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.
2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
 - (a) 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;
 - (b) 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).
 - (c) 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;
 - (d) 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;
 - (e) 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;
 - (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 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;

- (h) 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;
- (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 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:
- i. 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;
 - ii. 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,
 - iii. 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.
 - iv.
 - a) 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;
 - b) 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

- c) 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.
- v) a) 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.
- b) 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.
- c) 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.
- vi) 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

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2024
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2024	As at 31st March, 2023
ASSETS			
I Non-current assets			
(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
		1,16,175.2	1,22,711.5
II Current assets			
(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
		1,19,328.0	1,13,641.5
III Assets held for sale	48	-	2,845.5
Total assets		2,35,503.2	2,39,198.5
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	14	1,384.5	1,384.5
(b) Other equity	15	1,13,519.2	81,437.9
Total equity		1,14,903.7	82,822.4
B Liabilities			
I Non-current liabilities			
(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
		34,350.1	57,046.4
II Current liabilities			
(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
		86,249.4	99,329.7
Total liabilities		1,20,599.5	1,56,376.1
Total equity and liabilities		2,35,503.2	2,39,198.5
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 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

Place: Pune
Date : 17th May, 2024

Place: Pune
Date : 17th May, 2024

R.B. Rathi
Managing Director
DIN No. 00018628

Mandar Velankar
Company Secretary
ICSI Membership
No.:14469

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31st March, 2024	Year ended 31st March, 2023
Income			
Revenue from operations	24	2,53,877.7	2,30,173.2
Other income	25	1,708.6	479.0
Total income (i)		2,55,586.3	2,30,652.2
Expenses			
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
Total expenses (ii)		2,40,043.4	2,24,678.3
Profit before exceptional items and tax (i - ii)		15,542.9	5,973.9
Exceptional Items (iii)	52	31,510.1	-
Profit before tax		47,053.0	5,973.9
Tax expense	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
Total tax expense		11,308.3	1,497.0
Profit for the year		35,744.7	4,476.9
Other comprehensive income (OCI)	38		
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(187.2)	17.7
Income tax effect		47.1	(4.5)
		(140.1)	13.2
(b) Items that will be reclassified to profit or loss			
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
		(118.8)	(1,633.6)
Other comprehensive income/(loss) for the year (net of taxes)		(258.9)	(1,620.4)
Total comprehensive income for the year (net of taxes)		35,485.8	2,856.5
Earnings per equity share	37		
[Nominal value per share ₹ 2 (31st March 2023 - ₹ 2)]			
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 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 : 17th May, 2024

Place: Pune
Date : 17th May, 2024

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2024
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
Cash flow from operating activities		
Profit before exceptional items and tax	15,542.9	5,973.9
Gain on exceptional items (net)	31,510.1	-
Adjustment to reconcile profit before exceptional items and tax to net cash flow		
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)
Operating profit before working capital changes	32,295.4	21,778.6
Working capital adjustments :		
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
Cash generated from operations	27,697.1	29,822.3
Income taxes paid (net of refunds) including tax related to exceptional items	(8,351.6)	(1,117.6)
Net cash flow from operating activities (A)	19,345.5	28,704.7
Cash flows from investing activities :		
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
Net cash flow generated from / (used in) investing activities (B)	27,932.1	(18,927.1)
Cash flows from financing activities :		
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)
Net cash flow generated from / (used in) financing activities (C)	(44,593.1)	(10,270.0)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	2,684.5	(492.4)
Cash and cash equivalents at the beginning of the year	2,039.2	2,531.6
Cash and cash equivalents at the end of the year (excluding earmarked balances)	4,723.7	2,039.2
Cash and cash equivalents (refer note 11)		
Cash on hand	9.7	9.0
Balance with Banks (On current account)	4,714.0	2,030.2
Total	4,723.7	2,039.2

*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 31st March, 2024	Year ended 31st March, 2023
Balance at the beginning of year		
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
Balance at the end of year		
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

Place: Pune
Date : 17th May, 2024

Place: Pune
Date : 17th May, 2024

R.B. Rathi

Managing Director
DIN No. 00018628

Mandar Velankar

Company Secretary
ICSI Membership
No.:14469

A. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

As at 31st 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	Balance at the end of the current reporting period
Share capital amount (in ₹ Lakhs)	1,384.5	-	-	-	1,384.5
Number of shares	6,92,27,250	-	-	-	6,92,27,250

As at 31st 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	Balance at the end of the previous reporting period
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	
Balance as at 1st April, 2022	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
Total comprehensive income for the year ended 31st March 2023	-	-	-	-	4,490.1	108.4	602.2	(2,235.8)	2,964.9
Transactions with equity holders, recorded directly in equity									-
Equity dividend (refer note 16)	-	-	-	-	(3,461.4)	-	-	-	(3,461.4)
Total distributions to equity holders	-	-	-	-	(3,461.4)	-	-	-	(3,461.4)
Balance as at 31st March, 2023	1,321.2	0.4	410.0	21,340.5	59,499.4	337.1	939.0	(2,409.7)	81,437.9
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	-	-	-	-
Total comprehensive income for the year ended 31st March 2024	-	-	(400.0)	-	36,004.6	126.1	10.4	(129.2)	35,611.9
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 31st March, 2024	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 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
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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 : 17th May, 2024

Place: Pune
Date : 17th May, 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 31st March 2024. The Company is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19th February 1951. The name of the Company was changed to Sudarshan Chemical Industries Limited on 15th 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 7th 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 31st March 2024 were approved for issue in accordance with a resolution of the Board of Directors on 17th 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 (INR 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

(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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

(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.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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:

(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* / 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

(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 are incurred. All other borrowing costs are charged to the Consolidated Statement of Profit and Loss for the period for which they are incurred.

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(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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, 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.

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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.

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 31st 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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:

- 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

- 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

(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 31st March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1st 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 1st 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH , 2024

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 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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st
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these factors could affect the reported fair value of financial instruments. Refer note 53 and 54 for further disclosures.

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL-WORK-IN-PROGRESS

A. Reconciliation of carrying amount

	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 1st April, 2022	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	-
Gross amount as at 31st March, 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
Accumulated depreciation as at 1st April, 2022	-	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	-
Accumulated depreciation as at 31st March, 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	-
Assets transferred to assets held for sale - Net amount (refer note)	2,327.9	288.3	-	-	-	216.3	13.0	-	-	-	-	2,845.5	-
Net amount as at 31st March, 2023	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
Gross amount as at 1st 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 asset	127.7	-	-	-	-	-	-	-	-	-	-	127.7	-
Transfers to property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	8,326.7
Gross amount as at 31st 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 1st 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 31st 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 31st 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 31st March, 2024 and 31st March, 2023.
E. Assets include assets lying with third parties amounting to ₹ 15.3 lakhs (31st 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 31st March, 2024 was ₹ Nil Lakhs (31st March, 2023: ₹ 519.8 Lakhs).
G. As at 31st 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.

I. Following is the ageing schedule for Capital-work-in progress ("CWIP").

Particulars	As at 31st March, 2024				
	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

Particulars	As at 31st March, 2023				
	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

	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 1st 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 31st 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 1st 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 31st March, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-
Net amount as at 31st 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 1st 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 31st 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 1st April, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-
Amortisation for the year	295.1	-	394.2	92.1	63.3	844.7	-	-
Disposals	18.6	-	-	-	-	18.6	-	-
Accumulated amortisation as at 31st March, 2024	1,384.6	205.7	1,039.2	614.5	255.6	3,499.6	-	-
Net amount as at 31st March, 2024	772.5	69.5	1,174.4	638.4	211.7	2,866.5	684.4	3.7

B. The Group has not revalued its intangible assets during the financial year ended 31st March, 2024 and 31st March, 2023.

C. Following is the aging schedule for the Intangible Assets under Development ("IAUD") as at 31st March, 2024 and 31st March, 2023.

As at 31st March, 2024

Particulars	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

As at 31st March, 2023

Particulars	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.

A. Reconciliation of carrying amount

Right-of-use assets	Leasehold Land	Plant & Machinery (IT Equipment)	Buildings	Total
As at 1st April, 2022	136.3	-	443.2	579.5
Additions	-	187.0	658.0	845.0
Disposals	-	-	-	-
As at 31st March, 2023	136.3	187.0	1,101.2	1,424.5
Accumulated depreciation as at 1st April, 2022	11.0	-	116.3	127.3
Depreciation for the year	1.8	6.1	95.2	103.1
Disposals	-	-	-	-
Accumulated depreciation as at 31st March, 2023	12.8	6.1	211.5	230.4
Net carrying amount as at 31st March, 2023	123.5	180.9	889.7	1,194.1
As at 1st April, 2023	136.3	187.0	1,101.2	1,424.5
Additions *	127.7	-	2,358.5	2,486.2
Disposals	-	-	643.1	643.1
As at 31st March, 2024	264.0	187.0	2,816.6	3,267.6
Accumulated depreciation as at 1st April, 2023	12.8	6.1	211.5	230.4
Depreciation for the year	2.8	37.5	367.6	407.9
Disposals	-	-	-	-
Accumulated depreciation as at 31st March, 2024	15.6	43.6	579.1	638.3
Net carrying amount as at 31st March, 2024	248.4	143.4	2,237.5	2,629.3

* 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	
As at 1st April 2022	384.4
Add: Addition during the year	818.5
Add: Interest accrued on lease liability	53.5
Less: Cash outflows for leases	(100.7)
As at 31st March 2023	1,155.7
As at 1st April 2023	1,155.7
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)
As at 31st March 2024	2,613.5

Bifurcation of liabilities

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current	345.6	300.1
Non-current	2,267.9	855.6
	2,613.5	1,155.7

C. Amount recognised in the Statement of Profit and Loss

	Year Ended 31st March, 2024	Year Ended 31st 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
	3,769.3	1,378.1

D. Amounts recognised in the Statement of Cash Flows

	Year Ended 31st March, 2024	Year Ended 31st March, 2023
Total cash outflow for leases	452.4	100.7
	452.4	100.7

E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31st March, 2024	As at 31st 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

	As at 31st March, 2024	As at 31st March, 2023
6 INVESTMENTS		
Unquoted, fully paid equity instruments		
I. Investment designated at cost		
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	0.1	0.1
1,000 (Previous Year : 1,000) equity shares of ₹ 10 each		
II. Investment designated as fair value through profit and loss account (FVTPL)		
AVADA Satara MH Private Limited		
66,92,000 (Previous Year : 66,92,000) equity shares of ₹ 10 each	243.0	204.2
	244.1	205.3
7 OTHER FINANCIAL ASSETS		
(a) Non-current (unsecured, considered good):		
Security deposit *	824.7	773.5
Tender deposit	8.5	17.4
	833.2	790.9
(b) Current (unsecured, considered good):		
Government grant receivable	221.6	212.8
Other receivables (includes interest accrued on deposits)	531.5	565.8
	753.1	778.6

* Includes deposits with Maharashtra State Electricity Distribution Company Limited and Maharashtra Industrial Development Corporation.

	As at 31st March, 2024	As at 31st March, 2023
8 OTHER ASSETS		
(a) Non-current:		
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
	606.5	590.3
	778.4	671.0
(b) Current:		
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
	9,989.0	10,560.9

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

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
	43,760.0	49,407.9

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 31st March, 2024 (₹ 2,984.2 lakhs as at 31st March, 2023)

Value of finished goods in transit is ₹ 1,718.7 lakhs as at 31st March, 2024 (₹ 1,273.0 lakhs as at 31st March, 2023)

For details of inventory pledged as security refer note 17 (c).

	As at 31st March, 2024	As at 31st March, 2023
10 TRADE RECEIVABLES		
Current:		
(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
	59,898.3	50,123.9
Less:		
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
	1,366.4	1,509.3
	58,531.9	48,614.6

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

As at 31st March, 2024							
Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
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
	45,978.7	10,449.7	824.0	1,313.8	292.8	1,039.3	59,898.3

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 1,366.4 lakhs.

As at 31st March, 2023							
Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
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
	37,899.0	10,179.5	570.1	555.0	281.2	639.1	50,123.9

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 31st March, 2023 had been derecognised as per the terms of the agreement.

	As at 31st March, 2024	As at 31st March, 2023
11 CASH AND CASH EQUIVALENTS		
Balance with banks		
In current accounts	4,714.0	2,030.2
Cash on hand	9.7	9.0
	4,723.7	2,039.2
12 BANK BALANCES OTHER THAN ABOVE		
Earmarked balances on unclaimed dividends	595.8	394.2
Margin money deposits	271.0	507.9
	866.8	902.1
13 DERIVATIVE INSTRUMENTS		
(a) Non-current:		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	127.6	353.0
	127.6	353.0
(b) Current:		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	34.0	124.7
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	669.5	1,213.5
	703.5	1,338.2

Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.

	As at 31st March, 2024	As at 31st March, 2023

14 EQUITY SHARE CAPITAL

AUTHORISED :

75,000,000 (Previous Year : 75,000,000) equity shares of ₹ 2 each.

1,500.0 1,500.0

ISSUED :

69,227,750 (Previous Year : 69,227,750) equity shares of ₹ 2 each. *

1,384.5 1,384.5

SUBSCRIBED AND FULLY PAID-UP :

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

	As at 31st March, 2024		As at 31st 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 17th May, 2024, recommended Final Dividend of Rs. 1.00/- (Rupee One only) (i.e. 50%) per Equity Share of face value of Rs. 2.00/- each fully paid up, for the Financial Year ended 31st March, 2024, subject to approval of the members at ensuing Annual General Meeting. This is in addition to the Interim Dividend of Rs. 3.60/- (Rupees Three and Sixty Paise only) (i.e. 180%) per Equity Share of face value of Rs. 2.00/- each fully paid up, paid during the Financial Year 2023-24, taking total Dividend for the Financial Year 2023-24 at Rs. 4.60/- (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 72nd Annual General Meeting of the Company.

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

	As at 31st March, 2024		As at 31st 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 31st 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 31st March, 2024

Promoter / Promoter Group	No of shares as at 31st March, 2024	% of total shares	No of shares as at 31st 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	

14 EQUITY SHARE CAPITAL (Contd.)

Shareholding of Promoters as at 31st March, 2023

Promoter / Promoter Group	No of shares as at 31st March, 2023	% of total shares	No of shares as at 31st 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.

	As at 31st March, 2024	As at 31st March, 2023
15 OTHER EQUITY		
(a) Capital reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital redemption reserve		
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
(c) Securities premium		
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
(d) General reserve		
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
(e) Foreign currency translation reserve		
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
(f) Effective portion of cash flow hedge		
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)
(g) Share options outstanding reserve		
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
(h) Retained earnings		
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.

(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

	Year ended 31st March, 2024	Year ended 31st March, 2023
Dividends on equity shares declared and paid :		
Interim dividend for the year ended 31st March, 2024 : ₹ 3.6 per share	2,492.2	-
Final dividend for the year ended 31st March, 2023 : ₹ 1.5 per share	1,038.4	-
Final dividend for the year ended 31st March, 2022 : ₹ 5 per share	-	3,461.4
Proposed dividend on equity shares : Final dividend		
Final dividend for the year ended 31st March, 2024 : ₹ 1 per share	692.3	-
Final dividend for the year ended 31st 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 31st March, 2023 was subsequently approved by the shareholders at the 72nd 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.

	As at 31st March, 2024	As at 31st March, 2023
17 BORROWINGS		
(a) Non-current borrowings		
Secured		
Term loans from banks		
Foreign currency loans (refer note 17 (c) (a) (i))	9,438.3	34,833.5
Unsecured		
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) (refer note 17 (c) (b) (i))	9,893.2	9,888.0
Term loans from banks		
Rupee loans (refer note 17 (c) (a) (ii))	-	199.1
	19,331.5	44,920.6
(b) Current borrowings		
Secured		
From banks :		
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
Current maturities of non-current borrowings		
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
Unsecured		
From banks :		
Rupee loans (refer note 17 (c) (b) (ii))	2,672.0	6,185.1
Debentures		
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 31st March, 2024 and ₹ 796.0 lakhs as at 31st 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 31st March, 2024 and 31st March, 2023.

The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

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 31st March, 2024		As at 31st March, 2023	
						Current	Non-Current	Current	Non-Current
a)	SECURED								
i)	Foreign currency term loans / ECBs from banks 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-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
ii)	Term loan in Rupees 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)	03-Aug-21	03-Aug-23	03 annual instalments	9.80%	-	-	2,400.5	-
		11-May-22	20-Oct-24	17 equal monthly instalments	Repo rate + 2.5%	199.1	-	199.1	199.1
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, Amralewadi, 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	-
b)	UNSECURED								
i)	Non convertible debentures 8.45% p.a unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs).	18-Jul-25	18-Jul-25	Bullet payment after 3 years	8.45%	591.3	9,893.2	589.0	9,888.0
ii)	Working capital loans repayable on demand from banks / Loan repayable within 12 months The Bankers are - HDFC Bank Limited - Others	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
	The bifurcation of total borrowings is as follows:								
	Non-current borrowings		Note 17			-	19,331.5	-	44,920.6
	Current borrowings		Note 17			8,621.0	-	19,248.9	-
	Current maturities of non-current borrowings		Note 17			16,140.5	-	17,580.0	-
						24,761.5	19,331.5	36,828.9	44,920.6

	As at 31st March, 2024	As at 31st March, 2023
18 TRADE PAYABLES		
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

As at 31st March, 2024							
Particulars	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

As at 31st March, 2023							
Particulars	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.

19 OTHER FINANCIAL LIABILITIES

(a) Non-current:

Security deposit

161.3	156.3
161.3	156.3

(b) Current:

Unclaimed dividend (as and when due)***

Unpaid matured deposits including interest thereon (refer note 41)

Payable for capital goods *

Employee dues

Commission payable to directors

Other liabilities **

595.6	394.1
13.2	20.4
354.7	1,001.5
2,832.8	2,390.1
98.0	10.0
368.1	378.3
4,262.4	4,194.4

* Includes amount payable to MSME parties amounting to ₹ 1.6 lakhs as at 31st 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

	As at 31st March, 2024	As at 31st March, 2023
20 DERIVATIVE INSTRUMENTS		
(a) Non-current:		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	-	379.8
	-	379.8
(b) Current:		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	82.0	58.3
	82.0	58.3
Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.		
21 PROVISIONS		
(a) Non-current:		
Provision for employee benefits (refer note 39)		
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
	3,175.0	2,822.7
(b) Current:		
Provision for employee benefits (refer note 39)		
Provision for pension	176.3	168.4
Provision for compensated absences	173.2	102.1
	349.5	270.5
22 OTHER LIABILITIES		
(a) Non-current:		
Deferred government grant *	302.8	746.9
	302.8	746.9
(b) Current:		
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
	4,977.0	6,600.8

* 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 31st March, 2024 and 31st March, 2023 are :

Statement of Profit and Loss :

Profit and loss section	Year ended 31st March, 2024	Year ended 31st March, 2023
Current income tax :		
Tax on Exceptional item	6,811.6	
Current income tax charge	2,644.6	588.1
Adjustment in respect of current income tax of previous year	-	(83.6)
Deferred tax :		
Relating to origination and reversal of temporary differences	1,852.1	992.5
Income tax expense reported in the Statement of Profit and Loss	11,308.3	1,497.0

OCI section	Year ended 31st March, 2024	Year ended 31st March, 2023
Deferred tax related to items recognised in OCI:		
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)
Income tax charged to OCI	(102.1)	(55.9)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31st March, 2024 and 31st March, 2023	Year ended 31st March 2024	Year ended 31st 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 st 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)
Income tax expense reported in the Statement of Profit and Loss excluding exceptional items	4,496.7	1,497.0

Major components of deferred tax as at 31st March, 2024 and 31st March, 2023:

Deferred tax liability (net)	Balance Sheet	
	As at 31st March, 2024	As at 31st March, 2023
Deferred tax relates to the following:		
Deferred tax liability :		
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
Deferred tax assets :		
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)
Net deferred tax liabilities	8,189.9	6,235.8

23 INCOME AND DEFERRED TAXES

Closing balances of deferred tax assets and liabilities as on 31st March, 2024 and 31st March, 2023

	Balance Sheet	
	As at 31st March, 2024	As at 31st March, 2023
Deferred tax assets	(921.7)	(928.7)
Deferred tax liabilities	9,111.6	7,164.5
	8,189.9	6,235.8

Major components of deferred tax expenses for the year ended 31st March, 2024 and 31st March, 2023:

Deferred tax expense/ (income)	Statement of Profit and Loss	
	Year ended 31st March 2024	Year ended 31st March 2023
Deferred tax relates to the following:		
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 forward tax loss	634.7	(453.1)
Unrealised profit on stock	44.2	(269.3)
Expenditure allowed on actual payment	(435.5)	(359.0)
Deferred tax expense	1,954.2	1,048.4

Reconciliation of deferred tax liabilities (net)	Year ended 31st March 2024	Year ended 31st 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
Closing balance	8,189.9	6,235.8

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)

	As at 31st March, 2024	As at 31st March, 2023
(a) Non-current tax assets (net):		
Income tax assets	12,809.8	21,254.2
Income tax liabilities	11,152.6	18,555.4
Net income tax assets	1,657.2	2,698.8
(b) Current tax liabilities (net):		
Income tax liabilities	23,776.9	16,828.5
Income tax assets	23,510.1	16,624.7
Net income tax liabilities	266.8	203.8

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:

	As at 31st March, 2024		As at 31st 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
	571.3	142.8	508.9	127.3

	Year ended 31st March, 2024	Year ended 31st March, 2023
24 REVENUE FROM OPERATIONS		
Sale of products	2,51,158.1	2,27,416.5
Sale of services	273.3	262.3
	2,51,431.4	2,27,678.8
Other operating revenues		
Government grants (export incentives)	1,658.3	1,556.7
Miscellaneous operating income [#]	788.0	937.7
	2,446.3	2,494.4
Total revenue from operations	2,53,877.7	2,30,173.2

[#] 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 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.

	Year ended 31st March, 2024	Year ended 31st March, 2023
Sale of products	2,51,431.4	2,27,678.8
Other operating revenues	2,446.3	2,494.4
	2,53,877.7	2,30,173.2

(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.

	Year ended 31st March, 2024	Year ended 31st March, 2023
Major product lines		
Sale of pigments	2,19,877.0	2,05,411.2
Sale of engineering equipments	31,554.4	22,267.6
Total	2,51,431.4	2,27,678.8
Primary geographical market		
In India	1,46,344.6	1,25,010.1
Outside India	1,05,086.8	1,02,668.7
Total	2,51,431.4	2,27,678.8
Timing of revenue recognition		
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
Total	2,51,431.4	2,27,678.8

(c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Revenue from operations	2,53,877.7	2,30,173.2
Less: Adjustments		
Government grants (export incentives)	1,658.3	1,556.7
Revenue from contract with customers	2,52,219.4	2,28,616.5
Add: Adjustments (sales returns, commission, hedge, etc.)	3,077.0	4,649.4
Revenue as per contracted price	2,55,296.4	2,33,265.9

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Year ended 31st March, 2024	Year ended 31st 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

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).

	Year ended 31st March, 2024	Year ended 31st March, 2023
Revenue recognised from amount included in contract liabilities at the beginning of the year	5,450.8	2,517.0
	5,450.8	2,517.0

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	Year ended 31st March, 2024	Year ended 31st March, 2023
25 OTHER INCOME		
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
	1,708.6	479.0
* Miscellaneous income majorly includes rental income and sundry recoveries.		
26 COST OF RAW MATERIALS CONSUMED		
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
	1,48,733.4	1,45,930.9
Less: Inventory at the end of the year (refer note 9)	10,684.1	14,578.8
Cost of raw materials consumed	1,38,049.3	1,31,352.1
27 PURCHASE OF STOCK IN TRADE		
Purchase of Stock In Trade	1,923.5	1,317.2
	1,923.5	1,317.2
28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory at the end of the year (refer note 9)		
Finished goods	21,592.1	22,878.9
Work-in-progress	7,933.9	8,213.6
	29,526.0	31,092.5
Inventory at the beginning of the year (refer note 9)		
Finished goods	22,878.9	26,409.6
Work-in-progress	8,213.6	8,841.5
	31,092.5	35,251.1
	1,566.5	4,158.6

	Year ended 31st March, 2024	Year ended 31st March, 2023
29 EMPLOYEE BENEFITS EXPENSE		
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
	20,995.0	18,395.4

* 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 72nd Annual General Meeting held on 11th August, 2023.

Further, the remuneration paid / payable to the directors of the domestic subsidiary (RIECO Industries Limited) for the financial year ended 31st 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 16th May, 2024.

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(All amounts are in ₹ Lakhs, unless otherwise stated)

	Year ended 31st March, 2024	Year ended 31st March, 2023
30 FINANCE COSTS		
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
	3,690.2	4,147.1

* Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ Nil lakhs (31st 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 31st March 2023. No finance cost has been capitalised during the year ended 31st March 2024.

** Includes charges for guarantees, loan processing etc.

31 DEPRECIATION AND AMORTISATION EXPENSE

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
	14,116.7	11,422.7

32 OTHER EXPENSES

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
	59,702.2	53,885.2

* 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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH 2024**

(All amounts are in ₹ Lakhs, unless otherwise stated)

	Year ended 31st March, 2024	Year ended 31st March, 2023
33 AUDITOR'S REMUNERATION		
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
	80.3	64.0

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:

	Year ended 31st March, 2024	Year ended 31st March 2023
Employee benefits expense	-	236.9
Finance costs	-	519.8
Other expenses*	253.0	691.8
	253.0	1,448.5

* 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.

	Year ended 31st March, 2024	Year ended 31st March, 2023
Revenue Expenditure	2,502.8	2,734.6
Capital Expenditure	511.2	728.9
	3,014.0	3,463.5

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.

	Year ended 31st March, 2024	Year ended 31st 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 31st March, 2024.

c) Amount spent during the year ended on	Year ended 31st March, 2024	Year ended 31st 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.

e) Details of ongoing projects and other than ongoing projects

Particulars	Year ended 31st March, 2024	Year ended 31st 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

		Year ended 31st March, 2024	Year ended 31st 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 :

	For the year ended 31st 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)
	(129.2)	10.4	(140.1)	(258.9)
	For the year ended 31st 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 31st March, 2024	Year ended 31st 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.

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 31st March, 2024	Year ended 31st 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 31st March, 2024	Year ended 31st 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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31st March, 2024	Year ended 31st 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 31st March, 2024 and 31st March, 2023 plan assets were 100% invested in insurer managed funds.

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31st March, 2024	Year ended 31st 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 31st March, 2024	As at 31st 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

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 31st March, 2024	As at 31st 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 31st March, 2024	As at 31st 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 31st March, 2024		As at 31st 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.

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

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 31st March, 2024	As at 31st 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

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
(Prior 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 31st March, 2024	Year ended 31st March, 2023
Current service cost	5.0	4.7
Net interest (income) / expense	81.7	78.4
Net expense	86.7	83.1

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31st March, 2024	As at 31st 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)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	212.2	104.8
Actuarial (gain) / loss - Financial	43.4	(30.8)
Actuarial (gain) / loss - Demographic	-	-
Defined benefit obligation as at the end of the year	1,351.8	1,171.0

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31st March, 2024	Year ended 31st 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	-	-
Amount recognised in the statement of OCI	255.6	74.0

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31st March, 2024	As at 31st March, 2023
Defined Benefit Obligation	1,351.8	1,171.0
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,351.8	1,171.0

The principal assumptions used in determining pension obligations for the Group's plan are shown below:

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

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 31st March, 2024	As at 31st 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 31st March, 2024		As at 31st 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 31st March, 2024	As at 31st 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, privilege 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 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 31st March, 2024	As at 31st 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
	1,088.0	912.9

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.

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

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	31st March,	31st March,
	2024	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
*Wholetime 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	31st March, 2024	31st 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 31st March, 2024 and ₹ 91.6 lakhs as at 31st March, 2023.

41 DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As At 31st March, 2024	As At 31st 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
	13.2	20.4

42 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013:

There are no loans outstanding as on 31st March, 2024 and 31st 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 31st March, 2024 are ₹ 646.4 lakhs (31st March, 2023 : ₹ 536.2 lakhs)

(b) CONTINGENT LIABILITIES

Claims against the Group not acknowledged as debts

Particulars	As at 31st March, 2024	As at 31st 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

- i 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.
- ii The Group does not expect any reimbursements in respect of the above contingent liabilities.
- iii 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.
- iv The Government of Maharashtra revised electricity duty payable on captive power generation ("CPP") vide notification dated 13th April, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23rd 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 24th 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.

(d) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Holding 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.
The domestic subsidiary (RIECO Industries Limited) has issued performance bank guarantees to the customers amounting to ₹ 3,278.9 lakhs as at 31st March, 2024 (31st 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.

- (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 Group 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 31st March, 2024	As at 31st 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

- (d) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year ended 31st March, 2024 and 31st March, 2023.
- (e) (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.

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 31st March, 2024	As At 31st March, 2023	% Change	Comments where variance exceeds 25%
a) Current Ratio [Current assets / current liabilities]	Times	1.38	1.14	21%	
b) Debt-Equity Ratio [(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.
c) Debt Service Coverage Ratio [(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)]	Times	1.62	1.04	56%	Improvement in ratio is due to improved operating performance.
*Debt obligations exclude prepayments out of proceeds from exceptional items					
d) Interest Service Coverage Ratio [(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.
e) Return on Equity Ratio [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.
f) Inventory turnover ratio [Cost of goods sold / Average inventory]	Times	3.04	2.58	18%	
g) Trade receivables turnover ratio [Sales of goods and services / Average trade receivables]	Times	4.69	4.61	2%	
h) Trade payables turnover ratio [Purchase of goods and Purchase stock-in-trade/ Average Trade payables]	Times	2.67	2.52	6%	
i) Net capital turnover ratio [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.
j) Net profit ratio [Net profit before exceptional items / Revenue from operations]	Percentage	4.39%	2.00%	120%	Betterment of ratio is due to improved operating performance.

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 31st March, 2024	As At 31st March, 2023	% Change	Comments where variance exceeds 25%
k) Return on Capital employed [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.
l) Long term Debt to Working Capital [(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.
m) Total Debts to Total Assets ratio [(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.
n) Bad debts to Account receivable ratio [Bad debts/Average trade receivable]	Percentage	0.69%	0.09%	667%	Amount was written off after management assessment of non-recoverability
o) Current liability ratio [Current liabilities / Total liabilities]	Percentage	71.52%	63.50%	13%	
p) Operating Margin [(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.
q) Asset Coverage Ratio on Secured Non - Convertible Debentures (NCDs) [Total assets pledged for secured NCDs / Outstanding balance of secured NCDs]	Percentage	Not Applicable	Not Applicable		
r) Debenture redemption reserve	₹ in lakhs	Not Applicable	Not Applicable		
s) Net worth	₹ 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.

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. Rath	Chairman
- Mr. R. B. Rath	Managing Director
- Mr. A. V. Vij	Wholtime Director
- Mr. A. N. Rath	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 2nd February, 2024)
- Mr. N. J. Rath	KMP of Subsidiary
- Mr. V. R. Bhatia	KMP of Subsidiary
- Mr. Milan Krumbe	KMP of Subsidiary - (Resigned effective close of business hours on 31st 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. Rath	Wife of Mr. R. B. Rath
- Mr. R. P. Rath	Son of Mr. P. R. Rath
- Mrs. Jayashree Mantri	Sister of Mr. P. R. Rath
- Smt. K. B. Rath	Mother of Mr. R. B. Rath
- Mr. A. B. Rath	Brother of Mr. R. B. Rath
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rath
- Mrs. S. P. Rath	Wife of Mr. P. R. Rath
- Mrs. V. R. Rath	Wife of Mr. R. P. Rath
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rath
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mrs. A. N. Rath	Mother of Mr. A.N. Rath
- Mrs. A. A. Rath	Wife of Mr. A. N. Rath
- Mrs. Rachna Biyani	Sister of A.N. Rath
- Ms. Smriti R. Rath	Daughter of Mr. R. B. Rath
- Ms. Tanvi R. Rath	Daughter of Mr. R. B. Rath
- Mr. Armaan A. Rath	Son of Mr. A. N. Rath
- Mr. Rohan A. Rath	Son of Mr. A. N. Rath

(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 Rath Finance Private Limited	- Rabro Speciality Chemicals Private Limited
- PRR Finance Private Limited	- Mr. Anuj N. Rath HUF
- Marathwada Chemical Industries Private Limited	- Mr. R. B. Rath HUF
- Rath Vessels and Systems LLP	- Rath Mixers Private Limited
- NJR Finance Private Limited	- Breakthrough Management Group India Private Limited
- Rath Brothers Private Limited	- Shri Jagannath Rath Charity Trust
- Rath 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
- Rath 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.

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 31st March 2024				For the year ended 31st 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	-	-	-	-
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

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 31st March 2024				For the year ended 31st March 2023			
	Key Management Personnel	Close Member of Key Management Personnel	Others	Total	Key Management Personnel	Close Member of Key Management Personnel	Others	Total
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
h Commission on Sales (Incl. Taxes):	-	-	-	-	-	-	694.9	694.9
Rabro Speciality Chemicals Pvt Ltd	-	-	-	-	-	-	694.9	694.9
i Rent received (Incl. Taxes) :	-	-	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	-	-	0.2	0.2	-	-	0.7	0.7
Others	-	-	0.5	0.5	-	-	2.1	2.1
j Rent paid (Incl. Taxes) :	-	-	-	-	-	-	10.2	10.2
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	-	10.2	10.2
k Donation Paid :	-	-	183.9	183.9	-	-	202.0	202.0
Sudarshan CSR Foundation	-	-	183.9	183.9	-	-	202.0	202.0
l Reimbursement (Net) :	-	-	9.8	9.8	-	-	(3.9)	(3.9)
Rabro Speciality Chemicals Pvt. Ltd.	-	-	1.9	1.9	-	-	(3.9)	(3.9)
Shri Jagannath Rathi Charity Trust	-	-	7.9	7.9	-	-	-	-
m Subscription paid :	-	-	-	-	-	-	1.1	1.1
Pigment Manufacturers Association	-	-	-	-	-	-	1.1	1.1
n Car Deposit Received :	16.0	-	-	16.0	-	-	-	-
Mr. A.Vij	5.9	-	-	5.9	-	-	-	-
Mr. N.J. Rathi	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 31st March, 2024, the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (31st 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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st 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) :

C Balances due from / to related parties :

Nature of Transactions	As at 31st March 2024				As at 31st March 2023			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Trade Receivable :	-	-	-	-	-	-	11.1	11.1
Marathwada Chemical Industries Private Limited	-	-	-	-	-	-	10.7	10.7
Others	-	-	-	-	-	-	0.4	0.4
b Trade Payable :	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
c Other Receivable :	-	-	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
d Other Payable :	-	-	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
e Commission Payable :	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	-	-	-	-
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. Rathi	9.8	-	-	9.8	-	-	-	-
Dr. Deepak Parikh	7.3	-	-	7.3	-	-	-	-
f Salary / Pension Payable * :	236.8	1.9	-	238.7	71.8	2.8	-	74.6
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
g Car deposit payable :	83.9	-	-	83.9	67.9	-	-	67.9
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.

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 31st March, 2024 and 31st March, 2023.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
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.
ii) Foreign exchange risk		
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).

Foreign currency exposure and sensitivity	As at 31st March, 2024		As at 31st March, 2023	
	USD	EURO	USD	EURO
	denominated	denominated	denominated	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	-
Total	(39,841.6)	(7,274.1)	(51,283.1)	(1,599.5)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31st March, 2024	Year ended 31st March, 2023
Balance at beginning of the year	(2,530.9)	(346.5)
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
Balance at end of the year	(2,510.9)	(2,530.9)
Tax impact	(28.0)	121.2

47 RISK MANAGEMENT AND CAPITAL MANAGEMENT

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: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - 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. - 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.
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.
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 31st March 2024 and 31st March 2023 respectively. Against these receivables, a provision for expected loss allowance is recognised.

47 RISK MANAGEMENT AND CAPITAL MANAGEMENT

Reconciliation of provision for expected credit loss

Balance as at 1st April, 2022	1,425.2
Provision (reversed) / recognised for expected credit loss	84.1
Balance as at 31st March, 2023	1,509.3
Provision (reversed) / recognised for expected credit loss	(142.9)
Balance as at 31st March, 2024	1,366.4

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.

(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
As at 31st March, 2024						
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
Total		69,425.6	10,394.7	22,596.5	-	1,02,416.8
As at 31st March, 2023						
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
Total		84,217.4	8,037.1	46,312.3	-	1,38,566.9

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 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.

	As at 31st March, 2024	As at 31st 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, 9th 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 6th April, 2023 for transfer of aforesaid land along with the structures standing thereon. The transaction was completed on 6th 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 31st March, 2023 are as under:

	As at 31st March, 2023
Assets	
Property, plant and equipment	
Freehold Land	2,327.9
Buildings	288.3
Furniture and Fixtures	216.3
Office Equipments	13.0
Total assets	<u>2,845.5</u>

There are no associated liabilities of the disposal group classified as held for sale as on 31st 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 31st 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	9th 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 4th year, 20% options vest after 5th year, 20% options vest after 6th year and 20% options vest after 7th 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	3rd April, 2020
g	Settlement mode	Equity share
h	Source of shares (primary, secondary or combination)	Primary

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:

	Number of options	Weighted average exercise price
Outstanding as at 1st 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 31st March, 2023	3,32,650	169.2
Exercisable as at 31st March, 2023	-	-
Outstanding as at 1st April, 2023	3,32,650	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31st March, 2024	3,32,650	169.2
Exercisable as at 31st March, 2024	-	-

There are no options vested during the year ended 31st March 2024 and 31st March 2023.

There is no realisation of money by exercise of option during the year ended 31st March 2024 and 31st March 2023.

The options outstanding at 31st March, 2024 have an exercise price of ₹ 349.35 (31st March, 2023: ₹ 349.35) and a weighted average remaining contractual life of 6.2 years (31st 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 31st 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.

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.

	Year ended 31st March, 2024			Year ended 31st March, 2023		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
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
Total segment revenue	2,22,323.3	31,554.4	2,53,877.7	2,07,905.5	22,267.7	2,30,173.2
Segment Results						
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
Profit after tax	35,284.8	459.9	35,744.7	3,644.3	832.6	4,476.9
Segment Assets and Segment Liabilities						
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
Segment Assets (-) Segment Liabilities	1,11,027.9	3,875.8	1,14,903.7	79,413.9	3,408.5	82,822.4
Other Details:						
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

	Year ended 31st March, 2024	Year ended 31st March, 2023
Segment Revenue by location of customers		
In India	1,47,132.6	1,25,947.8
Outside India	1,06,745.1	1,04,225.4
	2,53,877.7	2,30,173.2
Non-current operating assets by location of assets		
In India	1,11,358.3	1,27,955.6
Outside India	1,309.5	-
	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.

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 31st March, 2024 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 20.0 Lakhs (31st March, 2023: ₹ (2,184.4) Lakhs) is included in OCI.

The amounts retained in OCI at 31st March, 2024 are expected to be realised in the Consolidated Statement of Profit and Loss till the year ended 31st 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 31st 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 31st 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

	As at 31st March, 2024	As at 31st 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 31st March, 2023. Tax expense on this exceptional item amounting to ₹ 6,921.0 lakhs is included in current tax expenses.

53 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2024.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
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
Total	65,709.8	277.0	797.1	66,783.9
Financial liabilities				
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
Total	1,02,334.8	82.0	-	1,02,416.8

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2023

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
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
Total	53,126.4	329.0	1,566.5	55,021.9
Financial liabilities				
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
Total	1,38,128.8	58.3	379.8	1,38,566.9

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 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.
- 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 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.
- 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 31st March, 2024 and 31st 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 31st March, 2024	31st March, 2024	34.0	-	34.0	-
As at 31st March, 2023	31st March, 2023	124.7	-	124.7	-
Interest Rate Swap Contracts					
As at 31st March, 2024	31st March, 2024	797.1	-	797.1	-
As at 31st March, 2023	31st March, 2023	1,566.5	-	1,566.5	-
Investment in others*					
As at 31st March, 2024	31st March, 2024	243.0	-	-	243.0
As at 31st March, 2023	31st March, 2023	204.2	-	-	204.2
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31st March, 2024	31st March, 2024	82.0	-	82.0	-
As at 31st March, 2023	31st March, 2023	58.3	-	58.3	-
Interest Rate Swap Contracts					
As at 31st March, 2024	31st March, 2024	-	-	-	-
As at 31st March, 2023	31st 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.

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 (Step-down subsidiary of Sudarshan, India)	100%	100%	The United States of America
3 Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
4 Sudarshan (Shanghai) Trading Company Ltd. (Step-down subsidiary of Sudarshan, India w.e.f 22nd March, 2024)	100%	100%	China
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 31st 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
Parent Company								
Sudarshan Chemical Industries Limited	96.3	1,10,648.8	93.8	33,512.4	227.2	(269.9)	93.7	33,242.5
Indian Subsidiaries								
RIECO Industries Limited	3.4	3,875.8	1.3	459.9	(0.5)	0.6	1.3	460.5
Foreign Subsidiaries								
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
Eliminations	(9.0)	(10,287.2)	0.5	168.4	(117.9)	140.1	0.5	168.4
Total	100.0	1,14,903.7	100.0	35,744.7	100.0	(118.8)	100.0	35,485.8

For the year ended 31st 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
Parent Company								
Sudarshan Chemical Industries	97.6	80,810.8	70.2	3,141.0	134.8	(2,202.4)	32.9	938.6
Indian Subsidiaries								
RIECO Industries Limited	4.1	3,408.6	18.6	832.6	1.2	(20.2)	28.4	812.4
Foreign Subsidiaries								
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
Eliminations	(12.6)	(10,448.8)	(32.9)	(1,475.3)	0.7	(12.6)	(51.6)	(1,474.7)
Total	100.0	82,822.5	100.0	4,476.9	100.0	(1,633.6)	100.0	2,856.5

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**CORPORATE IDENTIFICATION NUMBER - L24119PN1951PLC008409****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH 2024**

(All amounts are in ₹ Lakhs, unless otherwise stated)

- 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 5th 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 LLPChartered 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

Place: Pune

Date : 17th May 2024

Place: Pune

Date : 17th May 2024

R.B. RathiManaging Director
DIN No. 00018628**Mandar Velankar**Company Secretary
ICSI Membership
No.:14469



**Consolidated Financial Statements for
the Year ended 31st March, 2023**

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, 2023, 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 significant 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, 2023, 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 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.

Emphasis of Matter – Managerial Remuneration

We draw attention to note 29 to the consolidated Ind AS financial statements which describes that the managerial remuneration paid/payable by the Holding Company to the directors for the year ended March 31, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by INR 277.3 lakhs and INR 46.7 lakhs respectively. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Holding Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting.

Our opinion is not modified in respect of this matter.

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, 2023. 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
<i>Timing of recognition of revenue (as described in note 2.3(e) (Summary of significant accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)</i>	
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. Determination of point in time when control of the goods is transferred to the customer involves establishing the present right to receive payment for the products, delivery specifications, shipping terms, timing of transfer of legal title of the goods and determination of the point of acceptance of goods by the customers. These considerations require exercise of significant judgements by the management. Considering the multitude and variety of contractual terms and significant judgments involved, determination of point in time of transfer of control of goods, has been identified as a key audit matter.	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. <i>(this space has intentionally been left blank)</i>

Key audit matters	How our audit addressed the key audit matter
<i>Hedge accounting including valuations thereof (as described in note 2.3(s)(Summary of significant accounting policies) and note 15 and note 51 of notes forming part of the consolidated Ind AS financial statements)</i>	
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 statement of profit and loss along with the relevant hedged item. Considering the significant complexities and judgements involved in estimating highly probable forecasted sales transactions, future foreign exchange rates, determination of effectiveness of hedge and the fact that these transactions have a significant financial effect and extensive accounting and disclosure requirements, hedge accounting has been identified as a key audit matter.	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.
<i>Impairment assessment of goodwill (as described in note 2.3(a) (Summary of significant accounting policies) and note 4 of notes forming part of the consolidated Ind AS financial statements)</i>	
As at March 31, 2023 the consolidated Ind AS financial statements includes goodwill of Rs 684.4 lakhs pertaining to acquisition of a subsidiary company in earlier years. 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. 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.	Our audit procedures included the following: 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. 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. <i>(this space has intentionally been left blank)</i>

Key audit matters	How our audit addressed the key audit matter
	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 the Group.

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 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, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (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 INR 25,800.6 lakhs as at March 31, 2023, and total revenues of INR 48,239.8 lakhs and net cash (inflows) of INR 691.2 lakhs for the year ended on that date. These financial statements 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.
- (b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2022, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 26, 2022.

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.

Report on Other Legal and Regulatory Requirements

- 1. 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.
- 2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
 - (c) 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;
 - (d) 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;
 - (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group's companies, incorporated in India, are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls 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;
- (g) As stated in Emphasis of Matter paragraph above and note 29 to the consolidated Ind AS financial statements which describes that the managerial remuneration paid/payable by the Holding Company to the directors for the year ended March 31, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto, by INR 277.3 lakhs. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Holding Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting.
- (h) 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 financial statements of the subsidiaries, as noted in the ‘Other Matters’ paragraph:
- i. 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;
 - ii. 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.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023.
 - iv.
 - a) The respective managements of the Holding Company and its subsidiary, which are companies 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 person(s) or entity(ies), 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;
 - b) The respective managements of the Holding Company and its subsidiaries which are companies 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 person(s) or entity(ies), 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
 - c) 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.

- v. 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.

As stated in note 16 to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective 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; and,

- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiary incorporated in India, hence reporting under this clause is not applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 23111757BGYQKC1870

Place of Signature: Pune
Date: May 23, 2023

Annexure 1 to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of Sudarshan Chemical Industries Limited

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, 2023, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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, 2023, 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: 23111757BGYQKC1870

Place of Signature: Pune

Date: May 23, 2023

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2023
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	1,07,331.5	79,150.6
(b) Capital work-in-progress	3	4,426.8	27,322.6
(c) Goodwill	4	684.4	684.4
(d) Intangible assets	4	3,405.0	2,876.2
(e) Intangible assets under development	4	22.0	1,144.1
(f) Right to use assets	5	1,194.1	452.2
(g) Financial assets			
i Investments	6	205.3	166.6
ii Derivative instruments	13	353.0	-
iii Other financial assets	7	790.9	593.0
(h) Income tax assets (net)	23	2,698.8	2,186.0
(i) Deferred tax assets	23	928.7	765.5
(j) Other non-current assets	8	671.0	1,017.2
		1,22,711.5	1,16,358.4
II Current assets			
(a) Inventories	9	49,407.9	56,598.4
(b) Financial assets			
i Trade receivables	10	48,614.6	50,065.6
ii Cash and cash equivalents	11	2,039.2	2,531.6
iii Bank balances other than (ii) above	12	902.1	997.8
iv Derivative instruments	13	1,338.2	1,218.1
v Other financial assets	7	778.6	1,334.9
(c) Other current assets	8	10,560.9	7,766.2
		1,13,641.5	1,20,512.6
III Assets held for sale	48	2,845.5	-
Total assets		2,39,198.5	2,36,871.0
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	14	1,384.5	1,384.5
(b) Other equity	15	81,437.9	81,934.4
Total equity		82,822.4	83,318.9
B Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
i Borrowings	17	44,920.6	36,857.6
ii Lease liabilities	5	855.6	333.1
iii Other financial liabilities	19	156.3	167.3
iv Derivative instruments	20	379.8	-
(b) Provisions	21	2,822.7	2,635.3
(c) Deferred tax liabilities (net)	23	7,164.5	5,952.9
(d) Other non-current liabilities	22	746.9	1,248.1
		57,046.4	47,194.3
II Current liabilities			
(a) Financial liabilities			
i Borrowings	17	36,828.9	45,016.4
ii Lease liabilities	5	300.1	51.3
iii Trade payables			
Dues to micro enterprises and small enterprises	18	6,453.7	2,679.0
Dues to other than micro enterprises and small enterprises	18	44,419.2	49,497.0
iv Derivative instruments	20	58.3	59.1
v Other financial liabilities	19	4,194.4	5,284.5
(b) Provisions	21	270.5	246.9
(c) Other current liabilities	22	6,600.8	3,219.5
(d) Current tax liabilities (net)	23	203.8	304.1
		99,329.7	1,06,357.8
Total liabilities		1,56,376.1	1,53,552.1
Total equity and liabilities		2,39,198.5	2,36,871.0

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

Place: Pune
Date : 23rd May, 2023

Place: Pune
Date : 23rd May, 2023

R.B.RATHI
Managing Director
DIN No. 00018628
MANDAR VELANKAR
Company Secretary
ICSI Membership
No.:14469

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
Income			
Revenue from operations	24	2,30,173.2	2,20,080.6
Other income	25	479.0	500.2
Total income		2,30,652.2	2,20,580.8
Expenses			
Cost of materials consumed	26	1,31,352.1	1,37,397.6
Purchase of stock in trade	27	1,317.2	1,276.8
Changes in inventories of finished goods and work-in-progress	28	4,158.6	(11,634.0)
Employee benefits expense	29	18,395.4	18,397.0
Finance costs	30	4,147.1	1,942.3
Depreciation and amortisation expense	31	11,422.7	8,925.9
Other expenses	32	53,885.2	47,163.0
Total expenses		2,24,678.3	2,03,468.6
Profit before tax		5,973.9	17,112.2
Tax expense	23		
Current tax		588.1	3,828.3
Adjustment of tax related to earlier periods (net)		(83.6)	-
Deferred tax		992.5	287.3
Total tax expense		1,497.0	4,115.6
Profit for the year		4,476.9	12,996.6
Other comprehensive income (OCI)	38		
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		17.7	(106.0)
Income tax effect		(4.5)	26.6
		13.2	(79.4)
(b) Items that will be reclassified to profit or loss			
Net movement on effective portion of cash flow hedges		(2,184.4)	360.3
Income tax effect		(51.4)	(90.7)
Gain / (Loss) on translation of foreign operations		602.2	(174.6)
		(1,633.6)	95.0
Other comprehensive income for the year (net of taxes)		(1,620.4)	15.6
Total comprehensive income for the year (net of taxes)		2,856.5	13,012.2
Earnings per equity share	37		
[Nominal value per share ₹ 2 (31st March 2022 - ₹ 2)]			
Basic (in ₹)		6.5	18.8
Diluted (in ₹)		6.5	18.7

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

Place: Pune
Date : 23rd May, 2023

Place: Pune 404
Date : 23rd May, 2023

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary
ICSI Membership
No.:14469

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flow from operating activities		
Profit before tax from operations	5,973.9	17,112.2
Adjustment to reconcile profit before tax to net cash flow		
Depreciation and amortisation expense	11,422.7	8,925.9
Loss/ (gain) on sale / disposal of fixed assets (net)	6.4	(23.2)
Net gain on fair valuation on investments	(38.8)	(38.8)
Liabilities no longer required, written back	(14.7)	(39.5)
Share based payment expenses	108.4	102.7
Unrealized foreign exchange Loss / (Gain)	105.7	825.0
(Reversal) / provision for inventory obsolescence	211.3	(304.5)
Fair value gain on derivatives	(94.5)	(1,000.9)
Provision for bad and doubtful debts/ advances (including ECL)	84.1	175.0
Finance costs	4,147.1	1,942.3
Interest income	(133.0)	(154.4)
Operating profit before working capital changes	21,778.6	27,521.8
Working capital adjustments :		
Increase/ (decrease) in trade payables	(1,384.0)	7,993.3
Increase/ (decrease) in provisions	228.7	154.6
Increase/ (decrease) in other liabilities	2,751.4	536.0
Increase/ (decrease) in other financial liabilities	(494.2)	(404.9)
(Increase)/ decrease in trade receivables	1,792.7	(1,534.9)
(Increase)/ decrease in inventories	7,280.3	(15,136.9)
(Increase)/ decrease in other assets	(2,763.4)	1,992.2
(Increase)/ decrease in other financial assets	536.5	852.9
(Increase)/ decrease in other bank balances	95.7	(211.2)
Cash generated from operations	29,822.3	21,762.9
Income taxes paid (net of refunds)	(1,117.6)	(3,805.5)
Net cash flow from operating activities (A)	28,704.7	17,957.4
Cash flows from investing activities :		
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)	(19,240.1)	(31,020.7)
Proceeds from sale of property, plant and equipment and intangible assets	180.0	106.3
Interest received	133.0	115.4
Net cash flow (used in) investing activities (B)	(18,927.1)	(30,799.0)
Cash flows from financing activities :		
Proceeds from long-term borrowings	22,319.1	19,225.3
Repayment of long-term borrowings	(14,534.8)	(13,730.1)
Dividend paid on equity shares and tax thereon	(3,427.7)	(4,112.3)
Proceeds from short-term borrowings	1,00,017.8	1,17,033.2
(Repayments of) short-term borrowings	(1,11,077.3)	(1,02,613.0)
Finance costs paid	(3,466.4)	(1,942.3)
Payment of lease liabilities	(100.7)	(85.3)
Net cash flow from financing activities (C)	(10,270.0)	13,775.5
Net increase in cash and cash equivalents (A + B + C)	(492.4)	933.9
Cash and cash equivalents at the beginning of the year	2,531.6	1,597.7
Cash and cash equivalents at the end of the year (excluding earmarked balances)	2,039.2	2,531.6
Cash and cash equivalents		
Cash on hand	9.0	8.4
Balance with Banks (On current account)	2,030.2	2,523.2
Total	2,039.2	2,531.6

Reconciliation of borrowings	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance at the beginning of year		
Non-current borrowings note 17	36,857.6	30,813.9
Current borrowings note 17	30,330.2	17,902.5
Current maturities of non-current borrowings note 17	14,686.2	12,693.7
Proceeds from borrowings	1,22,336.9	1,36,258.5
Repayment of borrowings	(1,25,612.1)	(1,16,343.1)
Unrealised foreign exchange gain / (loss) (net)	3,150.7	548.5
Balance at the end of year		
Non-current borrowings note 17	44,920.6	36,857.6
Current borrowings note 17	19,248.9	30,330.2
Current maturities of non-current borrowings note 17	17,580.0	14,686.2

Notes :

The above Cash Flow Statement 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

Place: Pune
Date : 23rd May, 2023

Place: Pune
Date : 23rd May, 2023

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary
ICSI Membership
No.:14469

A. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

	As at 31 st March, 2023				
	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	Balance at the end of the current reporting period
Share Capital Amount (in ₹ Lakhs)	1,384.5	-	-	-	1,384.5
Number of shares	6,92,27,250	-	-	-	6,92,27,250

	As at 31 st March, 2022				
	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	Balance at the end of the previous reporting period
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

	Reserves and Surplus					Foreign currency translation reserve	Effective portion of cash flow hedge	Share options (ESOP) outstanding reserve	Total
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Retained earnings*				
Balance as at 1st April, 2021	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1
Profit for the year	-	-	-	-	12,996.6	-	-	-	12,996.6
Other Comprehensive Income (net of tax)	-	-	-	-	(79.4)	(174.6)	269.6	-	15.6
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	-	-	102.7	102.7
Total comprehensive income for the year ended 31st March 2022	-	-	-	-	12,917.2	(174.6)	269.6	102.7	13,114.9
Transactions with owners, recorded directly in equity									
Equity Dividend	-	-	-	-	(4,153.6)	-	-	-	(4,153.6)
Total distributions to owners	-	-	-	-	(4,153.6)	-	-	-	(4,153.6)
Balance as at 31st March, 2022	1,321.2	0.4	410.0	21,340.5	58,470.7	336.8	(173.9)	228.7	81,934.4
Profit for the year	-	-	-	-	4,476.9	-	-	-	4,476.9
Other Comprehensive Income (net of tax)	-	-	-	-	13.2	602.2	(2,235.8)	-	(1,620.4)
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	-	-	108.4	108.4
Total comprehensive income for the year ended 31st March 2023	-	-	-	-	4,490.1	602.2	(2,235.8)	108.4	2,964.9
Transactions with owners, recorded directly in equity									
Equity Dividend	-	-	-	-	(3,461.4)	-	-	-	(3,461.4)
Total distributions to owners	-	-	-	-	(3,461.4)	-	-	-	(3,461.4)
Balance as at 31st March, 2023	1,321.2	0.4	410.0	21,340.5	59,499.4	939.0	(2,409.7)	337.1	81,437.9

* includes re-measurement of defined employee benefit plans

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

Place: Pune
Date : 23rd May, 2023

Place: Pune
Date : 23rd May, 2023

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary
ICSI Membership
No.:14469

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2023

1. Background:

Sudarshan Chemical Industries Limited ("the Holding Company") is a Public Limited Company domiciled in India. The Holding Company was incorporated as a Private Limited Company on 19th February 1951. The name of the Holding Company was changed to Sudarshan Chemical Industries Limited on 15th May, 1975 and the Holding Company went Public in the year 1976.

The CIN number of the Holding Company is L24119PN1951PLC008409. The Holding 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 Holding Company is located at "7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 045, Maharashtra, India.

The Group manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments. The Group also manufactures Pollution Control Equipment, Size Reduction Equipment and Grinding Equipment for industrial applications.

The Consolidated Financial Statements comprise of financial statement of the Holding Company and its subsidiaries (collectively, the Group) for the year ended 31st March, 2023.

The consolidated financial statements of the Group for the year ended 31st March 2023 were authorised for issue in accordance with a resolution of the Board of directors on 23rd May 2023.

2. Significant accounting policy:

2.1. Basis of preparation:

These consolidated financial statements ('CFS') of the Group have been prepared in accordance with 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 CFS.

The CFS 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 financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 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. Basis of consolidation:

The CFS comprise the financial statements of the Holding Company and its subsidiaries as at 31st March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

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- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31st March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
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cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

2.3. Significant accounting policies:

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based

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payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill 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 net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
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the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(b) Current versus non-current classification

The Group 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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.

(c) Foreign Currency Translation:

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the indirect method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

Transactions and balances:

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for differences pertaining to long term foreign currency monetary items as mentioned subsequently.

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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 OCI or consolidated statement of profit and loss, respectively).

Further, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1st April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1st April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1st April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

(d) Fair value measurement:

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- disclosures for valuation methods, significant estimates and assumptions (note 2.2 (z))
- quantitative disclosures of fair value measurement hierarchy (note 53)
- investment in unquoted equity shares (note 6)
- financial instruments (including those carried at amortized cost) (note 52)

(e) Revenue:

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. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2 (z).

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, generally on date of bill of lading for export sales and generally on delivery for sales. The normal credit term is 0 to 180 days upon delivery.

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

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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.

Revenue from projects:

The Group earns revenue primarily 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 the Group's 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 Company 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 Group has right to payment got 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.

Revenue from services:

Revenue in respect of operation and maintenance contract, awarded on a basis or included in long term contracts and identified as a separate performance obligation, is recognized on a time proportion basis under the contracts.

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.

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Interest Income:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend Income:

Dividend income is recognised when the Group's right to receive the payment is established.

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.

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.

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 2.2: Financial instruments – initial recognition and subsequent measurement.

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 from customer (or an amount of consideration is due). 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 or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligation as per the contract. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

(f) 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 consolidated statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

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(g) Taxes:

Current Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income 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). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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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

(h) Asset held for sale:

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset.
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the 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.

(i) Property, Plant and Equipment:

(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

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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.

Items of property, plant and equipment are stated at cost and include interest on borrowings directly attributable to the acquisition, construction, or production of the qualifying asset. A qualifying asset is necessarily an asset which takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable costs are added to the cost of these assets until such time as the assets are ready for their intended use or sale, which coincides with the commission date of those assets. Assets are presented less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any 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.

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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Machinery spares which meet the definition of PPE are capitalized and depreciated over the useful life of the principal asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) 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	Useful Life Adopted	Useful Life as per Schedule – II
Plant and Machinery - Other than below	5/ 9.2/ 10	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	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) Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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(j) Intangible Assets and Intangible under development:

(i) Intangible assets:

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortization and accumulated impairment losses, 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 losses.

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 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 expenses 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.

(ii) Amortisation:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer software and technical know-how which have finite useful lives, are amortized on a straight-line basis over the period of expected future benefits/ useful life of the projects.
- (3) Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The details of estimated useful life is as follows:

Asset Class	Years
Registrations	10
Computer Software	3-10
Technical Know-How	3-9
Right to Use	5-10

- (4) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.
- (5) Gains or losses arising from retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income/ expense in the consolidated statement of profit and loss.

(iii) Capital work in progress ("CWIP") and Intangibles 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.

(k) 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)

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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 are incurred.

(I) 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	5 to 9 years
Plant & Machinery	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 (n) Impairment of non-financial assets

(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.

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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, 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.

(m) 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.

(n) 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.

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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.

Impairment losses of continuing operations including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For the assets excluding goodwill, 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.

Goodwill is tested for impairment annually as at 31st March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

(o) Provisions and Contingent Liabilities:

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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

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(p) 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.

(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 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.

Re-masurements, 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 Other Comprehensive Income in the period in which they occur. Re-masurements are not reclassified to the profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of Profit and Loss as past service cost.

(3) Compensated absences:

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Actuarial gains and losses arising from actuarial valuations are recognised immediately in the consolidated statement of Profit and Loss.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(q) 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 49.

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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 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 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 statement of profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) 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:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (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 three 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)

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- Financial assets at fair value through profit or loss

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 profit or loss. The losses arising from impairment are recognised in the profit or 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 profit or 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 profit or loss.

The Group's debt instruments at fair value through other comprehensive income 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 profit or 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 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 other comprehensive income are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

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.

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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 statement of profit and loss when the right of payment has been established.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

(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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(4) Impairment of Financial Assets:

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on following financial asset and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are measured at FVTOCI
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase / origination.

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

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- 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.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and 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. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 52.

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 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.

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(s) Derivative financial instruments and hedge accounting:

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-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.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

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.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair Value Hedge:

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent

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cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges:

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

The Group designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to statement of profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature.

(t) Cash and Cash Equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks (which are unrestricted for withdrawal and usage) and cash on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statements 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.

(u) Dividends:

The Group recognises a liability to pay dividend to equity holders of the parent 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.

(v) 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 period

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and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 is adjusted for the effects of all dilutive potential equity shares.

(w) Segment reporting:

The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director and Chief Executive Officer (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

(x) 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.

(y) Recent Accounting Pronouncements:

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March, 2023 to amend the following Ind AS which are effective from 01st April, 2023.

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 are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Group's 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 to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

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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.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Group is currently assessing the impact of the amendments.

(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 52.
- Capital management Note 47(B).

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 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
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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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

ii. Useful life 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 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 (i) and 2.2 (j).

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 realization 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 realizable, 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 (g).

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 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

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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 (p).

v. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible assets including intangible assets under development:

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 2.2 (n).

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 policy for the same has been explained in Note 2.2 (r).

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 shelf life 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 a 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.

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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:

Revenue from sale of goods:

The Group 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 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 dispatch of goods are dispatch as per the terms mentioned in the purchase order.

Revenue from projects:

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 52 and 53 for further disclosures.

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL-WORK-IN-PROGRESS

A. Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Buildings	Leasehold Improvements	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Cost													
As at 1st April, 2021	1,424.1	10,496.4	-	71,145.2	735.6	764.7	178.9	1,155.0	2,242.6	917.2	38.0	89,097.7	26,857.6
Additions	39.0	3,667.0	-	24,698.2	195.6	238.8	55.4	95.8	367.1	-	-	29,356.9	20,199.1
Disposals	-	-	-	23.0	63.2	60.8	67.5	-	-	5.7	-	220.2	-
Transfers to Property, plant and equipment/ intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	19,734.1
Other adjustments:													
Borrowing cost capitalised (Refer note F)	-	22.2	-	400.9	-	1.6	-	2.5	-	-	-	427.2	-
As at 31st March, 2022	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
Accumulated depreciation as at 1st April, 2021	-	1,217.0	-	28,037.8	476.9	237.7	89.3	86.4	939.8	301.4	28.9	31,415.2	-
Depreciation for the year	-	392.5	-	7,355.4	103.9	78.9	28.6	20.8	229.0	86.3	7.1	8,302.5	-
Disposals	-	-	-	17.1	62.1	56.9	65.3	-	-	5.4	-	206.8	-
Accumulated depreciation as at 31st March, 2022	-	1,609.5	-	35,376.1	518.7	259.7	52.6	107.2	1,168.8	382.3	36.0	39,510.9	-
Net amount as at 31st March, 2022	1,463.1	12,576.1	-	60,845.2	349.3	684.6	114.2	1,146.1	1,440.9	529.2	2.0	79,150.7	27,322.6
Cost													
As at 1st April, 2022	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/ intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	38,011.0
Other adjustments:													
Borrowing cost 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 48)	2,327.9	311.2	-	-	-	456.9	63.1	-	-	-	-	3,159.1	-
As at 31st March, 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
Accumulated depreciation as at 1st April, 2022	-	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	-
Other adjustments:													
Assets transferred to assets held for sale (refer note 48)	-	22.9	-	-	-	240.6	50.1	-	-	-	-	313.6	-
Accumulated depreciation as at 31st March, 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	-
Assets transferred to assets held for sale - Net Amount (refer note 48)	2,327.9	288.3	-	-	-	216.3	13.0	-	-	-	-	2,845.5	-
Net amount as at 31st March, 2023	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

B. The Group has pledged certain property plant and equipments 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 subsidiary.

D. The Group has not revalued its property, plant and equipment during financial year ended 31st March, 2023 and 31st March, 2022

E. Assets include assets lying with third parties amounting to ₹ 25.6 lakhs (31st March 2022: ₹ 24.4 lakhs)

F. Capitalised borrowing costs : 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 ended 31st March, 2023 was ₹ 519.8 lakhs (31st March, 2022: ₹ 681.9 lakhs).

G. As at 31st March, 2023, the Group has classified certain assets as assets held for sale. Above depreciation is inclusive of depreciation on assets held for sale. Refer note 48.

H. Following is the ageing schedule for Capital-work-in progress ("CWIP").

As at 31 st 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
As at 31 st March, 2022					
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	14,163.2	10,455.4	2,704.0	-	27,322.6
Projects temporarily suspended	-	-	-	-	-
	14,163.2	10,455.4	2,704.0	-	27,322.6

I. 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

	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"
Cost								
As at 1st April, 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	684.4	977.3
Additions	155.7	28.0	285.9	113.0	317.0	899.6	-	479.3
Disposals / Transfer	-	-	-	133.9	-	133.9	-	312.5
As at 31st March, 2022	2,069.0	275.2	1,067.3	976.4	467.0	4,854.9	684.4	1,144.1
Accumulated amortisation as at 1st April, 2021	631.9	186.0	219.7	390.0	60.3	1,487.9	-	-
Amortisation for the year	251.7	19.7	169.2	96.2	19.3	556.1	-	-
Disposals	-	-	-	65.3	-	65.3	-	-
Accumulated amortisation as at 31st March, 2022	883.6	205.7	388.9	420.9	79.6	1,978.7	-	-
Net amount as at 31st March, 2022	1,185.4	69.5	678.4	555.5	387.4	2,876.2	684.4	1,144.1
As at 1st 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
As at 31st 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 1st 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 31st March, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-
Net amount as at 31st March, 2023	1,027.4	69.5	1,550.2	482.9	275.0	3,405.0	684.4	22.0

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B. The Group has not revalued its intangible assets during the financial year ended 31st March, 2023 and 31st March, 2022

C. Following are the aging schedule for the Intangible Assets under Development ("IAUD") as at 31st March, 2023 and 31st March, 2022.

Ageing schedule IAUD as at 31st March, 2023 **As at 31st March, 2023**

Particulars	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	22.0	-	-	22.0
Projects temporarily suspended	-	-	-	-	-
	-	22.0	-	-	22.0

Ageing schedule IAUD as at 31st March, 2022 **As at 31st March, 2022**

Particulars	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	479.3	555.0	109.8	-	1,144.1
Projects temporarily suspended	-	-	-	-	-
	479.3	555.0	109.8	-	1,144.1

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 TO 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 3 and 10 years, leasehold land have longer lease terms upto 99 years and certain office equipments have lease term of 5 years. 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.

A. Reconciliation of carrying amount

Right to use assets	Leasehold Land	Plant & Machinery (IT Equipment)	Buildings	Total
As at 1st April, 2021	136.3	-	443.2	579.5
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2022	136.3	-	443.2	579.5
Accumulated depreciation as at 1st April, 2021	9.2	-	53.2	62.4
Depreciation for the year	1.8	-	65.4	67.2
Disposals	-	-	2.3	2.3
Accumulated depreciation as at 31st March, 2022	11.0	-	116.3	127.3
Net carrying amount as at 31st March, 2022	125.3	-	326.9	452.2
As at 1st April, 2022	136.3	-	443.2	579.5
Additions	-	187.0	658.0	845.0
Disposals	-	-	-	-
As at 31st March, 2023	136.3	187.0	1,101.2	1,424.5
Accumulated depreciation as at 1st April, 2022	11.0	-	116.3	127.3
Depreciation for the year	1.8	6.1	95.2	103.1
Disposals	-	-	-	-
Accumulated depreciation as at 31st March, 2023	12.8	6.1	211.5	230.4
Net carrying amount as at 31st March, 2023	123.5	180.9	889.7	1,194.1

B. Lease Liabilities

Particulars	
As at 1st April 2021	423.9
Add: Addition during the year	-
Add: Interest accrued on lease liability	45.8
Less: Cash outflows for leases	(85.3)
As at 31st March 2022	384.4
As at 1st April 2022	384.4
Add: Addition during the year	818.5
Add: Interest accrued on lease liability	53.5
Less: Cash outflows for leases	(100.7)
As at 31st March 2023	1,155.7

Bifurcation of liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current	300.1	51.3
Non-current	855.6	333.1
	1,155.7	384.4

C. Amount recognised in the statement of profit and loss.

	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Interest expenses on lease liabilities	53.5	45.8
Expenses relating to short term lease	1,221.5	641.8
Depreciation on ROU assets	103.1	67.2
	1,378.1	754.8

D. Amounts recognised in the Statement of Cash Flow

	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Total cash outflow for leases	100.7	85.3
	100.7	85.3

E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31 st March, 2023	As at 31 st March, 2022
Less than 1 year	342.6	76.1
1 to 5 years	1,008.3	340.0
More than 5 years	100.8	202.7

	As at 31st March, 2023	As at 31st March, 2022
6 INVESTMENTS		
Unquoted, fully paid equity instruments		
I. Investment designated at cost		
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	0.1	0.1
1,000 (Previous Year : 1,000) equity shares of ₹ 10 each		
II. Investment designated as fair value through profit and loss account (FVTPL)		
AVADA Satara MH Private Limited		
66,92,000 (Previous Year : 66,92,000) equity shares of ₹ 10 each	204.2	165.5
	205.3	166.6
7 OTHER FINANCIAL ASSETS		
(a) Non-current		
Security deposit *	773.5	583.6
Tender deposit	17.4	9.4
	790.9	593.0
(b) Current		
Government grant receivable**	212.8	661.5
Other receivables (includes interest accrued on deposits)	565.8	673.4
	778.6	1,334.9

* Includes deposits with Maharashtra State Electricity Distribution Company Limited and Maharashtra Industrial Development Corporation.

** Government grant receivable includes receivable towards Export Promotion Capital Goods ("EPCG scheme"). The Group has availed import duty exemption under 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.

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	As at 31st March, 2023	As at 31st March, 2022
8 OTHER ASSETS		
(a) Non-Current		
Capital advances (unsecured)		
Considered good	80.7	119.6
Considered doubtful	90.0	90.0
Less : Provision for doubtful advances	(90.0)	(90.0)
	80.7	119.6
Balances with government authorities	125.2	117.0
Prepaid expenses	465.1	504.5
Stamp duty receivable	-	276.1
	590.3	897.6
	671.0	1,017.2
(b) Current		
Prepaid expenses	927.4	1,023.3
Balances with government authorities	2,822.4	2,570.7
Advances to suppliers	2,568.2	1,973.8
Contract assets (refer note 24)	4,192.5	2,198.4
Others	50.4	-
	10,560.9	7,766.2

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 director is a director or a member either severally or jointly with any other person except as disclosed in note 46.

9 INVENTORIES

Raw materials (includes items with third parties and items lying in transit)	14,578.8	16,322.4
Work-in-progress (includes items with third parties)	8,213.6	8,841.5
Finished goods (includes items with third parties and items lying in transit)	22,878.9	26,409.6
Stores and spares (includes items with third parties)	3,535.4	4,739.4
Packing materials	201.2	285.5
	49,407.9	56,598.4

During the year, an amount of ₹ 211.3 lakhs (Previous Year : ₹ (304.5) 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 ₹ 2,984.2 lakhs as at 31st March, 2023 (₹ 2,305.1 lakhs as at 31st March, 2022)

Value of finished goods in transit is ₹ 1,273.0 lakhs as at 31st March, 2023 (₹ 5,537.6 lakhs as at 31st March, 2022)

For details of inventory pledged as security refer note 17.

	As at 31st March, 2023	As at 31st March, 2022
10 TRADE RECEIVABLES		
Current:		
(Unsecured, considered good)		
Considered good (including related party receivables)	49,149.7	50,622.2
Credit impaired	974.2	868.6
	50,123.9	51,490.8
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	974.2	868.6
Unsecured (Considered good)	535.1	556.6
	1,509.3	1,425.2
	48,614.6	50,065.6

Refer note 17 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

As at 31 st March, 2023							
Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
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
	37,899.0	10,179.5	570.1	555.0	281.2	639.1	50,123.9

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 1,509.3 lakhs.

As at 31 st March, 2022							
Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	40,650.9	8,953.2	207.9	227.5	26.0	0.1	50,065.6
Undisputed - which have significant increase in credit risk	64.4	82.5	70.9	89.2	151.7	97.9	556.6
Undisputed - Credit impaired	-	-	-	171.1	-	-	171.1
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	40,715.3	9,035.7	278.8	487.8	177.7	795.5	51,490.8

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 1,425.2 lakhs.

During the current year, the Holding Company has entered into a factoring agreement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly corresponding trade receivable balance as on 31st March, 2023 has been derecognised as per the terms of the agreement.

	As at 31st March, 2023	As at 31st March, 2022
11 CASH AND CASH EQUIVALENTS		
Balance with banks		
In current accounts	2,030.2	2,523.2
Cash on hand	9.0	8.4
	2,039.2	2,531.6
12 BANK BALANCES OTHER THAN ABOVE		
Earmarked balances on unclaimed dividends	394.2	360.5
Margin money deposits	507.9	637.3
	902.1	997.8
13 DERIVATIVE INSTRUMENTS		
(a) Non-Current		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	353.0	-
	353.0	-
(b) Current		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	124.7	233.1
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	1,213.5	985.0
	1,338.2	1,218.1

Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.

	As at 31st March, 2023	As at 31st March, 2022
14 EQUITY SHARE CAPITAL		
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) equity shares of ₹ 2 each.	1,500.0	1,500.0
ISSUED :		
69,227,750 (Previous Year : 69,227,750) equity shares of ₹ 2 each. *	1,384.5	1,384.5
SUBSCRIBED AND FULLY PAID-UP :		
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

	As at 31st March, 2023		As at 31st March, 2022	
	Quantity in nos.	₹	Quantity in nos.	₹
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 per share (Previous Year : ₹ 2 each). 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 has recommended a dividend of ₹ 1.5 /- per share (Previous Year : ₹ 5.0/- per share) on Face value of ₹ 2/- per share (i.e. 75%) for the FY 2022-23, which is subject to approval of shareholders at the 72nd Annual General Meeting of the Holding Company.

In the previous year, the Board of Directors had recommended a dividend of ₹ 5 /- per share on face value of ₹ 2/- per share (i.e. 250%) for the FY 2021-22, which was approved by the shareholders at the 71st Annual General Meeting of the Company.

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

	As at 31st March, 2023		As at 31st March, 2022	
	No.	% of total shares in class	No.	% of total shares in class
Mr. Akash Bhanshali	56,05,577	8.10	20,55,000	2.97
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87
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

(d) For a period of five years immediately preceding 31st March, 2023

- 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 31st March, 2023

Promoter/ Promoter Group	No of shares as at 31st March, 2023	% of total shares	No of shares as at 31st 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 (As Trustee - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajoy 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	-
	2,47,99,042	35.85	2,47,99,042	35.85	

14 EQUITY SHARE CAPITAL (Contd.)

Shareholding of Promoters as at 31st March, 2022

Promoter name	No of shares as at 31st March, 2022	% of total shares	No of shares as at 31st March, 2021	% 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	47,54,540	6.87	(2.50)
Mr. P. R. Rathi	41,86,240	6.05	38,23,450	5.52	0.53
Mr. R. B. Rathi	40,50,359	5.85	39,95,429	5.77	0.08
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 (As Trustee - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajoy 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	7,97,650	1.15	(0.52)
Mrs. N. A. Rathi	4,00,404	0.58	7,19,370	1.04	(0.46)
Anuj Narayandas Rathi (HUF)	-	-	5,67,770	0.82	(0.82)
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Mrs. K. R. Rathi	-	-	3,62,790	0.52	(0.52)
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	5,000	0.01	0.01
	2,47,99,042	35.85	2,77,12,409	40.05	(4.20)

(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;

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.

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	As at 31st March, 2023	As at 31st March, 2022
15 OTHER EQUITY		
(a) Capital reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital redemption reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0
(c) Securities premium		
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
(d) General reserve		
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
(e) Foreign currency translation reserve		
Balance at the beginning of the year	336.8	511.4
Other comprehensive income not recognised directly in retained earning	602.2	(174.6)
Balance at the end of the year	939.0	336.8
(f) Effective portion of cash flow hedge		
Balance at the beginning of the year	(173.9)	(443.5)
Arising / adjusted during the year	(2,235.8)	269.6
Balance at the end of the year	(2,409.7)	(173.9)
(g) Share options (ESOP) outstanding reserve		
Balance at the beginning of the year	228.7	126.0
Additions during the year	108.4	102.7
Balance at the end of the year	337.1	228.7
(h) Retained earnings		
Balance at the beginning of the year	58,470.7	49,707.1
Add : Profit after tax for the year	4,476.9	12,996.6
Other comprehensive income recognised directly in retained earnings	13.2	(79.4)
Less : Appropriations		
Final equity dividend (refer note 16)	3,461.4	4,153.6
	59,499.4	58,470.7
	81,437.9	81,934.4

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

(c) Securities premium

Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

(d) General reserve

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one of component of equity to another and is not an item of Other Comprehensive Income.

(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 (ESOP) outstanding reserve

It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. Refer note 49.

(h) Retained earnings

Retained earnings are the profits 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

	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash dividends on equity shares declared and paid :		
31 st March, 2022 : ₹ 5 per share	3,461.4	-
31 st March, 2021 : ₹ 6 per share	-	4,153.6
Proposed dividend on equity shares : Final dividend		
31 st March, 2023 : ₹ 1.5 per share	1,038.4	-
31 st March, 2022 : ₹ 5 per share	-	3,461.4

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 31st March, 2022 was subsequently approved by the shareholders at the 71st Annual General Meeting of the Company.

The Group has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and dividend paid.

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	As at 31st March, 2023	As at 31st March, 2022
17 BORROWINGS		
(a) Non-current borrowings		
Secured		
Term loans from banks		
Rupee loans (refer note 17 (c) (a) (ii))	-	2,543.5
Foreign currency loans (refer note 17 (c) (a) (i))	34,833.5	33,969.7
Unsecured		
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis. (refer note 17 (c) (b) (i))	9,888.0	-
Term loans from banks		
Rupee loans (refer note 17 (c) (a) (ii))	199.1	344.4
	44,920.6	36,857.6
(b) Current borrowings		
Secured		
From banks :		
Rupee loans (refer note 17 (c) (a) (iii))	8,438.3	7,550.1
Foreign currency loans (refer note 17 (c) (a) (iii))	4,036.5	8,610.3
Current maturities of non-current borrowings		
Rupee loans (refer note 17 (c) (a) (ii))	2,599.6	588.8
Foreign currency loans (refer note 17 (c) (a) (i))	14,980.4	14,097.4
Unsecured		
From banks		
Rupee loans (refer note 17 (c) (b) (ii))	6,185.1	14,169.8
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis. (refer note 17 (c) (b) (i))	589.0	-
	36,828.9	45,016.4

In the current year, the Holding Company was unable to fulfil the debt obligations associated with its non-current borrowings. The management has 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.

Non-current borrowings are disclosed net of unamortized finance cost of ₹ 229.0 Lakhs (Previous Year: ₹ 315.2 Lakhs)

The above balance also includes interest accrued but not due amounting to ₹ 796.0 lakhs as at 31st March, 2023 and ₹ 168.8 lakhs as at 31st March, 2022.

OTHER REGULATORY INFORMATION

- The holding Company and its domestic subsidiary 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 Group are registered with Registrar of Companies within the 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 31st March, 2023.
- The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

17 (c) BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

	Security	Installment start date	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31st March, 2023		As at 31st March, 2022	
						Current	Non-Current	Current	Non-Current
a)	SECURED								
i)	Foreign currency term loans / ECBs from banks Secured by a first pari passu charge on all the movable fixed assets 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: The Hong Kong and Shanghai Banking Corporation Limited (Loan drawn EURO 7 mio) Citi Bank (Loan drawn USD 6.29 mio) State Bank of India (Loan drawn USD 22 mio) State Bank of India (Loan drawn USD 40 mio) Axis Bank Limited (Loan drawn USD 13.23 mio) The Hong Kong and Shanghai Banking Corporation Limited Gift City (Loan drawn USD 12.23 mio)	26-Jun-19 30-Apr-18 27-Sep-21 27-May-21 30-Sep-23 15-Jun-24	26-Mar-23 31-Jan-23 27-Sep-25 31-Aug-25 31-Dec-26 15-Sep-27	16 equal quarterly installments 20 equal quarterly installments 17 equal quarterly installments 18 equal quarterly installments 14 equal quarterly installments 14 equal quarterly installments	3 months EURIBOR + 1.00% 3 month LIBOR + 1.25% 3 month LIBOR + 1.40% 3 month LIBOR + 1.50% 6 month LIBOR + 1.25% 3 month SOFR + 1.30%	- - 4,257.0 8,250.4 2,450.8 22.2	- - 6,314.2 9,983.6 8,494.1 10,041.6	1,473.5 953.2 4,091.9 7,578.8 - -	- - 9,497.3 16,863.3 7,609.1 -
ii)	Term loan in Rupees Secured by a first pari passu charge on all the movable fixed assets 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 mio) (Drawn by Sudarshan Chemical Industries Limited) - ICICI Bank (Loan drawn ₹ 60 mio) (Drawn by RIECO Industries Limited) - Bank of Maharashtra (Drawn by RIECO Industries Limited and repaid during the year)	03-Aug-21 11-May-22	03-Aug-23 20-Oct-24	03 annual installments 17 equal monthly installments	9.80% 7.50%	2,400.5 199.1	- 199.1	300.0 288.8	2,400.0 487.9
iii)	Working capital loans repayable on demand from banks / Loan repayable within 12 months Working Capital Borrowings from Bank of Maharashtra, ICICI Bank Limited, State Bank of India and Hong Kong and Shanghai Banking Corporation 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 Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage.	NA	1-3 months	30 to 90 days	4.7% to 8.45%	12,474.8	-	16,160.4	-
b)	UNSECURED								
i)	Non convertible debentures 8.45% p.a unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis.		18-Jul-25	3 years	8.45%	589.0	9,888.0	-	-
ii)	Working capital loans repayable on demand from banks / Loan repayable within 12 months The Bankers are - HDFC Bank Limited - Others		1-3 months	30 to 90 days	7.40%	6,185.1	-	14,169.8	-
						36,828.9	44,920.6	45,016.4	36,857.6
	The bifurcation of total borrowings is as follows:								
	Non-current borrowings		17			-	44,920.6	-	36,857.6
	Current borrowings		17			19,248.9	-	30,330.2	-
	Current maturities of non-current borrowings		17			17,580.0	-	14,686.2	-
						36,828.9	44,920.6	45,016.4	36,857.6

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023
(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2023	As at 31st March, 2022

18 TRADE PAYABLES

Current:

Dues to micro enterprises and small enterprises;	6,453.7	2,679.0
Dues to creditors other than micro enterprises and small enterprises	44,419.2	49,497.0
	50,872.9	52,176.0

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 Company's credit risk management processes, refer note 47.

Following is the ageing schedule for trade payables

As at 31st March, 2023							
Particulars	Outstanding for following periods from due date of payment						Total
	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)	2,135.8	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

As at 31st March, 2022							
Particulars	Outstanding for following periods from due date of payment						Total
	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)	16.6	2,466.1	196.0	-	0.3	-	2,679.0
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	3,685.2	27,540.4	16,170.7	1,953.5	28.8	73.9	49,452.5
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	11.0	33.5	-	-	44.5
Total	3,701.8	30,006.5	16,377.7	1,987.0	29.1	73.9	52,176.0

* Unbilled represents accrual for expenses.

The above amount of trade payables in respect of domestic subsidiary is net of certain receivables against supply of goods. The domestic subsidiary currently has a legally enforceable right to set-off the receivables against the respective payables. The domestic subsidiary intends to settle these amounts on net basis.

19 OTHER FINANCIAL LIABILITIES

(a) Non-current

Security deposit	156.3	167.3
	156.3	167.3

(b) Current

Investor Education and Protection Fund (as and when due)		
Unclaimed dividend	394.1	360.4
Unpaid matured deposits including interest thereon	20.4	20.4
Payable for capital goods *	1,001.5	1,642.1
Employee dues	2,390.1	2,686.0
Commission payable to directors	10.0	100.0
Other liabilities **	378.3	475.6
	4,194.4	5,284.5

* Includes amount payable to MSME parties amounting to ₹ 91.6 lakhs as at 31st March, 2023 (Previous year: ₹ 12.1 lakhs)

** Includes amount payable towards miscellaneous customer deposits.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023
(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2023	As at 31st March, 2022
20 DERIVATIVE INSTRUMENTS		
(a) Non-current		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	379.8	-
	379.8	-
(b) Current		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	58.3	56.6
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	-	2.5
	58.3	59.1
Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.		
21 PROVISIONS		
(a) Non-current		
Provision for employee benefits (refer note 39)		
Provision for pension	1,002.6	1,007.7
Provision for gratuity	1,009.3	828.5
Provision for compensated absences	810.8	799.1
	2,822.7	2,635.3
(b) Current		
Provision for employee benefits (refer note 39)		
Provision for pension	168.4	153.1
Provision for compensated absences	102.1	93.8
	270.5	246.9
22 OTHER LIABILITIES		
(a) Non-current		
Deferred government grant *	746.9	1,248.1
	746.9	1,248.1
(b) Current		
Statutory dues	583.0	575.5
Deferred government grant *	247.6	88.2
Deferred revenue	306.4	39.2
Other liabilities including contract liabilities (advances from customers) **	5,463.8	2,516.6
	6,600.8	3,219.5

*** Deferred government grant**

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.

**** Contract liabilities**

The Group has received ₹ 5,450.8 lakhs as at 31st March, 2023, (₹ 2,460.7 lakhs as at 31st March, 2022) as contract liabilities (advance from customers), these liabilities are derecognised once the supply of goods are made.

23 INCOME AND DEFERRED TAXES

The major components of income tax expense for the years ended 31st March, 2023 and 31st March, 2022 are :

Statement of profit and loss :

Profit and loss section	Year ended 31st March, 2023	Year ended 31st March, 2022
Current income tax :		
Current income tax charge	588.1	3,828.3
Adjustment in respect of current income tax of previous year	(83.6)	-
Deferred tax :		
Relating to origination and reversal of temporary differences	992.5	287.3
Income tax expense reported in the statement of profit and loss	1,497.0	4,115.6

OCI section	Year ended 31st March, 2023	Year ended 31st March, 2022
Deferred tax related to items recognised in OCI:		
Tax (charge)/ reversals on net movement on effective portion of cash flow hedges	(51.4)	(90.7)
Tax (charge)/ reversals on re-measurement of defined benefit plans	(4.5)	26.6
Income tax charged to OCI	(55.9)	(64.1)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31 st March, 2023 and 31 st March, 2022	Year ended 31st March 2023	Year ended 31st March 2022
Accounting profit before tax from operations	5,973.9	17,112.2
Applicable income tax rate of 25.168% (31 st March, 2022: 25.168%)	1,503.6	4,307.1
Tax adjustment related to cess	-	111.6
Deferred tax recognised on undistributed reserves of subsidiary	423.6	188.3
Deferred tax assets recognised on losses of subsidiary (refer note F below)	-	(351.9)
Deferred tax not recognised on loss making entities (refer note F below)	27.5	(12.1)
Tax implication due to lower rates	(36.0)	-
Other disallowances (CSR, donations, etc.)	(338.2)	(127.4)
Adjustment in respect of reversal of income tax expense of earlier years	(83.6)	-
	1,497.0	4,115.6
Income tax expense reported in the Statement of Profit and Loss	1,497.0	4,115.6

Major components of deferred tax as at 31st March, 2023 and 31st March, 2022:

Deferred tax liability (net)	Balance Sheet	
	As at 31st March, 2023	As at 31st March, 2022
Deferred tax relates to the following:		
Deferred tax liability :		
Accelerated depreciation for tax purposes	6,621.6	5,516.1
Undistributed reserves of subsidiary	1,236.1	812.5
Other deductible temporary differences	755.6	136.5
Deferred tax assets :		
Allowance for expected credit loss	(352.5)	(334.1)
Carried forwarded tax loss	(805.0)	(351.9)
Unrealised profit on stock	(461.4)	(192.1)
Expenditure allowed on actual payment	(758.6)	(399.6)
Net deferred tax liabilities	6,235.8	5,187.4

23 INCOME AND DEFERRED TAXES

Closing balances of deferred tax assets and liabilities as on 31st March, 2023 and 31st March, 2022

	Balance Sheet	
	As at 31st March, 2023	As at 31st March, 2022
Deferred tax assets	(928.7)	(765.5)
Deferred tax liabilities	7,164.5	5,952.9
	6,235.8	5,187.4

Major components of deferred tax expenses for the year ended 31st March, 2023 and 31st March, 2022:

Deferred tax expense/ (income)	Statement of Profit and Loss	
	Year ended 31st March 2023	Year ended 31st March 2022
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	1,105.5	437.9
Undistributed reserves of subsidiary	423.6	193.3
Other deductible temporary differences	619.1	24.4
Allowance for expected credit loss	(18.4)	(27.4)
Carried forward tax loss	(453.1)	-
Unrealised profit on stock	(269.3)	-
Expenditure allowed on actual payment	(359.0)	(41.5)
Deferred tax expense	1,048.4	586.7

Reconciliation of deferred tax liabilities (net)	Year ended 31st March 2023	Year ended 31st March 2022
Opening balance	5,187.4	4,900.1
Tax expense/(income) during the period recognised in the Statement of Profit and Loss	992.5	287.3
Tax expense/(income) during the period recognised in OCI	55.9	-
Closing balance	6,235.8	5,187.4

D During the previous year, the Ministry of Finance issued a press information bureau note ("PIB note") stating that Health and Education Cess is not an allowable expenditure for computation of business income. The Company had taken the allowance of this in the tax returns noting that some courts have allowed Health and Education Cess as business expenditure. The Company, based on the above PIB note, has made a provision of ₹ 111.6 Lakhs in books of accounts for the year ended 31st March, 2022.

E 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).

F INCOME TAX ASSETS / LIABILITIES (NET) (recoverable/ payable on account of open assesement of Income Tax)

	As at 31st March, 2023	As at 31st March, 2022
(a) Non-current tax assets (net):		
Income tax assets	21,254.2	21,191.3
Income tax liabilities	18,555.4	19,005.3
Net income tax assets	2,698.8	2,186.0
(b) Current tax liabilities (net):		
Income tax liabilities	16,828.5	17,209.9
Income tax assets	16,624.7	16,905.8
Net income tax liabilities	203.8	304.1

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:

	As at 31st March, 2023		As at 31st March, 2022	
	Gross Amount	Unrecognised Deferred tax Assets	Gross Amount	Unrecognised Deferred tax Assets
Sudarshan Japan Limited	185.4	46.4	239.3	59.8
Sudarshan (Shanghai) Trading Company Limited	323.5	80.9	490.6	122.7
	508.9	127.3	729.9	182.5

	Year ended 31st March, 2023	Year ended 31st March, 2022
24 REVENUE FROM OPERATIONS		
Sale of products	2,27,416.5	2,18,191.2
Sale of services	262.3	134.5
	2,27,678.8	2,18,325.7
Other operating revenues		
Government grants (export incentives)	1,556.7	967.9
Miscellaneous operating income [#]	937.7	787.0
	2,494.4	1,754.9
Total revenue from operations	2,30,173.2	2,20,080.6

[#] 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.

	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of products	2,27,678.8	2,18,325.7
Miscellaneous operating income	2,494.4	1,754.9
	2,30,173.2	2,20,080.6

(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.

	Year ended 31st March, 2023	Year ended 31st March, 2022
Major product lines		
Sale of pigments	2,05,411.2	2,00,211.4
Sale of engineering equipments	22,267.6	18,114.3
Total	2,27,678.8	2,18,325.7
Primary geographical market		
In India	1,25,010.1	1,19,793.1
Outside India	1,02,668.7	98,532.6
Total	2,27,678.8	2,18,325.7
Timing of revenue recognition		
Products transferred at point in time	2,05,411.2	2,00,211.4
Products transferred over a period of time	22,267.6	18,114.3
Total	2,27,678.8	2,18,325.7

(c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Revenue from operations	2,30,173.2	2,20,080.6
Less: Adjustments		
Government grants (export incentives)	1,556.7	967.9
Revenue from contract with customers	2,28,616.5	2,19,112.7
Add: Adjustments (sales returns, discounts, etc.)	4,649.4	4,813.5
Revenue as per contracted price	2,33,265.9	2,23,926.2

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023**

(All amounts are in ₹ Lakhs, unless otherwise stated)

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Year ended 31st March, 2023	Year ended 31st March, 2022
Trade receivables	48,614.6	50,065.6
Contracts assets	4,192.5	2,198.4
Contracts liabilities (Deferred revenue)	306.4	39.2
Contract liabilities (advance from customers)	5,450.8	2,477.8

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,509.3 lakhs (Previous year ₹ 1,425.4 lakhs).

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Revenue recognised from amount included in contract liabilities at the beginning of the year	2,517.0	2,346.7
	2,517.0	2,346.7

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023**

(All amounts are in ₹ Lakhs, unless otherwise stated)

	Year ended 31st March, 2023	Year ended 31st March, 2022
25 OTHER INCOME		
Interest income		
On bank deposits and other deposits	63.6	20.4
Others (on refunds of taxes and on delayed payments from customers)	277.5	277.2
Liabilities no longer required, written back	14.7	39.5
Net gain on fair valuation on investments	38.8	38.8
Gain on sale / disposal of property plant and equipments (net)	-	23.2
Miscellaneous income *	84.4	101.1
	479.0	500.2
* Miscellaneous income includes rental income and petty recoveries.		
26 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year (refer note 9)	16,322.4	14,245.0
Add : Purchases	1,29,608.5	1,39,475.0
	1,45,930.9	1,53,720.0
Less: Inventory at the end of the year (refer note 9)	14,578.8	16,322.4
Cost of raw materials consumed	1,31,352.1	1,37,397.6
27 PURCHASE OF STOCK IN TRADE		
Purchase of Stock In Trade	1,317.2	1,276.8
	1,317.2	1,276.8
28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventory at the end of the year (refer note 9)		
Finished goods	22,878.9	26,409.6
Work-in-progress	8,213.6	8,841.5
	31,092.5	35,251.1
Inventory at the beginning of the year (refer note 9)		
Finished goods	26,409.6	17,148.2
Work-in-progress	8,841.5	6,468.9
	35,251.1	23,617.1
	4,158.6	(11,634.0)

	Year ended 31st March, 2023	Year ended 31st March, 2022
29 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus (including director remuneration)	16,156.0	16,109.1
Contribution to provident and other funds *	1,101.8	1,045.1
Gratuity expense (refer note 39)	235.0	213.9
Share based payments to employees (refer note 49)	108.4	102.7
Staff welfare expenses	794.2	926.2
	18,395.4	18,397.0

* 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 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.

The managerial remuneration paid / payable to Directors amounting to ₹ 500.8 lakhs to Managing Director and ₹ 45.9 Lakhs to the Chairman and Non-Executive Director for the financial year ended 31st March 2023, which is lower than last year. The managerial remuneration paid/payable by the Holding Company to the aforesaid directors for the year ended 31st March, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 lakhs and ₹ 46.7 lakhs respectively. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Holding Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting in compliance with the applicable provisions of the Companies Act, 2013 and (Listing Obligations and Disclosure Requirements) Regulations, 2015

However, the Chairman and Non-Executive Director of the Company has refunded ₹ 45.9 lakhs to the Company subsequent to 31st March, 2023.

Further, the remuneration paid / payable to the directors of the domestic subsidiary (RIECO Industries Limited) for the financial year ended March 31, 2023, is in excess of the limit prescribed under the Companies Act, 2013 and is approved by the shareholder of the domestic subsidiary through a special resolution in Extra-ordinary General Meeting held on 19th May, 2023.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023**

(All amounts are in ₹ Lakhs, unless otherwise stated)

30 FINANCE COSTS

	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Interest expenses on bank facilities *	3,933.9	1,697.6
Interest expenses on lease liabilities (refer note 5)	53.5	45.8
Other borrowing costs **	159.7	198.9
	4,147.1	1,942.3

* Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 519.8 lakhs (31st March 2022 : ₹ 681.9 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 2.60% to 5.40% per annum for the year ended 31st March 2023. (31st March 2022: 1.64% to 2.46% per annum)

** Includes charges for guarantees, loan processing etc.

31 DEPRECIATION AND AMORTISATION

	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Depreciation on property, plant and equipment (refer note 3)	10,559.2	8,302.6
Amortisation on intangible assets (refer note 4)	760.4	556.1
Depreciation on right to use assets (refer note 5)	103.1	67.2
	11,422.7	8,925.9

32 OTHER EXPENSES

	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Consumption of stores and spares	3,100.9	3,057.6
Consumption of packing material	2,446.7	2,536.4
Power and fuel	15,719.9	13,274.3
Water charges	1,045.7	1,337.6
Contract labour charges	6,329.0	5,778.1
Rent (refer note 5)	1,221.5	641.8
Repairs and maintenance		
- Plant and machinery	2,806.2	2,882.8
- Buildings	543.7	748.1
- Others	238.5	168.4
Insurance	1,061.4	814.6
Rates and taxes (excluding taxes on income)	221.0	252.0
Advertisement	459.0	104.7
Auditors' Remuneration (refer note 33)	64.0	65.9
Bad debts written off	44.6	66.1
Provision for bad and doubtful debts/ advances (including ECL)	84.1	108.9
Advance written off	-	0.2
Bank charges	256.4	318.7
Commission to selling agents	1,269.0	1,881.0
Freight and forwarding expenses	5,216.1	3,658.1
Directors' sitting fees	26.8	23.1
Foreign exchange (gain) / loss (net) *	1,747.0	92.1
Consumables related to IT hardware	519.5	442.8
Legal, professional and consultancy charges	3,251.6	3,722.1
Loss on sale / disposal / retirement of assets	6.4	-
Printing, stationery and communication expenses	444.9	441.3
Travelling and conveyance	1,359.8	740.5
Expenditure towards Corporate Social Responsibility (refer note 36)	315.8	312.1
Directors' commission	10.0	100.0
Miscellaneous expenses **	4,075.7	3,593.7

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023**

(All amounts are in ₹ Lakhs, unless otherwise stated)

53,885.2**47,163.0**

* Includes mark to market (gain) / loss on derivatives amounting to (₹ 94.5) Lakhs, (previous year (₹ 1,000.9) 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 31st March, 2023	Year Ended 31st March, 2022
As Auditor		
Audit fees	39.5	44.5
Limited review expenses	18.0	11.0
Other services (includes certification fee)	2.8	8.8
Reimbursement of expenses	3.7	1.6
	64.0	65.9

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:

	Year ended 31st March, 2023	Year ended 31st March 2022
Employee benefits expense	236.9	455.0
Finance costs	519.8	681.9
Other expenses*	691.8	2,772.8
	1,448.5	3,909.7

* Includes power & fuel and water expenses

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.

	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue Expenditure	2,734.6	2,254.4
Capital Expenditure	728.9	412.1
	3,463.5	2,666.5

36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

The holding Company and its domestic subsidiary is covered under Section 135 of the Companies Act 2013, and is required to contribute towards activities eligible under Section 135 of 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.

	Year ended 31st March, 2023	Year ended 31st March 2022
a) Gross amount required to be spent by the Group during the year	324.5	315.3

b) An amount of ₹ 334.0 lakhs was approved by the board of the Holding Company and domestic subsidiary towards CSR activities for the year ended 31st March, 2023.

c) Amount spent during the year ended on	Year ended 31st March, 2023	Year ended 31st March 2022
- Construction/acquisition of any asset	-	-
- On purposes other than (i) above	315.8	312.1

d) For details of CSR expenditure incurred toward related parties refer to note 46.

e) Details of ongoing projects and other than ongoing projects

Particulars	Year ended 31st March, 2023	Year ended 31st March 2022
Opening balance (balance of excess amount spent from previous years)		
- with Group (a)	9.4	12.6
- in separate unspent CSR account	-	-
Amount required to be spent during the year (Net of previous year (short)/ excess) (b)	315.1	302.7
Amount spent during the year:		
- From Group's bank a/c (c)	315.8	312.1
- From separate unspent CSR a/c	-	-
(Short) / excess CSR spend for the year (d)	0.7	9.4
Closing balance		
- with Group	0.7	9.4
- in separate unspent CSR account	-	-

37 EARNINGS PER SHARE

		Year ended 31st March, 2023	Year ended 31st March, 2022
Profit for the year	(A)	4,476.9	12,996.6
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		59,777	1,57,813
Number of equity shares used as denominator for calculating diluted earnings per share	(C)	6,92,87,027	6,93,85,063
Nominal value per equity share (in Rs.)		2.0	2.0
Basic (in ₹)	(A/B)	6.5	18.8
Diluted (in ₹)	(A/C)	6.5	18.7

38 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

	For the year ended 31 st 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)
	For the year ended 31 st March, 2022			
	Cash flow hedge reserve	Foreign currency translation reserve	Retained Earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	269.6	-	-	269.6
Gain / (Loss) on translation of foreign operations	-	(174.6)	-	(174.6)
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	-	(79.4)	(79.4)
	269.6	(174.6)	(79.4)	15.6

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

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 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 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 31st March, 2023	Year ended 31st March, 2022
Employer's Contribution to Provident Fund and other funds	730.8	708.7
Employer's Contribution to Superannuation Fund	34.6	32.0
	765.4	740.7

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 ₹ 336.4 Lakhs (Previous year ₹ 304.4 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 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 Holding Company and its domestic subsidiary 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.

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Current service cost	235.0	213.9
Net interest (income) / expense	48.9	35.5
Net expense	283.9	249.4

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Defined benefit obligation as at the beginning of the year	3,028.4	2,768.8
Interest cost	207.7	179.0
Current service cost	235.0	213.9
Benefit payments from plan assets	(269.4)	(186.8)
Others	(2.9)	-
Re-measurement (gain) / loss in other comprehensive income (OCI)	-	-
Actuarial (gain) / loss - Experience	(83.3)	116.3
Actuarial (gain) / loss - Financial	(28.8)	(63.3)
Actuarial (gain) / loss - Demographic	(0.1)	0.5
Defined benefit obligation as at the end of the year	3,086.6	3,028.4

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Fair value of plan assets at the beginning of the year	2,199.9	2,110.3
Expected returns on plan assets	158.8	143.5
Employer contributions	10.8	137.5
Mortality charges and taxes	-	-
Benefits paid	(271.8)	(186.8)
Others	-	-
Re-measurement gain / (loss) in other comprehensive income (OCI)	-	-
Actuarial gain / (loss) - Experience	(20.4)	(4.6)
Fair value of plan assets at the end of year	2,077.3	2,199.9

As at 31st March, 2023 and 31st March, 2022 plan assets were 100% invested in insurer managed funds.

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
(Gain) / loss on defined benefit obligation - Experience	(83.3)	116.3
(Gain) / loss on defined benefit obligation - Financial	(28.8)	(63.3)
(Gain) / loss on plan assets - Experience	20.4	4.6
Amount recognised in the statement of OCI	(91.7)	57.6

Net defined benefit liability / (asset) at the end of the year

Particulars	As at 31st March, 2023	As at 31st March, 2022
Defined Benefit Obligation	3,086.6	3,028.4
Fair value of plan assets	2,077.3	2,199.9
Closing net defined benefit liability / (asset)	1,009.3	828.5

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 31st March, 2023	As at 31st March, 2022
Employee turnover		
age upto 30 years	6.0%	6.7%
age 31- 45 years	4.0%	3.9%
age above 45 years	2.0%	2.6%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31st March, 2023	As at 31st March, 2022
Discount rate	7.36% to 7.52%	6.88% - 7.2%
Expected rate of increment in compensation levels	7% to 8%	5% - 8%

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31st March, 2023		As at 31st March, 2022	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(156.3)	173.0	(165.1)	184.7
Expected rate of increment in compensation levels	182.5	(167.8)	182.2	(166.0)

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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
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39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

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 31st March, 2023	As at 31st March, 2022
Within the next 12 months	298.2	307.1
Between 2 and 5 years	1,859.8	1,531.7
Beyond 5 years	2,840.3	3,119.9

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.9 years
(Previous Year : 13.0 years).

II Pension

The Holding Company provides for Pension, a defined benefit retirement plan covering eligible employees. Eligible employee are Company's employees beyond certain grade subject to approval of 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 31st March, 2023	Year ended 31st March, 2022
Current service cost	4.7	5.0
Net interest (income) / expense	78.4	74.8
Net expense	83.1	79.8

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31st March, 2023	As at 31st March, 2022
Defined benefit obligation as at the beginning of the year	1,160.8	1,166.6
Interest cost	78.4	74.8
Current service cost	4.7	5.0
Benefit payments directly by employer	(146.9)	(133.4)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	104.8	92.0
Actuarial (gain) / loss - Financial	(30.8)	(44.2)
Actuarial (gain) / loss - Demographic	-	-
Defined benefit obligation as at the end of the year	1,171.0	1,160.8

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
(Gain) / loss on defined benefit obligation - Experience	104.8	92.0
(Gain) / loss on defined benefit obligation - Financial	(30.8)	(44.2)
(Gain) / loss on defined benefit obligation - Demographic	-	-
Amount recognised in the statement of OCI	74.0	47.8

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31st March, 2023	As at 31st March, 2022
Defined Benefit Obligation	1,171.0	1,160.8
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,171.0	1,160.8

The principal assumptions used in determining pension obligations for the Company's plan are shown below:

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(All amounts are in ₹ Lakhs, unless otherwise stated)

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

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	As at
	31st March, 2023	31st March, 2022
Discount rate	7.5%	7.2%
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 31st March, 2023		As at 31st March, 2022	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(95.1)	113.3	(95.1)	113.6
Pension increase rate	21.8	(20.5)	22.4	(21.1)

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	As at
	31st March, 2023	31st March, 2022
Within the next 12 months	168.4	153.1
Between 2 and 5 years	859.6	781.4
Beyond 5 years	1,655.5	1,505.0

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 settled within 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	As at
	31st March, 2023	31st March, 2022
Current leave obligations expected to be settled within the next 12 Months	102.1	93.8
Leave obligations expected to be settled beyond 12 months	810.8	799.1
	912.9	892.9

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 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:

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39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS**Demographic Assumptions****Mortality:** Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Particulars	31st March,	31st March,
	2023	2022
Discount rate	7.36% to 7.5%	6.88% - 7.2%
Expected rate of increment in compensation levels	7% - 8%	5% - 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

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
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(All amounts are in ₹ Lakhs, unless otherwise stated)

40 DETAILS OF DUE TO MICRO AND SMALL ENTERPRISE AS DEFINED UNDER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	31st March, 2023	31st March, 2022
Principal amount due to suppliers under MSMED Act, 2006 *	6,545.0	2,690.4
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	49.5	55.4
Payment made to suppliers (other than interest) beyond the appointed day, during the year	19,704.9	14,376.1
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	169.2	119.7

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 ₹ 91.6 lakhs as at 31st March, 2023 and ₹ 12.1 lakhs as at 31st March, 2022.

41 FIXED DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As At 31st March, 2023	As At 31st March, 2022
(a) Fixed deposits with maturity less than 12 months	-	-
(b) Fixed deposits with maturity more than 12 months	-	-
(c) Unclaimed matured fixed deposits	20.4	20.4
	20.4	20.4

42 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013:

There are no loans outstanding as on 31st March, 2023 and 31st March, 2022 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 31st March, 2023 are ₹ 536.2 lakhs (31st March, 2022 : ₹ 3,346.2 lakhs)

(b) CONTINGENT LIABILITIES
Claims against the Group not acknowledged as debts

Particulars	As at 31st March, 2023	As at 31st March, 2022
Excise duty / Service tax demands - matters under dispute	475.0	255.8
VAT / CST / GST demands - matters under dispute	106.2	49.2
Custom duty demands - matters under dispute	318.2	330.4
Electricity duty on Power Generation (Refer note d)	2,371.1	2,043.7

- 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 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 13th April, 2015 and accordingly MSSEDCL issued a Circular no 214 dated 23rd 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 24th 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 Company and hence not been disclosed above.

(d) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Holding Company has issued guarantees to Maharashtra Pollution Control Board, Maharashtra State Electricity Distribution Company Limited, Custom Authorities and other authorities amounting to ₹ 751.2 lakhs.

The domestic subsidiary (RIECO Industries Limited) has issued performance bank guarantees to the customers amounting to ₹ 1,861 lakhs as at 31st March, 2023 (31st March, 2022: ₹ 1,919 lakhs)

44 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 Group 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 31st March, 2023	As at 31st March, 2022	
Aspen Systems Private Limited	Trade payables	0.1	-	None
Graphite India Limited	Trade payables	0.4	-	None
NTB Hitech Ceramics	Trade payables	-	-	None

Transactions amount

Name of struck off Company	Transaction Amount	
	Year ended 31st March, 2023	Year ended 31st March, 2022
NTB Hitech Ceramics (purchase of goods)	3.3	0.7

- (d) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (e) (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.

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:

	Times/ Percentage	As At 31st March, 2023	As At 31st March, 2022	% Change	Comments where variance exceeds 25%
a) Current Ratio [Current Assets / Current Liabilities]	Times	1.14	1.13	1%	
b) Debt-Equity Ratio [(Non-Current Borrowings + Current Borrowings) / Equity (Share capital + reserves)]	Times	0.99	0.98	0%	
c) Debt Service Coverage Ratio [(Net income / Debt obligations) (Net income is Profit after tax + Interest + Depreciation) (Debt obligations is maturity of long-term debts and interest payment for the period upto three / six months for quarter / half year ended ratios and upto twelve months for year ended ratios)]	Times	1.04	1.46	-28%	This is on account of: 1) Lower Net Income 2) Increase in Repayment of Debt Obligations and interest cost
d) Interest Service Coverage Ratio [(Earnings before interest, taxes, depreciation and amortization - Interest Income)/ Finance Cost]	Times	4.54	10.58	-57%	This has decline due to 1) Lower net income 2) Increase in interest cost
e) Return on Equity Ratio (Profit after tax / Average Shareholder's Equity)	Percentage	5.39%	16.49%	-67%	This has declined due to Lower Net Income on account of higher Raw Material, Energy and Logistic cost.
f) Inventory turnover ratio [(Cost of good sold / Average inventory)]	Times	2.58	2.60	-1%	
g) Trade receivables turnover ratio [(Sales of Goods / Average Trade Receivable)]	Times	4.61	4.43	4%	
h) Trade payables turnover ratio (Purchase of goods / Average Trade payables)	Times	2.52	2.90	-13%	
i) Net capital turnover ratio (Sale of goods / Working capital) (Working capital is current assets minus current liabilities)	Times	15.89	15.41	3%	
j) Net profit ratio [(Net Profit for the period / Sales of goods)]	Percentage	1.97%	5.96%	-67%	This has declined due to higher Raw Material, Energy and Logistic cost.

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:

	Times/ Percentage	As At 31st March, 2023	As At 31st March, 2022	% Change	Comments where variance exceeds 25%
k) Return on Capital employed (Earning before interest and taxes "EBIT" / Capital Employed) (Capital Employed is Tangible Net Worth + Total Debt + Deferred Tax Liability)	Percentage	6.08%	11.48%	-47%	This has declined due to Lower Net Income on account of higher Raw Material, Energy and Logistic cost.
l) Long term Debt to Working Capital [(Non-Current Borrowings + Current Maturities of long-term debt) / Net Working Capital (Current Assets-Current Liabilities excl. Current maturities of long-term debt)]	Times	1.96	1.79	10%	
m) Total Debts to Total Assets ratio [(Non-Current Borrowings + Current Borrowings) / Total Assets]	Percentage	34.18%	34.56%	-1%	
n) Bad debts to Account receivable ratio [Bad Debts/Average Trade Receivable]	Percentage	0.09%	0.13%	-33%	This is due to reduction in bad debts.
o) Current liability ratio [Current Liabilities / Total Liabilities]	Percentage	63.52%	69.26%	-8%	
p) Operating Margin [(Profit before Tax + Depreciation and Amortisation expense + Finance Costs (-) Other Income) / Revenue from Operations]	Percentage	9.15%	12.49%	-27%	This has declined due to higher Raw Material, Energy and Logistic cost.
q) Asset Coverage Ratio on Secured Non - Convertible Debentures (NCDs) [Total Assets pledged for secured NCDs / Outstanding Balance of secured NCDs]	Percentage	Not Applicable	Not Applicable		
r) Debenture Redemption Reserve	₹ in lakhs	Not Applicable	Not Applicable		
s) Net Worth	₹ in lakhs	82,822.4	83,318.9	-1%	

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023**

(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. Rath	Chairman
- Mr. R. B. Rath	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rath	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
- Mr. Nilkanth J. Natu	Chief Financial Officer
- Mr. Mandar Velankar	Company Secretary
- Mr. N. J. Rath	KMP of Subsidiary
- Mr. V. R. Bhatia	KMP of Subsidiary
- Mr. Mahesh Patil	KMP of Subsidiary
(w.e.f 30 th July, 2021)	
- Mr. Milan Krumbe	KMP of Subsidiary
- Mr. Vincent Bembaron	KMP of Subsidiary
- Mr. Frank Bursch	KMP of Subsidiary

(b) Relatives of Key Management Personnel

- Mrs. R. R. Rath	Wife of Mr. R. B. Rath
- Mr. R. P. Rath	Son of Mr. P. R. Rath
- Mrs. Jayashree Mantri	Sister of Mr. P. R. Rath
- Mrs. K. B. Rath	Mother of Mr. R. B. Rath
- Mr. A. B. Rath	Brother of Mr. R. B. Rath
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rath
- Mrs. S. P. Rath	Wife of Mr. P. R. Rath
- Mrs. V. R. Rath	Wife of Mr. R. P. Rath
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rath
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mrs. A. N. Rath	Mother of Mr. A.N. Rath
- Mrs. A. A. Rath	Wife of Mr. A. N. Rath
- Mrs. Rachna Biyani	Sister of A.N. Rath
- Ms. Smriti R. Rath	Daughter of Mr. R. B. Rath
- Ms. Tanvi R. Rath	Daughter of Mr. R. B. Rath
- Mr. Armaan A. Rath	Son of Mr. A. N. Rath
- Mr. Rohan A. Rath	Son of Mr. A. N. Rath

(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 Rath Finance Private Limited	- Rabro Speciality Chemicals Private Limited
- PRR Finance Private Limited	- Mr. Anuj N. Rath HUF
- Marathwada Chemical Industries Private Limited	- Mr. R. B. Rath HUF
- Rath Vessels and Systems LLP	- Rath Mixers Private Limited
- NJR Finance Private Limited	- Breakthrough Management Group India Private Limited
- Rath Brothers Private Limited	- Shri Jagannath Rath Charity Trust
- Rath 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
- Rath 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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023
(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 31st March 2023				For the year ended 31st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Salary, Pension, Reimbursement of expenses etc. :	1,610.8	43.3	-	1,654.1	1,674.4	69.7	-	1,744.1
Mr. R.B.Rathi	500.9	-	-	500.9	683.4	-	-	683.4
Mr. A.Vij	184.8	-	-	184.8	179.9	-	-	179.9
Mr. V. R. Bhatia	151.2	-	-	151.2	111.0	-	-	111.0
Mr. Nilkanth J. Natu	76.8	-	-	76.8	65.3	-	-	65.3
Mr. Mahesh Patil	56.6	-	-	56.6	28.8	-	-	28.8
Mr. Mandar Velankar	56.5	-	-	56.5	54.3	-	-	54.3
Mr. P. R. Rathi	45.9	-	-	45.9	41.2	-	-	41.2
Mr. N. J. Rathi	45.1	-	-	45.1	41.3	-	-	41.3
Others	493.0	43.3	-	536.3	469.2	69.7	-	538.9
b Commission (Subject to Shareholders' approval) :	10.0	-	-	10.0	100.0	-	-	100.0
Mrs. S. A. Panse	-	-	-	-	15.0	-	-	15.0
Mr. D. N. Damania	2.5	-	-	2.5	15.0	-	-	15.0
Dr. Deepak Parikh	-	-	-	-	10.0	-	-	10.0
Mr. P.R.Rathi	2.5	-	-	2.5	10.0	-	-	10.0
Mr. S. Padmanabhan	2.5	-	-	2.5	10.0	-	-	10.0
Mr. S. K. Asher	-	-	-	-	10.0	-	-	10.0
Mr. N. Raisinghani	-	-	-	-	10.0	-	-	10.0
Mrs. R. F. Forbes	-	-	-	-	10.0	-	-	10.0
Mr. A. N. Rathi	-	-	-	-	10.0	-	-	10.0
Mr. N. J. Rathi	2.5	-	-	2.5	-	-	-	-
c Sitting fees :	26.8	-	-	26.8	33.2	-	-	33.2
Mrs.S.A.Panse	2.8	-	-	2.8	3.4	-	-	3.4
Mr.S.K.Asher	2.6	-	-	2.6	3.8	-	-	3.8
Mr.D.N.Damania	5.4	-	-	5.4	7.0	-	-	7.0
Mr. P.R.Rathi	3.4	-	-	3.4	4.0	-	-	4.0
Mr. S. Padmanabhan	4.6	-	-	4.6	5.2	-	-	5.2
Mr. N. Raisinghani	1.6	-	-	1.6	2.4	-	-	2.4
Dr. Deepak Parikh	1.4	-	-	1.4	1.0	-	-	1.0
Mrs. R. F. Forbes	1.4	-	-	1.4	2.0	-	-	2.0
Mr. A. N. Rathi	1.0	-	-	1.0	1.2	-	-	1.2
Mr. N. J. Rathi	2.4	-	-	2.4	2.8	-	-	2.8
Mr. R.B.Rathi	0.2	-	-	0.2	0.4	-	-	0.4
d Sale of Property Plant and Equipment :	-	-	-	-	-	36.1	-	36.1
Mr. R. P. Rathi	-	-	-	-	-	12.4	-	12.4
Mr. N.J. Rathi	-	-	-	-	-	23.7	-	23.7
e Sale of goods (incl. Taxes) :	-	-	36.1	36.1	-	-	17.2	17.2
Marathwada Chemical Industries Private Limited	-	-	36.1	36.1	-	-	17.2	17.2

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 31st March 2023				For the year ended 31st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
f Purchase of Goods / Services / Property Plant and Equipments :	-	-	5.0	5.0	-	-	35.7	35.7
Aquapharm Chemicals Private Limited	-	-	-	-	-	-	6.4	6.4
Krohne Marshall Private Limited	-	-	4.1	4.1	-	-	27.3	27.3
Forbes Marshall Private Limited	-	-	0.9	0.9	-	-	2.0	2.0
g Legal and Professional Fees Paid (Incl. Taxes):	-	-	92.5	92.5	-	-	94.6	94.6
Breakthrough Management Group	-	-	28.6	28.6	-	-	49.6	49.6
Dr. Deepak Parikh	-	-	28.3	28.3	-	-	44.5	44.5
Crawford Bayley & Co.	-	-	35.0	35.0	-	-	-	-
Others	-	-	0.6	0.6	-	-	0.5	0.5
h Commission on Sales (Incl. Taxes):	-	-	694.9	694.9	-	-	1,415.5	1,415.5
Rabro Speciality Chemicals Pvt Ltd	-	-	694.9	694.9	-	-	1,415.5	1,415.5
i Rent received (Incl. Taxes) :	-	-	25.2	25.2	-	-	10.4	10.4
Rabro Speciality Chemicals Pvt. Ltd.	-	-	21.7	21.7	-	-	5.8	5.8
Balkrishna Rath Finance Private Limited	-	-	0.7	0.7	-	-	0.5	0.5
NJR Finance Private Limited	-	-	0.7	0.7	-	-	0.5	0.5
Others	-	-	2.1	2.1	-	-	3.6	3.6
j Rent paid (Incl. Taxes) :	-	-	10.2	10.2	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	10.2	10.2	-	-	-	-
k Donation Paid :	-	-	202.0	202.0	-	-	201.0	201.0
Sudarshan CSR Foundation	-	-	202.0	202.0	-	-	201.0	201.0
l Reimbursement (Net) :	-	-	(3.9)	(3.9)	-	-	(1.5)	(1.5)
Rabro Speciality Chemicals Pvt. Ltd.	-	-	(3.9)	(3.9)	-	-	(1.5)	(1.5)
m Subscription paid	-	-	1.1	1.1	-	-	-	-
Pigment Manufacturers Association	-	-	1.1	1.1	-	-	-	-
n Car Deposit Repayment	-	-	-	-	-	43.8	-	43.8
Mr. R. P. Rath	-	-	-	-	-	21.9	-	21.9
Mr. N. J. Rath	-	-	-	-	-	21.9	-	21.9

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 31st March, 2023, the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (31st March, 2022 : ₹ 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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2023
(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 31st March 2023				As at 31st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Trade Receivable	-	-	11.1	11.1	-	-	3.7	3.7
Marathwada Chemical Industries Private Limited	-	-	10.7	10.7	-	-	3.7	3.7
Forbes Marshall Private Limited	-	-	-	-	-	-	-	-
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	-
Others	-	-	0.4	0.4	-	-	-	-
b Trade Payable	-	-	54.1	54.1	-	-	158.2	158.2
Rabro Speciality Chemicals Private Limited	-	-	53.7	53.7	-	-	150.6	150.6
Others	-	-	0.4	0.4	-	-	7.6	7.6
c Other Receivable	-	-	44.8	44.8	-	-	98.9	98.9
Sudarshan Chemical Industries Limited Employee Group	-	-	39.7	39.7	-	-	98.9	98.9
Gratuity Scheme	-	-	-	-	-	-	-	-
Rabro Speciality Chemicals Private Limited	-	-	4.2	4.2	-	-	-	-
Others	-	-	0.9	0.9	-	-	-	-
d Other Payable	-	-	3.6	3.6	-	-	-	-
Marathwada Chemical Industries Private Limited	-	-	3.5	3.5	-	-	-	-
Others	-	-	0.1	0.1	-	-	-	-
e Commission Payable	10.0	-	-	10.0	100.0	-	-	100.0
Mr. P.R.Rathi	2.5	-	-	2.5	10.0	-	-	10.0
Mr. S. N. Inamdar	-	-	-	-	-	-	-	-
Mr. D. N. Damania	2.5	-	-	2.5	15.0	-	-	15.0
Mr. S. Padmanabhan	2.5	-	-	2.5	10.0	-	-	10.0
Mrs. S. A. Panse	-	-	-	-	15.0	-	-	15.0
Mr. S. K. Asher	-	-	-	-	10.0	-	-	10.0
Mr. N. J. Rathi	2.5	-	-	2.5	-	-	-	-
Others	-	-	-	-	40.0	-	-	40.0
f Salary / Pension Payable *	71.8	2.8	-	74.6	5.8	-	-	5.8
Mr. R.B.Rathi	31.2	-	-	31.2	-	-	-	-
Mr. V. R. Bhatia	9.5	-	-	9.5	3.8	-	-	3.8
Mr. A.Vij	7.8	-	-	7.8	-	-	-	-
Mr. Nilkanth J. Natu	4.8	-	-	4.8	-	-	-	-
Mr. Mandar Velankar	3.5	-	-	3.5	-	-	-	-
Mr. Mahesh Patil	2.4	-	-	2.4	2.0	-	-	2.0
Mr. N. J. Rathi	-	2.0	-	2.0	-	-	-	-
Mr. P.R.Rathi	1.9	-	-	1.9	-	-	-	-
Others	10.7	0.8	-	11.5	-	-	-	-
g Car deposit payable	67.9	-	-	67.9	67.9	-	-	67.9
Mr. N.J. Rathi	-	-	-	-	-	-	-	-
Mr. P.R. Rathi	49.0	-	-	49.0	49.0	-	-	49.0
Mr. R.B. Rathi	18.9	-	-	18.9	18.9	-	-	18.9

*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.

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 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 31st March, 2023 and 31st March, 2022.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
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 ₹ 204.4 lakhs and (2021-22: ₹ 204.7 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
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 ₹ 1057.7 Lakhs. (2021-22: loss of ₹ 1,081.1 Lakhs). A 2% decrease would have led to an increase in additional gain of ₹ 1057.7 Lakhs. (2021-22: gain of ₹ 1,081.1 Lakhs).

Foreign currency exposure and sensitivity	(Rs. in Lakhs)			
	As at 31st March, 2023		As at 31st March, 2022	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivables	18,885.5	6,760.8	17,515.5	8,746.7
Forward contracts for trade receivables	(30,650.1)	(7,534.0)	(26,337.4)	(5,737.1)
Foreign currency borrowings	(49,848.0)	(4,036.5)	(48,720.9)	(7,773.3)
Trade payables	(13,513.1)	3,210.2	(8,852.4)	(357.0)
Forward contracts for trade payable	11,723.3	-	2,911.5	-
Forward contracts for borrowings	12,119.3	-	13,077.9	1,473.5
Total	(51,283.1)	(1,599.5)	(50,405.8)	(3,647.2)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31st March, 2023	Year ended 31st March, 2022
Balance at beginning of the year	(346.5)	(706.8)
Arising/Adjusted during the year	(2,184.4)	360.3
Balance at end of the year	(2,530.9)	(346.5)
Tax impact	121.2	172.6

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47 RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. 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 INR). 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: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - 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. - 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.
The Group has certain amount of its purchases in foreign currency (other than INR) 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.

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 ₹ 48,614.6 Lakhs and ₹ 50,065.6 Lakhs for 31 st March 2023 and 31 st March 2022 respectively. Against these receivables, a provision for expected loss allowance is recognised.

47 RISK MANAGEMENT AND CAPITAL MANAGEMENT

Reconciliation of provision for expected credit loss

Balance as at 1st April, 2021	1,316.3
Provision (reversed) / recognised for expected credit loss	108.9
Balance as at 31st March, 2022	1,425.2
Provision (reversed) / recognised for expected credit loss	84.1
Balance as at 31st March, 2023	1,509.3

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 COVID-19 pandemic. 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.

(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. 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'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.		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	6 months or less	6 - 12 months	1 year to 5 years	more than 5 years	Total
As at 31st March, 2023						
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
Total		84,217.4	8,037.1	46,312.3	-	1,38,566.9
As at 31st March, 2022						
Borrowings - Current	17	37,763.3	7,253.1	-	-	45,016.4
Borrowings - Non-current	17	-	-	36,857.6	-	36,857.6
Other financial liabilities	19	5,284.5	-	167.3	-	5,451.8
Lease liabilities	5	25.6	25.6	166.6	166.6	384.4
Trade payables	18	52,176.0	-	-	-	52,176.0
Derivatives instruments	20	59.1	-	-	-	59.1
Total		95,308.5	7,278.7	37,191.5	166.6	1,39,945.3

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 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.

	As at 31st March, 2023	As at 31st March, 2022
Total Debt	81,749.5	81,874.0
Total Equity (Share Capital + Reserves)	82,822.4	83,318.9
Debt - Equity ratio	0.99	0.98

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48 ASSETS HELD FOR SALE :

(a) Description

Sale of freehold land

The Board of Directors at its meeting held on Thursday, 9th 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 6th April, 2023 for transfer of aforesaid land along with the structures standing thereon. The transaction was completed on 6th 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."

(b) The assets of disposal group classified as held for sale as on 31st March, 2023 are as under:

	As at 31st March, 2023
Assets	
Property, plant and equipment	
Freehold Land	2,327.9
Buildings	288.3
Furniture and Fixtures	216.3
Office Equipments	13.0
Total assets	2,845.5

There are no associated liabilities of the disposal group classified as held for sale as on 31st 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.

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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 1,384,545 common shares for issuance thereunder. During the previous year, options totalling to 394,220 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 th 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 4th year, 20% options vest after 5th year, 20% options vest after 6th year and 20% options vest after 7th year from the date of respective grant.
d	Exercise price or pricing formula	₹ 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Date of grant	1 st April, 2020
g	Settlement mode	Equity share
h	Source of shares (primary, secondary or combination)	Primary

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:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April, 2021	3,94,220	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(34,790)	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2022	3,59,430	169.2
Exercisable as at 31 st March, 2022	-	-
Outstanding as at 1 st 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 st March, 2023	3,32,650	169.2
Exercisable as at 31 st March, 2023	-	-

There are no options vested during the year ended 31st March 2023 and 31st March 2022.

There is no realisation of money by exercise of option during the year ended 31st March 2023 and 31st March 2022.

The options outstanding at 31st March, 2023 have an exercise price of ₹ 349.35 (31st March, 2022: ₹ 349.35) and a weighted average remaining contractual life of 7.2 years (31st March, 2022: 8.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2022-23 is not disclosed as no shares were exercised during this year and 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 31st March, 2023 is ₹ 108.4 Lakhs (previous year: ₹ 102.7.1 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.

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.

	Year ended 31st March, 2023			Year ended 31st March, 2022		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	2,07,905.5	22,358.3	2,30,263.8	2,01,966.3	18,114.3	2,20,080.6
Inter-segment Revenue	-	90.6	90.6	-	-	-
Total segment revenue	2,07,905.5	22,267.7	2,30,173.2	2,01,966.3	18,114.3	2,20,080.6
Segment Results						
Profit before tax and finance cost	8,628.5	1,492.5	10,121.0	18,625.2	429.3	19,054.5
Less: Finance costs (net)	3,784.3	362.8	4,147.1	1,821.3	121.0	1,942.3
Profit after finance cost but before tax	4,844.2	1,129.7	5,973.9	16,803.9	308.3	17,112.2
Profit after tax	3,644.3	832.6	4,476.9	12,816.4	180.2	12,996.6
Segment Assets and Segment Liabilities						
Segment Assets	2,19,092.9	20,105.6	2,39,198.5	2,25,586.7	11,284.3	2,36,871.0
Segment Liabilities	1,39,679.0	16,697.1	1,56,376.1	1,44,229.5	9,322.6	1,53,552.1
Segment Assets (-) Segment Liabilities	79,413.9	3,408.5	82,822.4	81,357.2	1,961.7	83,318.9
Other Details:						
Capital Expenditure	18,449.3	790.8	19,240.1	30,199.1	821.6	31,020.7
Depreciation and Amortisation	11,140.3	282.4	11,422.7	8,724.4	201.5	8,925.9

C Geographical Information

	Year ended 31st March, 2023	Year ended 31st March, 2022
Segment Revenue by location of customers		
In India	1,25,947.8	1,20,580.1
Outside India	1,04,225.4	99,500.5
	2,30,173.2	2,20,080.6
Non-current operating assets by location of assets		
In India	1,27,955.6	1,12,439.1
Outside India	-	116.8
	1,27,955.6	1,12,555.9

D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

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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 statement of profit and loss along with the relevant hedged item.

The cash flow hedges of the expected future sales during the year ended 31st March, 2023 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 2184.4 Lakhs (31st March, 2022: ₹ 360.3 Lakhs) is included in OCI.

The amounts retained in OCI at 31st March, 2023 are expected to be realised in the statement of profit and loss till the year ended 31st 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 31st 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)

As at 31st March, 2022

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)	17.5	EUR	207.3	(28.9)
	616.9	USD	(1,072.0)	(27.6)
Derivative contracts - IRS and CCIRS	17.5	EUR	16.0	-
	503.9	USD	1,209.0	-
			360.3	(56.4)

For qualitative details w.r.t hedging strategy followed by the company Refer Note 49A Risk and Capital Management

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 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2023.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	204.3	-	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
Total	53,126.4	329.0	1,566.5	55,021.9
Financial liabilities				
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
Total	1,38,128.8	58.3	379.8	1,38,566.9

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2022.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	165.6	-	166.6
Other non-current financial assets	593.0	-	-	593.0
Trade receivables	50,065.6	-	-	50,065.6
Cash and cash equivalents	2,531.6	-	-	2,531.6
Bank balances other than cash and cash equivalents	997.8	-	-	997.8
Derivatives - Forward Contracts Receivable	-	233.1	-	233.1
Interest rate / currency swap contracts	-	-	985.0	985.0
Other current financial assets	1,334.9	-	-	1,334.9
Total	55,523.9	398.7	985.0	56,907.6
Financial liabilities				
Borrowings	81,874.0	-	-	81,874.0
Lease liability	384.4	-	-	384.4
Trade payables	52,176.0	-	-	52,176.0
Derivative - Forward Contracts Payable	-	56.6	-	56.6
Interest rate / currency swap contracts	-	-	2.5	2.5
Other financial liabilities	5,451.8	-	-	5,451.8
Total	1,39,886.2	56.6	2.5	1,39,945.3

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 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.
- 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.

53 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 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 31st March, 2023 and 31st March, 2022.

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 st March, 2023	31 st March, 2023	124.7	-	124.7	-
As at 31 st March, 2022	31 st March, 2022	233.1	-	233.1	-
Interest rate / Swap contracts					
As at 31st March, 2023	31 st March, 2023	1,566.5	-	1,566.5	-
As at 31st March, 2022	31 st March, 2022	985.0	-	985.0	-
Investment in others*					
As at 31st March, 2023	31st March, 2023	204.3	-	-	204.3
As at 31st March, 2022	31st March, 2022	165.6	-	-	165.6
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31st March, 2023	31st March, 2023	58.3	-	58.3	-
As at 31st March, 2022	31st March, 2022	56.6	-	56.6	-
Interest Rate Swap Contracts					
As at 31st March, 2023	31st March, 2023	379.8	-	379.8	-
As at 31st March, 2022	31st March, 2022	2.5	-	2.5	-

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.

54 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
	2022-23	2021-22	
1 Sudarshan Europe B.V	100%	100%	Netherlands
2 Sudarshan North America, Inc (Step-down subsidiary of Sudarshan, India)	100%	100%	United States of America
3 Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
4 Sudarshan (Shanghai) Trading Company Ltd.	100%	100%	China
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 st 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
Parent Company								
Sudarshan Chemical Industries Limited	97.6	80,810.8	70.2	3,141.0	134.8	(2,202.4)	32.9	938.6
Indian Subsidiaries								
RIECO Industries Limited	4.1	3,408.6	18.6	832.6	1.2	(20.2)	28.4	812.4
Foreign Subsidiaries								
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
Eliminations	(12.6)	(10,448.8)	(32.9)	(1,475.3)	0.7	(12.6)	(51.6)	(1,474.7)
Total	100.0	82,822.5	100.0	4,476.9	100.0	(1,633.6)	100.0	2,856.5

For the year ended 31 st March, 2022								
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
Parent Company								
Sudarshan Chemical Industries	99.9	83,225.2	77.2	10,037.6	1,199.4	187.1	78.6	10,225.7
Indian Subsidiaries								
RIECO Industries Limited	2.3	1,950.1	1.7	218.8	19.9	3.1	1.7	223.0
Foreign Subsidiaries								
Sudarshan Europe B.V	6.2	5,137.0	10.1	1,311.7	(1,634.2)	(254.9)	8.1	1,050.7
Sudarshan North America	1.4	1,164.6	4.5	589.1	340.4	53.1	4.9	643.2
Sudarshan Mexico	0.4	357.5	2.5	322.5	109.6	17.1	2.6	340.6
Sudarshan (Shanghai)	-	(13.1)	0.3	36.5	43.6	6.8	0.3	44.3
Sudarshan Japan	(0.2)	(174.2)	(1.0)	(128.1)	21.3	3.3	(1.0)	(123.8)
Eliminations	(10.0)	(8,328.2)	4.7	608.5	-	-	4.8	608.5
Total	100.0	83,318.9	100.0	12,996.6	100.0	15.6	100.0	13,012.2

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022**

(All amounts are in INR Lakhs, unless otherwise stated)

55 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.

56 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 August 5, 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.

57 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

Place: Pune

Date : 23rd May, 2023

Place: Pune

Date : 23rd May, 2023

R.B.RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

ICSI Membership

No.:14469



**Consolidated Financial Statements for the
Year ended 31st March, 2022**

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the branch auditors and other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
<i>Revenue from contracts with customer</i> The Group's revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customers. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue may be overstated because of fraud, resulting from the pressure management may feel to achieve performance targets. Revenue is also an important element of how the Group measures its performance, upon which management is incentivized. The Group focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before control has been transferred. (Refer note 2(C)(h), 21 and 45 to the consolidated financial statements)	We have performed the following procedures over revenue recognition: • We assessed the appropriateness of the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from contracts with Customers") including adequacy of disclosures; • We evaluated the design, tested the implementation and operating effectiveness of key internal controls including general IT controls and key IT application controls over recognition of revenue; • We performed substantive testing by selecting samples using statistical sampling of revenue transactions recorded during the year by testing the underlying documents which included customer purchase orders, invoices, lorry receipts, customer acceptances and shipping documents (as applicable) to assess revenue is recognised after the transfer of control to customers as per the terms of the contract; • We carried out analytical procedures on revenue recognised during the year to identify unusual variances; and • We tested, on a sample basis, specific revenue transactions recorded around the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.
<i>Impairment assessment of Goodwill</i> The Group carries goodwill resulting from business acquisitions of one subsidiary company. The risk is that the carrying amount of Goodwill may not be backed up by performance of the Cash Generating Unit ('CGU') to which the Goodwill is allocated. The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Measurement of value in use involves significant estimates and judgements of the Group Management, including those related to the	Our audit procedures included: • Evaluated the design, implementation and operating effectiveness of key Group Management's internal controls around identification of cash generating units ('CGUs') and allocation of Goodwill to the respective CGUs; • Evaluated the Group Management's controls over estimation of the value in use of the CGUs;

The key audit matter	How the matter was addressed in our audit
effects, if any, of the resurgence of the COVID-19 pandemic. Goodwill is a significant asset of the Group. This is identified as a key audit matter due to inherent uncertainties involved in projecting future cash flows and discount rate which are the basis of the impairment assessment. (Refer note 2(C)(c) and note 4 to the consolidated financial statements)	• Evaluated the Group’s assessment of value in use of CGUs to which Goodwill is allocated; • Evaluated key inputs used in and the arithmetical accuracy of the cash flow projections; • We assessed and challenged underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance. We took assistance of our valuation specialists for the above testing; • We evaluated the adequacy of disclosures of key assumptions, judgements and sensitivities in respect of impairment assessment for Goodwill; and • Assessed impact, if any of the resurgence of the COVID-19 pandemic on Management’s estimate.

Other Information

The Holding Company’s Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company’s annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained 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.

Management’s and Board of Directors’ Responsibilities for the Consolidated Financial Statements

The Holding Company’s Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income,

consolidated statement of changes in equity and consolidated cash flows 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. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with 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 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 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 financial statements in place and the operating effectiveness of such controls.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 (A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

Report on Other Legal and Regulatory Requirements (continued)

- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to 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 B”.
- B. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 37 to the consolidated financial statements.
 - b) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 18(c) to the consolidated financial statements in respect of such items as it relates to the Group.
 - c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
 - d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary company, to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Holding Company or its subsidiary companies or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies shall:

Report on Other Legal and Regulatory Requirements (continued)

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

- e) The dividend declared or paid during the year by the Holding Company and its subsidiary company, is in compliance with Section 123 of the Act.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company, is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

Place: Pune

Date: 26 May 22

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNVQ2316

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2022

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date, we report that:

In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks in the Companies (Auditor's Report) Order, 2020 report of the company incorporated in India and included in the consolidated financial statements.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

Place: Pune

Date: 26 May 2022

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNVQ2316

Annexure B to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our

Auditors' Responsibility (continued)

audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNVQ2316

Place: Pune

Date: 26 May 2022

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	79,150.6	57,682.5
(b) Right-of-use-Assets	48	452.2	517.1
(c) Capital work-in-progress	3	27,322.6	26,857.6
(d) Goodwill	4	684.4	684.4
(e) Other Intangible assets	4	2,876.2	2,601.3
(f) Intangible assets under development	4	1,144.1	977.3
(g) Financial assets			
i Investments	5 (a)	166.6	127.6
ii Other financial assets	5 (b)	99.1	96.5
(h) Deferred tax assets (net)	6	765.5	388.7
(i) Other non-current assets	7	1,511.1	5,232.8
(j) Non-current tax assets (net)	8 (a)	2,186.0	2,015.0
		1,16,358.4	97,180.8
II Current Assets			
(a) Inventories	9	56,598.4	41,157.0
(b) Financial assets			
i Trade receivables	10 (a)	50,065.6	48,468.7
ii Cash and cash equivalents	10 (b)	2,531.6	1,597.7
iii Bank balances other than (ii) above	10 (c)	997.8	786.6
iv Derivative assets	10 (d)	1,218.1	473.0
v Other financial assets	10 (e)	3,533.3	3,884.8
(c) Other current assets	11	5,567.8	6,791.9
		1,20,512.6	1,03,159.7
		2,36,871.0	2,00,340.5
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	81,934.4	72,973.1
		83,318.9	74,357.6
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	36,857.6	30,813.9
ii Lease liabilities	48	333.1	377.3
iii Other financial liabilities	14 (b)	167.3	170.1
(b) Provisions	15	2,635.3	2,391.3
(c) Deferred tax liabilities (net)	16	5,952.9	5,288.8
(d) Other non-current liabilities	17	1,248.1	1,006.8
		47,194.3	40,048.2
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	18 (a)	45,016.4	30,596.2
ii Lease liabilities	48	51.3	46.6
iii Trade payables			
1. Dues to micro and small enterprises	18 (b)	2,679.0	1,133.8
2. Other than (1) above	18 (b)	49,497.0	42,981.1
iv Derivative liabilities	18 (c)	59.1	314.9
v Other financial liabilities	18 (d)	5,284.5	7,748.2
(b) Other current liabilities	19	3,219.5	2,837.5
(c) Provisions	20	246.9	230.3
(d) Current tax liabilities (net)	8 (b)	304.1	46.1
		1,06,357.8	85,934.7
		2,36,871.0	2,00,340.5
Summary of significant accounting policies and key accounting estimates and judgments	2		

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI
Chairman
DIN No. 00018577

NILKANTH NATU
Chief Financial
Officer

RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022
(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31st March, 2022	Year ended 31st March, 2021
Income			
Revenue from operations	21	2,20,080.6	1,86,411.2
Other Income	22	500.2	701.5
Total Income		2,20,580.8	1,87,112.7
Expenses			
Cost of materials consumed	23	1,37,397.6	1,02,057.5
Purchase of stock-in-trade	24	1,276.8	1,980.8
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(11,634.0)	2,007.5
Employee benefits expense (net)	26	18,397.0	15,566.2
Finance costs (net)	27	1,942.3	1,787.3
Depreciation and amortisation expense	28	8,925.9	8,650.9
Other expenses (net)	29	47,163.0	36,023.7
Total Expenses		2,03,468.6	1,68,073.9
Profit before tax from operations		17,112.2	19,038.8
Tax Expense	31		
Current tax		3,828.3	4,057.1
Tax adjustment related to earlier year (net)		-	(102.8)
Deferred tax		287.3	973.4
Total Tax Expense		4,115.6	4,927.7
Profit for the year		12,996.6	14,111.1
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(106.0)	(132.8)
Income tax relating to above		26.6	33.5
		(79.4)	(99.3)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		360.3	166.9
Gain / (loss) on translation of foreign operations		(174.6)	16.3
Income tax related to gain / (loss) on hedging instruments in cash flow hedges		(90.7)	(42.0)
		95.0	141.2
Total other comprehensive income for the year (net of taxes)		15.6	41.9
Total comprehensive income for the year		13,012.2	14,153.0
Earnings per share	30		
[Nominal Value per share ₹ 2 (31st March 2021 - ₹ 2)]			
- From Operations			
Basic ₹ per share		18.8	20.4
Diluted ₹ per share		18.7	20.4
Summary of significant accounting policies and key accounting estimates and judgments	2		

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

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R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

Pune : 26th May, 2022

Pune : 26th May, 2022

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Cash flow from operating activities		
Profit before tax from operations	17,112.2	19,038.8
Adjustment for		
Depreciation / amortization	8,925.9	8,650.9
Gain on sale or write off of property, plant and equipments and Intangible assets	(23.2)	(13.7)
Liabilities no longer required, written back	(39.5)	(97.3)
Unrealized foreign exchange (Gain) / Loss	825.0	(425.4)
(Reversal) / Provision for Inventory Obsolescence	(75.4)	888.6
Provision for employee stock option scheme	102.7	126.0
Fair value Gain on derivatives	(1,000.9)	(265.4)
Provision for expected credit loss established / (reversed) and bad debts	175.0	(63.6)
Others	-	36.1
Finance costs	1,942.3	1,787.3
Interest income	(297.6)	(193.2)
Operating profit before working capital changes	27,646.5	29,469.1
Working capital adjustments :		
Changes in trade payables	7,993.3	7,558.6
Changes in provisions	154.6	250.6
Changes in other liabilities	536.0	284.8
Changes in other financial liabilities	(404.9)	443.1
Changes in trade receivables	(1,534.9)	(13,101.2)
Changes in inventories	(15,366.0)	(979.2)
Changes in other assets	1,953.4	(1,646.9)
Changes in other financial assets	852.9	(1,839.2)
Changes in other bank balances	(211.2)	(42.5)
Cash generated from operations	21,619.7	20,397.2
Income taxes paid (net of refunds) on operations	(3,805.5)	(3,880.5)
Net cash flow from operating activities from operations (A)	17,814.2	16,516.7
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	(31,020.7)	(26,957.2)
Proceeds from sale of property, plant and equipment/ Intangible assets	106.3	179.7
Interest received	258.6	193.2
Net cash flow (used in) investing activities (B)	(30,655.8)	(26,584.3)
Cash flows from financing activities :		
Proceeds from long-term borrowings	19,225.3	22,857.3
Repayment of long-term borrowings	(13,730.1)	(5,448.5)
Dividend and tax thereon	(4,112.3)	(37.6)
Proceeds from / (Repayments of) short-term borrowings (net)	14,420.2	(4,718.7)
Finance costs paid	(1,942.3)	(1,740.7)
Lease liabilities paid	(85.3)	(64.7)
Net cash flow from financing activities (C)	13,775.5	10,847.1
Net increase in cash and cash equivalents (A+B+C)	933.9	779.5
Cash and cash equivalents at the beginning of the year	1,597.7	818.2
Cash and cash equivalents at the end of the year (refer note 10(b))	2,531.6	1,597.7
Components of cash and cash equivalents		
Cash on hand	8.4	7.8
On current account	2,523.2	1,589.9
Total cash and cash equivalents	2,531.6	1,597.7

Reconciliation of borrowings

		Year ended 31st March, 2022	Year ended 31st March, 2021
Balance at the beginning of year			
Non-current borrowings	note 14(a)	30,813.9	22,499.9
Current maturities of non-current borrowings	note 18(a)	12,693.7	4,735.7
Proceeds from borrowings		19,225.3	22,857.3
Repayment of borrowings		(13,730.1)	(5,448.5)
Unrealised foreign exchange gain / (loss) (net)		2,541.0	(1,136.8)
Balance at the end of year			
Non-current borrowings	note 14(a)	36,857.6	30,813.9
Current maturities of non-current borrowings	note 18(a)	14,686.2	12,693.7

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(All amounts are in ₹ Lakhs, unless otherwise stated)

Notes :

The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

Summary of significant accounting policies and key accounting estimates and judgments

2

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

S. A. PANSE
Independent Director &
Audit Committee Chairperson
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Membership No.: 101190

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

Pune : 26th May, 2022

Pune : 26th May, 2022

A. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

	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	Balance at the end of the current reporting period
Share Capital Amount	1,384.5	-	-	-	1,384.5
Number of shares	6,92,27,250	-	-	-	6,92,27,250
	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	Balance at the end of the previous reporting period
Share Capital Amount	1,384.5	-	-	-	1,384.5
Number of shares	6,92,27,250	-	-	-	6,92,27,250

B. Other Equity

	Reserves and Surplus					Foreign Currency Translation Reserve	Effective Portion of Cash Flow Hedge	Share options (ESOP) outstanding account	Total
	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve	Surplus in the Statement of Profit and Loss *				
Balance as at 1st April, 2020	1,321.2	0.4	410.0	21,340.5	35,695.3	495.1	(568.4)	-	58,694.1
Total comprehensive income for the year ended 31st March, 2021									
Profit for the year	-	-	-	-	14,111.1	-	-	-	14,111.1
Other Comprehensive Income (net of tax)	-	-	-	-	(99.3)	16.3	124.9	-	41.9
Amortised amount of shared based payments (ESOPs) to employees	-	-	-	-	-	-	-	126.0	126.0
Total	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1
Transactions with owners, recorded directly in equity									
Equity Dividend (refer note 12)	-	-	-	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2021	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1
Total comprehensive income for the year ended 31st March, 2022									
Profit for the year	-	-	-	-	12,996.6	-	-	-	12,996.6
Other Comprehensive Income (net of tax)	-	-	-	-	(79.4)	(174.6)	269.6	-	15.6
Amortised amount of shared based payments (ESOPs) to employees	-	-	-	-	-	-	-	102.7	102.7
Total	-	-	-	-	12,917.2	(174.6)	269.6	102.7	13,114.9
Transactions with owners, recorded directly in equity									
Equity Dividend (refer note 12)	-	-	-	-	(4,153.6)	-	-	-	(4,153.6)
Total distributions to owners	-	-	-	-	(4,153.6)	-	-	-	(4,153.6)
Balance as at 31st March, 2022	1,321.2	0.4	410.0	21,340.5	58,470.7	336.8	(173.9)	228.7	81,934.4

* includes remeasurement of defined employee benefit plans

Summary of significant accounting policies and key accounting estimates and judgments

2

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

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Membership No.: 101190

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

Pune : 26th May, 2022

Pune : 26th May, 2022

1. Background:

Sudarshan Chemicals Industries Limited ("the Company") is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19th February 1951. The name of the Company was changed to Sudarshan Chemicals Industries Limited on 15th 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 162, Wellesley Road, Pune 411001, Maharashtra, India.

The Consolidated Financial Statements include the Financial Statements of the Company's wholly owned subsidiaries viz. RIECO Industries Limited (India), Sudarshan Europe B.V. (Netherlands), Sudarshan (Shanghai) Trading Company Limited (China), Sudarshan Japan Limited (Japan) and the step-down subsidiaries viz. Sudarshan North America Inc. (U.S.A.), Sudarshan Mexico S de R.L.de CV (Mexico). Together, the Company and its subsidiaries are referred to as "the Group".

The Group manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments. The Group also manufactures Pollution Control Equipment, Size Reduction Equipment and Grinding Equipments for industrial applications.

The Consolidated Financial Statements of the Group for the year ended 31st March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 26th May 2022.

2. Summary of basis of compliance, basis of preparation and presentation, critical accounting estimates, assumptions and judgements and significant accounting policies:

(A) Basis of preparation:

(a) Statement of Compliance:

These Consolidated Financial Statements comply, in all material aspects, with Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"), Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(b) Basis of preparation:

The Consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

(c) Basis of Consolidation:

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at the reporting date.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The Financial Statements of the Group companies are consolidated on a line-by-line basis by adding together like items of assets and liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and resulting unrealized profits/ losses from such transactions and cash flows. The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

(B) Critical accounting Estimates, Assumptions and Judgments:

The preparation of Consolidated Financial Statements in conformity with Ind AS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis including implications, if any arising from the resurgent of the global pandemic COVID-19. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated Financial Statements are included in following notes:

(a) Useful life 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 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 C(b) and C(c).

(b) 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 realization 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 realizable, 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 C(k).

(c) Defined benefit obligation:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 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. All assumptions are reviewed at each Balance Sheet date. The policy for the same has been explained under Note C(i).

(d) Impairment of goodwill, intangible assets and intangible assets under development and non-financial assets:

Goodwill, Intangible assets and intangible assets under development are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value.

For other non-financial assets, assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired.

The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The policy for the same has been explained under Note C(l).

(e) Expected credit losses on financial assets:

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions including implications, if any arising from the resurgence of COVID 19 as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained in Note C (f) (6).

(f) 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 shelf life to determine the possibility of utilisation / liquidation of these materials. Based on this study, a provision for slow and non-moving inventory is created.

(g) Uncertainty associated with resurgence of COVID-19:

The Group has considered the possible effects that may result from the resurgence of COVID-19, a global pandemic, on the carrying amount of its assets including receivables, inventories, intangible assets and investments in subsidiary companies. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Group, as at the date of approval of these Financial Statements has used internal and external sources of information including economic forecasts. The Group based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

(C) Significant accounting policies:

(a) Foreign Currency Translation:

Transactions and balances:

- (1) Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is the Group's functional and presentation currency.
- (2) Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at

the year-end are generally recognized in the Consolidated Statement of Profit and Loss and reported within foreign exchange gains / (losses).

- (3) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.
- (4) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs.
- (5) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange differences are recognised in the Statement of Profit and Loss except exchange difference arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective. 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 Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

Foreign currency translation reserves:

For the preparation of the Consolidated Financial Statements, assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, 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; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead. Differences arising on such translation are accumulated in foreign currency translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

(b) Property, Plant and Equipment:

(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 also to the costs incurred subsequently to add to, or to replace any part of, or service it.

Items of property, plant and equipment are stated at cost and include interest on borrowings directly attributable to the acquisition, construction, or production of the qualifying asset. A qualifying asset is necessarily an asset which takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable costs are added to the cost of these assets until such time as the assets are ready for their intended use or sale, which coincides with the commission date of those assets. Assets are presented less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any 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.

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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Machinery spares which meet the definition of PPE are capitalized and depreciated over the useful life of the principal asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) 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	Useful Life Adopted	Useful Life as per Schedule – II*
Plant and Machinery - Other than below	9.2	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	6.0	8.0

*The above mentioned useful lives are on a three-shift basis, except for vehicles.

- (2) Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Business combinations, Goodwill, Other Intangible Assets and Intangible under development:

(i) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the Consolidated Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19-Employee benefits, respectively.

(ii) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as Goodwill. If the excess is negative, then after re-assessing the fair values of the net assets and contingent liabilities, the excess (bargain purchase gain) is recognized as Capital reserve. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses, if any.

Measurement period adjustments are adjustments that arise from additional information during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(iii) Other intangible assets:

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortization and accumulated impairment losses, 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 losses.

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 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 expenses 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.

(iv) Amortisation:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer software and technical know-how which have finite useful lives, are amortized on a straight-line basis over the period of expected future benefits/ useful life of the projects.

- (3) Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The details of estimated useful life is as follows:

Asset Class	Years
Registrations	10
Computer Software	5-10
Technical Know-How	3-9
Right to Use	5-10

- (4) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.
- (5) Gains or losses arising from retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income/ expense in the Consolidated Statement of Profit and Loss.

(v) Capital work in progress and Intangibles 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.

Intangible assets under development are carried at cost, comprising direct costs, directly attributable incidental expenses and eligible borrowing costs, if any.

- (2) Advances given to acquire property, plant and equipment are recorded as noncurrent assets and subsequently transferred to CWIP on acquisition of related assets.

(d) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is determined under the moving weighted average price basis and includes all costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials:

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

(ii) Work-in-process and Finished goods:

Work-in-process and finished goods include conversion costs and appropriate proportionate of overheads in addition to the landed cost of raw materials.

(iii) Stores and spares and packing material:

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

(iv) Traded goods:

Traded goods are valued at lower of cost and net realizable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average price basis.

- (v) Provision is made for obsolete and non-moving items.

(e) Cash and Cash Equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks (which are unrestricted for withdrawal and usage) and cash on hand and short-term deposits with original maturity of three months or less, which 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.

(f) Financial Instruments:

(i) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.
- **Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

(3) Trade receivables and loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

(4) Derivatives financial instruments and hedge accounting:

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these forward contracts as hedge instruments and accounts

for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Group's risk management policy approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The counter party to the Group's foreign currency forward contracts is generally a bank. The Group does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under 'effective portion of cash flow hedges' (net of taxes), and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Consolidated Statement of Profit and Loss in the same period in which gains/losses on the item hedged are recognised in the Consolidated Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified as effective portion of cash flow hedges is classified to Consolidated Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the Consolidated Statement of Profit and Loss for the period.

(5) Derecognition:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

(6) Impairment of Financial Assets:

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Group recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the statement of profit and loss.

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(2) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Consolidated Statement of Profit and Loss.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated 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.

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require specified payments 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 cumulative amortisation.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as fees receivable under "other financial assets" or as a part of the cost of the investment, depending on the contractual terms.

(g) Provisions and Contingent Liabilities:

- (i)** 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.
- (ii)** Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and

the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

- (iii) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.
- (iv) Contingent assets are not disclosed in the Consolidated Financial Statements unless an inflow of economic benefits is probable.

(h) Revenue:

(i) Revenue from contracts with customers:

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the fair value transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Sale of goods – Sale of pigments:

Revenue from the sale of goods is recognised net of returns, trade discounts and volume rebates, at the point in time when the customer obtains control of the goods, which is generally at the time of ex-factory delivery, door delivery or issuance of a Bill of Lading by the shipping line (in case of exports) depending upon agreed upon terms.

Sale of goods – Sale of Pollution control, size reduction and pneumatic conveying equipment:

The Company's subsidiary ('subsidiary') Rieco Industries Limited earns revenue primarily from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment is customised based on specific customer requirements.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Most of the subsidiary's 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. Exceptions pertain to some contracts which include provision of erection and commissioning services, the

pricing of which varies based on the time spent towards erection and commissioning. However, the effect of this variability is not material.

In respect of customised products based on specific customer requirement, each equipment/ system is considered as a separate performance obligation. The performance obligations are satisfied over a period of time. Revenue on such contracts is recognised using the percentage of completion method. The subsidiary measures the progress towards complete satisfaction of performance obligation based on input method. The stage of completion of the contract is measured by comparing the cost incurred on the project with the total estimated cost for the project. This is considered a faithful depiction of entity's performance to date.

Revenue is measured based on the transaction price, which is the consideration, adjusted for trade discounts, volume rebates, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts and there is unconditional right to receive cash, and only passage of time is required, as per contractual terms (only act of invoicing is pending).

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

In accordance with Ind AS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

- (ii) Dividend income is recognised in profit or loss on the date on which the Group's right to receive the dividend income is established.
- (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) Income from export incentives such as duty drawback, MEIS and RoDTEP are accrued upon completion of export when there is a reasonable certainty of fulfilment of obligations as stipulated under respective export promotion schemes.
- (v) 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.
- (vi) Other revenue is recognised when it is received or when the right to receive payment is established.

(i) Employee Benefits

(i) Short-Term Employee Benefits for the Company and its domestic subsidiary:

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.

(ii) Post-Employment Benefits for the Company and its domestic subsidiary:

(1) Defined contribution plans:

The contributions to provident fund and superannuation schemes are recognised in the Consolidated Statement of Profit and Loss statement 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.

Re-measurements, 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 Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Statement of Profit and Loss as past service cost.

(3) Compensated absences for the Company and its domestic subsidiary:

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Actuarial gains and losses arising from actuarial valuations are recognised immediately in the Consolidated Statement of Profit and Loss.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(4) Employee benefits for the overseas subsidiaries:

In respect of overseas subsidiaries, the liabilities for employee benefits are determined and accounted as per the regulations and principles followed in the respective countries. The subsidiaries have defined contribution retirement savings plans. Participation is available to all employees. The subsidiaries match the contributions upto pre-defined limits and based on eligible compensation and contribution rate. Contributions are charged as an expense as they fall due.

(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 are incurred.

Interest income or expense is recognised using the effective interest method.

(k) Taxation:

Income tax expense for the year comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (3) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period).

(l) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Property, plant and equipment, intangible assets and intangible assets under development with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

Asset / CGU whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. An impairment loss is recorded in the statement of profit and loss account. Assessment is also done at each Balance Sheet

date as to whether there is indication that an impairment loss recognised for an asset/ CGU in prior accounting periods no longer exists or may have decreased, consequent to which such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss.

(m) Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether: (i) the contact involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Group as a lessee

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease and are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(n) 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 period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 is adjusted for the effects of all dilutive potential equity shares.

(o) Dividends:

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

(p) Government Grants:

Grants and subsidies from the Government are recognised when the Group has complied with all the conditions attached to them and there is a reasonable assurance that the grant / subsidy will be received and all attached conditions will be complied with.

Where the government grants / subsidies relate to revenue, they are 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. Government grants and subsidies receivable against an expense are deducted from such expense. Where the grant or subsidy relates to the acquisition, purchase or construction of a non-current asset, it is recognised as Deferred revenue in the Consolidated Balance Sheet and transferred to the Consolidated profit and loss account on systematic and rational basis over the useful life of the related asset/ satisfaction of the performance obligation attached to the government grant.

(q) Share based payments:

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The share-based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

The expense is recognised in the Consolidated Statement of Profit and Loss Statement with a corresponding increase to the 'share option outstanding account', which is a component of equity.

(r) Segment reporting:

The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director and Chief Executive Officer (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

(s) Rounding-off of amounts:

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to nearest lakhs, with one decimal, as per the requirement of Schedule III, unless otherwise stated.

(t) Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

- (1) Ind AS 103 – Reference to Conceptual Framework** - The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.
- (2) Ind AS 16 – Proceeds before intended use** - The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.
- (3) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract** - The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.
- (4) Ind AS 109 – Annual Improvements to Ind AS (2021)** - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.
- (5) Ind AS 106 – Annual Improvements to Ind AS (2021)** - The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
(All amounts are in ₹ Lakhs, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

A. Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1st April, 2020	1,189.5	136.3	9,256.5	66,831.9	743.2	775.6	172.6	1,155.0	2,122.0	910.0	38.0	83,330.6	4,402.6
Additions	234.6	-	1,239.9	4,335.9	7.4	15.6	42.3	-	120.6	7.2	-	6,003.5	28,831.9
Less : Transferred to right to use	-	136.3	-	-	-	-	-	-	-	-	-	136.3	-
Less : Disposals	-	-	-	22.6	15.0	26.5	36.0	-	-	-	-	100.1	-
Transfers to Property plant and equipment/ intangible	-	-	-	-	-	-	-	-	-	-	-	-	6,376.9
Gross amount as at 31st March, 2021	1,424.1	-	10,496.4	71,145.2	735.6	764.7	178.9	1,155.0	2,242.6	917.2	38.0	89,097.7	26,857.6
Accumulated depreciation as at 1st April, 2020	-	7.4	917.6	20,854.9	379.3	186.6	95.2	66.0	704.0	214.7	21.7	23,447.4	-
Depreciation for the year	-	-	299.4	7,204.7	99.6	74.7	28.7	20.4	235.8	86.7	7.2	8,057.2	-
Less : Transferred to right to use	-	7.4	-	-	-	-	-	-	-	-	-	7.4	-
Less : Disposals	-	-	-	21.8	2.0	23.6	34.6	-	-	-	-	82.0	-
Accumulated depreciation as at 31st March, 2021	-	-	1,217.0	28,037.8	476.9	237.7	89.3	86.4	939.8	301.4	28.9	31,415.2	-
Net amount as at 31st March, 2021	1,424.1	-	9,279.4	43,107.4	258.7	527.0	89.6	1,068.6	1,302.8	615.8	9.1	57,682.5	26,857.6

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1st April, 2021	1,424.1	-	10,496.4	71,145.2	735.6	764.7	178.9	1,155.0	2,242.6	917.2	38.0	89,097.7	26,857.6
Additions	39.0	-	3,689.2	25,099.1	195.6	240.4	55.4	98.3	367.1	-	-	29,784.1	20,199.1
Less : Disposals	-	-	-	23.0	63.2	60.8	67.5	-	-	5.7	-	220.2	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	19,734.1
Gross amount as at 31st March, 2022	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
Accumulated depreciation as at 1st April, 2021	-	-	1,217.0	28,037.8	476.9	237.7	89.3	86.4	939.8	301.4	28.9	31,415.2	-
Depreciation for the year	-	-	392.5	7,355.4	103.9	78.9	28.6	20.8	229.0	86.3	7.1	8,302.6	-
Less : Disposals	-	-	-	17.1	62.1	56.9	65.3	-	-	5.4	-	206.8	-
Accumulated depreciation as at 31st March, 2022	-	-	1,609.5	35,376.1	518.7	259.7	52.6	107.2	1,168.8	382.3	36.0	39,511.0	-
Net amount as at 31st March, 2022	1,463.1	-	12,576.1	60,845.2	349.3	684.6	114.2	1,146.1	1,440.9	529.2	2.0	79,150.6	27,322.6

B. Capital work-in-progress: Capital Work in progress consists of plant and equipment under installation and yet to be commissioned, as well as buildings / infrastructure under construction.

C. Property, plant and equipment pledged as security: Please refer details of security provided in note 33.

D. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is Rs. 3,346.2 Lakhs as at 31st March, 2022 (Rs. 3,791.8 Lakhs as at 31st March, 2021).

E. For directly attributable expenses and borrowing cost capitalised during the year, refer note 47.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
(All amounts are in ₹ Lakhs, unless otherwise stated)

F. Following is the ageing schedule for Capital-work-in progress ("CWIP").

As at 31st March, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	15,484.9	9,133.7	2,704.0	-	27,322.6
Projects temporarily suspended	-	-	-	-	-
	15,484.9	9,133.7	2,704.0	-	27,322.6

As at 31st March, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	23,819.8	2,831.0	206.8	-	26,857.6
Projects temporarily suspended	-	-	-	-	-
	23,819.8	2,831.0	206.8	-	26,857.6

G. Following is the CWIP completion schedule for capital-work-in progress, whose completion is overdue, or has exceeded its cost compared to its original plan.

As at 31st March, 2022

Particulars	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Pigment 1	9,924.6	-	-	-
Pigment 2	6,390.4	-	-	-
Pigment 3	2,927.1	-	-	-
Other Projects	8,080.5	-	-	-
	27,322.6	-	-	-

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
(All amounts are in ₹ Lakhs, unless otherwise stated)

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares (Including SAP ERP)	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible Assets Under Development	Goodwill on acquisition of Business (refer note (D))
Gross amount as at 1st April, 2020	676.6	187.9	781.4	1,206.5	150.0	3,002.4	395.6	684.4
Additions	1,236.7	59.3	-	82.9	-	1,378.9	581.7	-
Less : Disposals	-	-	-	292.1	-	292.1	-	-
Gross amount as at 31st March, 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	977.3	684.4
Accumulated amortisation as at 1st April, 2020	394.0	186.0	51.7	409.3	45.3	1,086.3	-	-
Amortisation for the year	237.9	-	168.0	123.6	15.0	544.5	-	-
Less : Disposals	-	-	-	142.9	-	142.9	-	-
Accumulated amortisation as at 31st March, 2021	631.9	186.0	219.7	390.0	60.3	1,487.9	-	-
Net amount as at 31st March, 2021	1,281.4	61.2	561.7	607.4	89.7	2,601.3	977.3	684.4

	Computer Softwares (Including SAP ERP)	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible Assets Under Development	Goodwill on acquisition of Business (refer note (D))
Gross amount as at 1st April, 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	977.3	684.4
Additions	155.7	28.0	285.9	113.0	317.0	899.6	479.3	-
Less : Disposals	-	-	-	133.9	-	133.9	312.5	-
Gross amount as at 31st March, 2022	2,069.0	275.2	1,067.3	976.4	467.0	4,854.9	1,144.1	684.4
Accumulated amortisation as at 1st April, 2021	631.9	186.0	219.7	390.0	60.3	1,487.9	-	-
Amortisation for the year	251.7	19.7	169.2	96.2	19.3	556.1	-	-
Less : Disposals	-	-	-	65.3	-	65.3	-	-
Accumulated amortisation as at 31st March, 2022	883.6	205.7	388.9	420.9	79.6	1,978.7	-	-
Net amount as at 31st March, 2022	1,185.4	69.5	678.4	555.5	387.4	2,876.2	1,144.1	684.4

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
 (All amounts are in ₹ Lakhs, unless otherwise stated)

B. Following is the ageing schedule for Intangible Assets Under Development ("IAUD"). As at 31st March, 2022

Particulars	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	479.3	555.0	109.8	-	1,144.1
Projects temporarily suspended	-	-	-	-	-
	479.3	555.0	109.8	-	1,144.1

As at 31st March, 2021

Particulars	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	581.7	395.6	-	-	977.3
Projects temporarily suspended	-	-	-	-	-
	581.7	395.6	-	-	977.3

C. Following is the completion schedule for IAUD, whose completion is overdue, or has exceeded its cost compared to its original plan.

As at 31st March, 2022

Particulars	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Cost capitalised for the various ongoing projects	1,144.1	-	-	-
Others	-	-	-	-
	1,144.1	-	-	-

D. Goodwill on acquisition of business -

Goodwill of Rs. 684.4 lakhs (Previous year: Rs. 684.4 lakhs) relates to the CGU - Engineering Equipments Business (refer note 42). 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.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
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(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2022	As at 31st March, 2021
5 FINANCIAL ASSETS : NON-CURRENT		
(a) INVESTMENTS		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : 2,600) Equity shares of ₹ 10 each	165.5	126.6
Pigment Manufacturers Association of India		
1,000 (Previous Year : Nil) Equity shares of ₹ 10 each	0.1	-
	166.6	127.6
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	166.6	127.6
<i>Aggregate amount of impairment in the value of investments</i>	-	-
(b) OTHER FINANCIAL ASSETS		
(Unsecured considered good unless stated otherwise)		
Security deposits	89.7	96.5
Others	9.4	-
	99.1	96.5
6 DEFERRED TAX ASSETS (NET)		
The major components of the deferred tax assets are		
Accumulated tax losses and unabsorbed depreciation	-	6.5
Unrealised profit on intra-group transfer of inventories	543.9	238.1
Allowance for expected credit loss	89.7	79.7
Others	168.0	95.1
	801.6	419.4
The major components of the deferred tax liabilities are		
Property, plant and equipment	36.1	30.7
	36.1	30.7
For movement in deferred tax assets and liabilities refer note 31.	765.5	388.7
7 OTHER NON-CURRENT ASSETS		
(a) Capital advances		
Considered good	119.6	3,024.7
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	119.6	3,024.7
(b) Advances other than capital advances		
Balances with Government Authorities	117.0	875.6
Prepaid expenses	504.5	546.0
Stamp duty receivable	276.1	276.1
Others	493.9	510.4
	1,391.5	2,208.1
	1,511.1	5,232.8
8 INCOME TAX ASSETS / LIABILITIES (NET)		
(a) Non-current tax assets (net)		
Income tax assets	21,191.3	28,861.6
Income tax liabilities	19,005.3	26,846.6
Net income tax assets	2,186.0	2,015.0
(b) Current tax liabilities (net)		
Income tax liabilities	17,209.9	5,752.5
Income tax assets	16,905.8	5,706.4
Net income tax liabilities	304.1	46.1

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2022	As at 31st March, 2021
9 INVENTORIES		
(Valued at lower of cost or net realisable value)		
(a) Raw Materials	14,017.3	11,925.2
Raw Materials in transit	2,305.1	2,319.8
	16,322.4	14,245.0
(b) Work-in-progress	8,841.5	6,468.9
(c) Finished Goods	20,872.0	17,131.4
Finished Goods in transit	5,537.6	16.8
	26,409.6	17,148.2
(d) Stores and Spares	4,739.4	2,997.9
(e) Packing Materials	285.5	297.0
	56,598.4	41,157.0

During the current year, an amount of ₹ (75.4) Lakhs (Previous Year : ₹ 888.6 Lakhs) was (reversed) / charged to the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.
For details of inventory pledged as security refer note 33.

10 FINANCIAL ASSETS : CURRENT
(a) TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

(refer note 40 for details of related party balances)

Trade receivables considered good

Less: Allowance for expected credit loss

50,622.2	48,879.5
556.6	410.8
50,065.6	48,468.7

Trade receivables which are credit impaired

Less: Allowance for expected credit loss

868.6	905.5
868.6	905.5
-	-
50,065.6	48,468.7

Following is the ageing schedule for trade receivable due for payment

As at 31st March, 2022							
Particulars	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	40,650.9	8,953.2	207.9	227.5	26.0	0.1	50,065.6
Undisputed - which have significant increase in credit risk	64.4	82.5	70.9	89.2	151.7	97.9	556.6
Undisputed - Credit impaired	-	-	-	171.1	-	-	171.1
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	40,715.3	9,035.7	278.8	487.8	177.7	795.5	51,490.8

Note :- Above figures does not include provision for expected credit loss amounting to Rs. 1,425.2 lakhs.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2022						As at 31st March, 2021
	As at 31st March, 2021						
Particulars	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	39,853.1	7,621.8	84.5	99.9	809.4	-	48,468.7
Undisputed - which have significant increase in credit risk	66.0	31.1	52.3	26.0	137.3	98.1	410.8
Undisputed - Credit impaired	-	-	-	208.0	-	-	208.0
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	39,919.1	7,652.9	136.8	333.9	946.7	795.6	49,785.0

Note :- Above figures does not include provision for expected credit loss amounting to Rs. 1,316.3 lakhs.

(b) CASH AND CASH EQUIVALENTS

Cash on hand	8.4	7.8
Balance with Banks		
In Current Accounts	2,523.2	1,589.9
	2,531.6	1,597.7

(c) BANK BALANCES OTHER THAN ABOVE

Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	360.5	319.2
Margin Money Deposits	637.3	467.4
	997.8	786.6

(d) DERIVATIVE ASSETS

Foreign exchange forward contracts	233.1	473.0
Interest rate / currency swap contracts	985.0	-
	1,218.1	473.0

(e) OTHER FINANCIAL ASSETS

Export benefits receivable	661.5	1,526.7
Other receivables (includes interest accrued on deposits)	613.4	1,110.2
Unbilled revenue	2,198.4	1,178.6
Deposits	60.0	69.3
	3,533.3	3,884.8

11 OTHER CURRENT ASSETS
Advances other than capital advances

Prepaid expenses	1,023.3	667.5
Balances with Government authorities	2,570.7	4,593.0
Other advances (includes advances for materials)	1,973.8	1,531.4
	5,567.8	6,791.9

	As at 31st March, 2022	As at 31st March, 2021
12 EQUITY SHARE CAPITAL		
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) Equity Shares of Rs. 2 each.	<u>1,500.0</u>	1,500.0
ISSUED :		
*69,227,750 (Previous Year : 69,227,750) Equity Shares of Rs. 2 each.	<u>1,384.5</u>	1,384.5
SUBSCRIBED AND PAID-UP :		
*69,227,250 (Previous Year : 69,227,250) Equity Shares of Rs. 2 each fully paid up.	<u>1,384.5</u>	1,384.5

* Allotment of 500 Rights Equity Shares of Rs. 2 each is kept in abeyance, matter being sub-judice.

(a) Reconciliation of the share capital

	As at 31st March, 2022		As at 31st March, 2021	
	Quantity in nos.	Rs.	Quantity in nos.	Rs.
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	-	-	-	-
Less: Shares bought back 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 Company has only one class of equity shares having a par value of Rs. 2 per share (Previous Year : Rs. 2 each). 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.

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 has recommended a dividend of Rs. 5/- per share (Previous Year : Rs. 6.0/- per share) on Face value of Rs.2/- per share (i.e. 250%) for the year 2021-22, which is subject to approval of shareholders at the 71st Annual General Meeting of the Company. During the previous year the Board of Directors had recommended a dividend of 6/- per share on face value of Rs. 2/- per share (i.e. 300%) for the FY 2020-21 amounting to Rs. 4,153.6 lakhs, which was further approved by the shareholders at the 70th Annual General Meeting of the Company dated 6th August 2021.

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

	As at 31st March, 2022		As at 31st March, 2021	
	No.	% of total shares in class	No.	% of total shares in class
Mr. P. R. Rath	41,86,240	6.05	38,23,450	5.52
Mr. R. P. Rath	30,23,859	4.37	47,54,540	6.87
Mr. A. N. Rath	54,47,620	7.87	54,47,620	7.87
Mr. R. B. Rath	40,50,359	5.85	39,95,429	5.77
Mr. Akash Bhanshali	20,55,000	2.97	42,55,000	6.15

(d) For a period of five years immediately preceding 31st March, 2022

- 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 31st March, 2022

Promoter name	No of shares as at 31st March, 2022	% of total shares	No of shares as at 31st March, 2021	% Changes during the year
Mr. A. N. Rath	54,47,620	7.87	54,47,620	-
Mr. R. P. Rath	30,23,859	4.37	47,54,540	(2.5)
Mr. P. R. Rath	41,86,240	6.05	38,23,450	0.5
Mr. R. B. Rath	40,50,359	5.85	39,95,429	0.1
Mr. A. B. Rath	20,73,660	3.00	20,73,660	-
Mrs. S. P. Rath	13,13,680	1.90	13,13,680	-
Mr. R. B. Rath (As Trustee - SOW Rachna Rath Family Trust)	12,08,250	1.75	12,08,250	-
Ajoy Balkrishna Rath (HUF)	11,75,325	1.70	11,75,325	-
Mr. M. A. Rath	8,27,900	1.20	8,27,900	-
Mr. N. J. Rath	4,37,650	0.63	7,97,650	(0.5)
Mrs. N. A. Rath	4,00,404	0.58	7,19,370	(0.5)
Anuj Narayandas Rath (HUF)	-	-	5,67,770	(0.8)
Balkrishna Rath Finance Private Limited	4,62,550	0.67	4,62,550	-
Mrs. K. R. Rath	-	-	3,62,790	(0.5)
Rajesh Balkrishna Rath (HUF)	1,77,425	0.26	1,77,425	-
Mrs. R. R. Rath	14,120	0.02	5,000	-

(f) Other disclosures mandated by Schedule III are not applicable to the Company and hence have not been made.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts are in ₹ Lakhs, unless otherwise stated)

	Year ended 31st March, 2022	Year ended 31st March, 2021
13 OTHER EQUITY		
(a) Capital Reserve	0.4	0.4
(b) Capital Redemption Reserve	410.0	410.0
(c) Securities Premium	1,321.2	1,321.2
(d) General Reserve	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve	336.8	511.4
(f) Effective Portion of Cash Flow Hedge	(173.9)	(443.5)
(g) Shares Options (ESOP) outstanding account	228.7	126.0
(h) Retained Earnings	58,470.7	49,707.1
	81,934.4	72,973.1
MOVEMENTS IN OTHER EQUITY		
(a) Capital Reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital Redemption Reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0
(c) Securities Premium		
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
(d) General Reserve		
Balance at the beginning of the year	21,340.5	21,340.5
Additions during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve		
Balance at the beginning of the year	511.4	495.1
Add : Other comprehensive income not recognised directly in retained earnings	(174.6)	16.3
Balance at the end of the year	336.8	511.4
(f) Effective Portion of Cash Flow Hedge		
Balance at the beginning of the year	(443.5)	(568.4)
Add : Other comprehensive income not recognised directly in retained earnings	269.6	124.9
Balance at the end of the year	(173.9)	(443.5)
(g) Shares Options (ESOP) outstanding account (refer note 46)		
Balance at the beginning of the year	126.0	-
Additions during the year	102.7	126.0
Deductions during the year	-	-
Balance at the end of the year	228.7	126.0
(h) Retained Earnings		
Balance at the beginning of the year	49,707.1	35,695.3
Add : Profit after tax for the year	12,996.6	14,111.1
Remeasurement of defined benefit obligations (net of tax)	(79.4)	(99.3)
Less : Appropriations (refer note 12(b))		
Final Equity Dividend	4,153.6	-
	58,470.7	49,707.1
	81,934.4	72,973.1

Description of nature and purpose of each reserve

- Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.
- Capital Reserve includes surplus on re-issue of shares in the financial year 1996-97 ₹ 0.4 Lakhs.
- 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
- General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes.
- Cash flow hedging reserve -
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.
- Shares Options (ESOP) outstanding account -
It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. (Refer note 46)

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2022	As at 31st March, 2021
14 FINANCIAL LIABILITIES : NON-CURRENT		
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	2,887.9	2,925.9
Foreign Currency Loans	33,969.7	27,888.0
Borrowings are disclosed net of unamortized finance cost - Rs. 315.2 Lakhs (Previous Year: Rs. 392.1 Lakhs) (refer note 33 for details of security and terms of repayment)		
	36,857.6	30,813.9
(b) OTHER FINANCIAL LIABILITIES		
Security deposits	167.3	170.1
	167.3	170.1
15 PROVISIONS : NON-CURRENT		
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 32)	1,007.7	1,027.5
Provision for gratuity (refer note 32)	828.5	658.5
Provision for compensated absences (refer note 32)	799.1	705.3
	2,635.3	2,391.3
16 DEFERRED TAX LIABILITIES (NET)		
The major components of the deferred tax liabilities are :		
Property, plant and equipment	5,480.0	5,047.5
Others	948.9	731.3
	6,428.9	5,778.8
The major components of the deferred tax assets are :		
Allowance for expected credit loss	244.5	227.0
Expenditure allowed on actual payment	231.5	263.0
	476.0	490.0
	5,952.9	5,288.8
In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income 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.		
For movement in deferred tax assets and liabilities, refer note 31.		
17 OTHER LIABILITIES : NON-CURRENT		
Deferred Government Grant	1,248.1	1,006.8
	1,248.1	1,006.8

	As at 31st March, 2022	As at 31st March, 2021
18 FINANCIAL LIABILITIES : CURRENT		
(a) BORROWINGS		
Secured		
Loans repayable on demand / Loan repayable within 12 months		
From banks :		
Rupee Loans	7,550.1	2,514.0
Foreign Currency Loans	8,610.3	4,847.9
Current Matutiries of long term debts	14,686.2	12,693.7
Unsecured		
Loans repayable on demand / Loan repayable within 12 months		
From banks :		
Rupee Loans	14,169.8	10,540.6
(refer note 33 for details of security and terms of repayment)		
	45,016.4	30,596.2
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises	2,679.0	1,133.8
Other than Micro and Small Enterprises	49,497.0	42,981.1
	52,176.0	44,114.9

Following is the ageing schedule for trade payable due for payment

As at 31st March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	2,482.7	196.0	-	0.3	-	2,679.0
Others	31,225.6	16,170.7	1,953.5	28.8	73.9	49,452.5
Disputed Micro and Small Enterprises	-	-	-	-	-	-
Disputed Others	-	11.0	33.5	-	-	44.5
Total	33,708.3	16,377.7	1,987.0	29.1	73.9	52,176.0

As at 31st March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	466.2	658.4	9.3	-	-	1,133.9
Others	33,962.6	8,752.2	35.6	197.5	15.7	42,963.6
Disputed Micro and Small Enterprises	-	-	-	-	-	-
Disputed Others	1.5	15.9	-	-	-	17.4
Total	34,430.3	9,426.5	44.9	197.5	15.7	44,114.9

(c) DERIVATIVE LIABILITIES

Foreign exchange forward contracts	56.6	72.0
Interest rate / currency swap contracts	2.5	242.9
	59.1	314.9

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022**

(All amounts are in ₹ Lakhs, unless otherwise stated)

	As at 31st March, 2022	As at 31st March, 2021
(d) OTHER FINANCIAL LIABILITIES		
Unclaimed dividend	360.4	319.1
Unclaimed fixed deposits including interest thereon (refer note 35)	20.4	21.4
Capital creditors	1,642.1	4,249.0
Employee dues	2,686.0	2,431.9
Other liabilities	575.6	726.8
(includes commission payable to directors and commission payable on sales)		
	5,284.5	7,748.2
19 OTHER CURRENT LIABILITIES		
Statutory Dues	575.5	402.6
Deferred Government Grant	88.2	88.2
Deferred Revenue	39.2	330.3
Other liabilities (includes advances from customers)	2,516.6	2,016.4
	3,219.5	2,837.5
20 PROVISIONS : CURRENT		
(a) PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 32)	153.1	139.1
Provision for compensated absences (refer note 32)	93.8	91.2
	246.9	230.3

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
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(All amounts are in ₹ Lakhs, unless otherwise stated)

	Year ended 31st March, 2022	Year ended 31st March, 2021
21 REVENUE FROM OPERATIONS		
Sale of products (including revenue based on POC method)	2,18,191.2	1,84,430.4
Sale of services	134.5	3.2
Other operating revenues		
Export Incentives	967.9	1,427.6
Miscellaneous Operating Income	787.0	550.0
(refer note 42 and 45)	2,20,080.6	1,86,411.2
22 OTHER INCOME		
Interest Income from financial assets carried at amortised cost		
Bank Deposits	20.4	47.2
Others	277.2	146.0
Other Non-Operating Income		
Liabilities no longer required, written back	39.5	97.3
Profit/ loss on sale of fixed assets	23.2	13.7
Miscellaneous Income	139.9	397.3
	500.2	701.5
23 COST OF MATERIALS CONSUMED		
Inventory of raw materials (including raw materials in transit) at the beginning of the year	14,245.0	12,512.9
Add : Purchases	1,39,475.0	1,03,789.6
	1,53,720.0	1,16,302.5
Less: Inventory of raw materials (including raw materials in transit) at the end of the year	16,322.4	14,245.0
	1,37,397.6	1,02,057.5
24 PURCHASE OF STOCK-IN-TRADE	1,276.8	1,980.8
	1,276.8	1,980.8
25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventory at the end of the year		
Finished Products	26,409.6	17,148.2
Work-in-progress / Semi-finished Products	8,841.5	6,468.9
Stock-in-Trade	-	-
	35,251.1	23,617.1
Inventory at the beginning of the year		
Finished Products	17,148.2	19,128.9
Work-in-progress / Semi-finished Products	6,468.9	6,452.8
Stock-in-Trade	-	42.9
	23,617.1	25,624.6
	(11,634.0)	2,007.5

	Year ended 31st March, 2022	Year ended 31st March, 2021
26 EMPLOYEE BENEFITS EXPENSE (NET)		
Salaries, wages and bonus	16,323.0	13,944.9
Contribution to Provident and Other Funds	1,045.1	894.0
Share based payments (refer note 46)	102.7	126.0
Staff Welfare Expenses	926.2	601.3
	18,397.0	15,566.2
(refer note 47 for expenses capitalised from employee benefits expense)		
27 FINANCE COSTS (NET)		
Interest expenses on financial liabilities measured at amortised cost *	1,743.4	1,650.7
Other borrowing costs	198.9	136.6
(Includes charges for guarantees, loan processing etc.)		
	1,942.3	1,787.3
*Excludes borrowing costs capitalised during the year on qualifying assets amounting to Rs. 681.9 Lakhs (Previous year : 245.3 Lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 1.64% to 2.46% per annum for the year ended 31 st March 2022. (31 st March 2021: 1.99% per annum for specific borrowing)		
(refer note 47 for expenses capitalised from finance costs)		
28 DEPRECIATION AND AMORTISATION		
Depreciation of property, plant and equipment	8,302.6	8,055.3
Amortisation of right of use assets	67.2	49.2
Amortisation of other intangible assets	556.1	546.4
	8,925.9	8,650.9
29 OTHER EXPENSES (NET)		
Consumption of stores and spares	3,057.6	2,526.6
Consumption of packing material	2,536.4	1,867.6
Power and fuel	13,274.3	8,261.6
Water charges	1,337.6	1,366.0
Labour charges	5,778.1	5,035.3
Rent	641.8	934.5
Repairs and maintenance	3,799.3	2,926.2
Insurance	814.6	565.7
Rates and taxes (excluding taxes on income)	252.0	186.2
Advertisement	104.7	156.7
Auditors' remuneration (refer note 34)	65.9	61.6
Bad debts written off	66.1	131.9
(Reversal) / provision for expected credit loss allowance (refer note 41)	108.9	(195.3)
Advance written off	0.2	35.9
Bank charges	318.7	223.4
Commission to selling agents	1,881.0	1,724.3
Directors' sitting fees	23.1	23.7
Consumables related to IT hardware	442.8	344.2
Foreign exchange (gain) / loss (net)	92.1	(807.0)
Legal, professional and consultancy charges	3,722.1	4,089.5
Printing, stationery and communication expenses	441.3	406.0
Freight and forwarding	3,658.1	3,041.2
Travelling and conveyance	740.5	393.5
Expenditure towards Corporate Social Responsibility (refer note 36)	312.1	301.8
Miscellaneous expenses	3,693.7	2,422.6
	47,163.0	36,023.7
(refer note 47 for expenses capitalised from other expenses)		

	Year ended 31st March, 2022	Year ended 31st March, 2021
30 EARNINGS PER SHARE		
Profit for the year	12,996.6	14,111.1
Equity Shares outstanding as at the end of the year		
Number of Equity Shares outstanding at year end	6,92,27,250	6,92,27,250
Weighted average Equity Shares outstanding as at the end of the year	6,92,27,250	6,92,27,250
Add: Dilutive impact of employee stock options	1,57,813	89,494
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	6,93,85,063	6,93,16,744
Nominal Value per Equity Share (in Rs.)	2.0	2.0
Basic Rs. per share	18.8	20.4
Diluted Rs. per share	18.7	20.4

31 Income Tax

	Year ended 31st March, 2022	Year ended 31st March, 2021
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year for operations	3,828.3	4,057.1
	3,828.3	4,057.1
Tax adjustment related to earlier year (b) (refer note E below)		
Current tax related to earlier years	-	427.1
Deferred tax related to earlier years	-	(529.9)
	-	(102.8)
Deferred tax (c)		
Relating to origination and reversal of temporary differences	287.3	973.4
	287.3	973.4
Total tax expenses (a+b+c)	4,115.6	4,927.7
B Reconciliation of effective tax rate		
Profit before tax from operations	17,112.2	19,038.8
	17,112.2	19,038.8
Tax using Statutory tax rates	4,307.1	4,792.1
Tax effect of:		
- non deductible expenses	74.9	40.7
- tax adjustment related to earlier year (b) (refer note E below)	-	(102.8)
- tax adjustment related to cess (refer note F below)	111.6	-
- deferred tax recognised on undistributed reserves of subsidiary	188.3	283.6
- deferred tax assets recognised on carried forward losses of a subsidiary (refer note D below)	(351.9)	-
- deferred tax not recognised on loss making entities (refer note D below)	(12.1)	(88.2)
- tax implication on account of (higher)/ lower rates	(25.1)	-
- others	14.2	2.3
Income tax expenses	4,307.1	4,927.7

C. Movement in deferred tax liabilities and assets (refer note 6 and 16)

(i) Deferred tax liabilities				Property, Plant and Equipments	Other deferred tax liabilities	Total
As at 1 st April, 2020				5,484.5	423.2	5,907.7
Charged / (credited)						
- to Statement of Profit and Loss				(406.3)	308.1	(98.2)
- to Other Comprehensive Income				-	-	-
As at 31 st March, 2021				5,078.2	731.3	5,809.5
Charged / (credited)						
- to Statement of Profit and Loss				437.9	217.7	655.6
- to Other Comprehensive Income				-	-	-
As at 31 st March, 2022				5,516.1	949.0	6,465.1
(ii) Deferred tax assets						
	Unrealised profit on stock	Carried forwarded tax losses	Allowance for Expected Credit Loss	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1 st April, 2020	294.8	100.0	461.4	502.8	92.1	1,451.1
(Charged) / credited						
- to Statement of Profit and Loss	(56.7)	(93.5)	(154.7)	(144.7)	(92.1)	(541.7)
- to Other Comprehensive Income	-	-	-	-	-	-
As at 31 st March, 2021	238.1	6.5	306.7	358.1	-	909.4
(Charged) / credited						
- to Statement of Profit and Loss	(46.0)	345.4	27.4	41.5	-	368.3
- to Other Comprehensive Income	-	-	-	-	-	-
As at 31 st March, 2022	192.1	351.9	334.1	399.6	-	1,277.7

The above movement of deferred tax assets and liabilities include the following balances

	As at 31st March, 2022	As at 31st March, 2021
Deferred tax assets (refer note 6)	765.5	388.7
Deferred tax (liabilities) (refer note 16)	(5,952.9)	(5,288.8)
Deferred tax assets / (liabilities) net	(5,187.4)	(4,900.1)

D 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 forward 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:

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(All amounts are in INR Lakhs, unless otherwise stated)

31 Income Tax

	As at 31st March, 2022		As at 31st March, 2021	
	Gross Amount	Unrecognised Deferred tax Assets	Gross Amount	Unrecognised Deferred tax Assets
Sudarshan Japan Limited	239.3	59.8	114.5	34.4
Sudarshan (Shanghai) Trading Company Limited	490.6	122.7	533.9	160.2
Sudarshan North America Inc.	-	-	1,945.4	583.6
	729.9	182.5	2,593.8	778.2

E While finalizing the tax return for the financial year 2019-2020, the holding Company opted for the New Tax Regime (Section 115BAA of the Income Tax Act, 1961) since it was beneficial considering various recent developments and uncertainties associated with tax deductions under old regime. The effect of this change in accounting estimate, amounting to charge of Rs. 960.7 Lakhs on current tax expense and reversal of deferred tax amounting to Rs. 529.8 Lakhs (net tax impact of Rs. 430.9 Lakhs) was recorded in the year ended 31st March, 2021. Further, during the year ended 31st March, 2021, the Company has reversed excess provisions for income tax of Rs. 533.7 Lakhs arising from completion of tax assessments and receipt of tax refunds. The net impact of the above of Rs. 102.8 Lakhs, is presented as "Tax adjustment related to earlier year" in the Consolidated Financial Statements.

F During the current year, the Ministry of Finance issued a press information bureau note ("PIB note") stating that Health and Education Cess is not an allowable expenditure for computation of business income. The holding Company had taken the allowance of this in the tax returns noting that some courts have allowed Health and Education Cess as business expenditure. The holding Company, based on the above PIB note, has made a provision of Rs. 111.6 Lakhs in books of accounts for the year ended 31st March, 2022.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022
(All amounts are in INR Lakhs, unless otherwise stated)

32 Employee benefits

A Defined Contribution Plans in respect of the Holding Company and its domestic subsidiary

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Employer's Contribution to Provident Fund and other funds	708.7	563.3
Employer's Contribution to Superannuation Fund	32.0	35.3

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 and its domestic subsidiary makes contributions to the Superannuation Scheme, 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.

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 Rs. 304.4 Lakhs (Previous year Rs. 295.4 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

The holding Company and its domestic subsidiary have a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

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.

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Current service cost	213.9	185.7
Net interest (income) / expense	35.5	16.8
Net expense	249.4	202.5

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Defined benefit obligation as at the beginning of the year	2,768.8	2,599.9
Interest cost	179.0	161.3
Current service cost	213.9	185.7
Benefit payments from plan assets	(186.8)	(207.3)
Others	-	-
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	116.8	44.7
Actuarial (gain) / loss - Financial	(63.3)	(15.5)
Defined benefit obligation as at the end of the year	3,028.4	2,768.8

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
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(All amounts are in INR Lakhs, unless otherwise stated)

32 Employee benefits

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Fair value of plan assets at the beginning of the year	2,110.3	2,173.2
Expected returns on plan assets	143.5	144.5
Employer contributions	137.5	13.5
Mortality charges and taxes	-	-
Benefits paid	(186.8)	(207.3)
Others	-	-
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(4.6)	(13.6)
Fair value of plan assets at the end of year	2,199.9	2,110.3

As at 31st March, 2022 and 31st March, 2021 plan assets were 100% invested in insurer managed funds

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
(Gain) / loss on defined benefit obligation - Experience	116.8	44.7
(Gain) / loss on defined benefit obligation - Financial	(63.3)	(15.5)
(Gain) / loss on plan assets - Experience	4.6	13.6
Amount recognised in the statement of OCI	58.1	42.8

Net defined benefit liability / (asset) at the end of the year

Particulars	As at 31st March, 2022	As at 31st March, 2021
Defined Benefit Obligation	3,028.4	2,768.8
Fair value of plan assets	2,199.9	2,110.3
Closing net defined benefit liability / (asset)	828.5	658.5

The principal assumptions used in determining gratuity obligations for 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 31st March, 2022	As at 31st March, 2021
Employee turnover		
age upto 30 years	6.7%	6.7%
age 31 - 45 years	3.9%	3.9%
age above 45 years	2.6%	2.6%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31st March, 2022	As at 31st March, 2021
Discount rate	6.88% - 7.2%	6.4% - 6.8%
Expected rate of increment in compensation levels	5% - 8%	4% - 7%

A quantitative sensitivity analysis for significant assumption is as shown below:

SUDARSHAN CHEMICAL INDUSTRIES LIMITED
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(All amounts are in INR Lakhs, unless otherwise stated)

32 Employee benefits

Assumptions	Defined benefit obligation			
	As at 31st March, 2022		As at 31st March, 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(165.1)	184.7	(156.0)	173.3
Expected rate of increment in compensation levels	182.2	(166.0)	170.5	(156.4)

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.

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 defined benefit obligation:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Within the next 12 months	307.1	271.6
Between 2 and 5 years	1,531.7	1,044.6
Beyond 5 years	3,119.9	3,135.1

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 13 years (Previous Year : 12.4 years).

II Pension

The Holding Company provides for Pension, a defined benefit retirement plan covering eligible employees. The plan provides for monthly pension payments to retired employees or family pension to their eligible family members till such period as stipulated in the Board approved policy. The Holding 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 31st March, 2022	Year ended 31st March, 2021
Current service cost	5.0	4.6
Net interest (income) / expense	74.8	70.9
Net expense	79.8	75.5

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31st March, 2022	As at 31st March, 2021
Defined benefit obligation as at the beginning of the year	1,166.6	1,122.5
Interest cost	74.8	70.9
Current service cost	5.0	4.6
Benefit payments directly by employer	(133.5)	(121.4)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(44.1)	(14.3)
Actuarial (gain) / loss - Financial	92.0	104.3
Defined benefit obligation as at the end of the year	1,160.8	1,166.6

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
(Gain) / loss on defined benefit obligation - Experience	(44.1)	(14.3)
(Gain) / loss on defined benefit obligation - Financial	92.0	104.3
Amount recognised in the statement of OCI	47.9	90.0

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32 Employee benefits

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31st March, 2022	As at 31st March, 2021
Defined Benefit Obligation	1,160.8	1,166.6
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,160.8	1,166.6

The principal assumptions used in determining pension obligations for 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).

Financial assumptions

Particulars	As at 31st March, 2022	As at 31st March, 2021
Discount rate	7.2%	6.8%
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 st March, 2022		As at 31 st March, 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(95.1)	113.6	(98.7)	124.8
Pension increase rate	22.5	(21.0)	31.2	(18.3)

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.

The assumption for mortality and attrition do not have a significant impact on the liability, hence are not considered an significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Within the next 12 months	153.1	139.1
Between 2 and 5 years	781.4	710.4
Beyond 5 years	1,505.0	1,368.2

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Holding Company and its domestic subsidiary's liability for sick and earned leave

The amount of the provision settled within 12 months is presented as current, since the Holding Company and its domestic subsidiary does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Holding Company and its domestic subsidiary 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.

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32 Employee benefits

Particulars	As at	As at
	31 st March, 2022	31 st March, 2021
Current leave obligations expected to be settled within the next 12 Months	93.8	91.2
Leave obligations expected to be settled beyond 12 months	799.1	705.3

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 policy. The Holding Company and its domestic subsidiary 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.

The principal assumptions used in determining Leave obligation for the Holding Company and its domestic subsidiary's are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Particulars	31 st March, 2022	31 st March, 2021
Discount rate	6.88% - 7.2%	6.4% - 6.8%
Expected rate of increment in compensation levels	5% - 8%	4% - 7%
Employee turnover		
age upto 30 years	6.0%	6.7%
age 31- 45 years	4.0%	3.9%
age above 45 years	2.0%	2.6%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

33 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION

A. SECURITY DETAILS AND REPAYMENT SCHEDULE

	Security	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31st March, 2022		As at 31st March, 2021	
					Current	Non Current	Current	Non Current
a)	SECURED							
	i) Foreign currency term loans / ECBs from banks Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, 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), Amrablevadi, Dist. Pune The bankers are - Standard Chartered Bank - The Hong Kong and Shanghai Banking Corporation Limited - Citi Bank N.A. - State Bank of India - Axis Bank Limited	30-Dec-21	18 equal quarterly installments	3 months EURIBOR + 1.55%	-	-	1,363.4	-
		26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	1,473.5	-	1,499.5	1,252.0
		31-Jan-23	20 equal quarterly installments	3 month LIBOR + 1.25%	953.2	-	919.5	906.0
		27-Sep-25	17 equal quarterly installments	3 month LIBOR + 1.40%	4,091.9	9,497.3	2,838.2	13,103.2
		31-Aug-25	18 equal quarterly installments	3 month LIBOR + 1.50%	7,578.8	16,863.3	5,728.3	12,626.8
		31-Dec-26	14 equal quarterly installments	6 month LIBOR + 1.25%	-	7,609.1	-	-
	ii) Term loan in Rupees Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, 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), Amrablevadi, Dist. Pune The bankers are - ICICI Bank - Bank of Maharashtra	03-Aug-23	03 annual installments	7.75%	300.0	2,400.0	300.0	2,700.0
		20-Oct-24	36 monthly installments	7.50%	288.8	487.9	44.8	225.9
	iii) Working capital loans repayable on demand from banks / Loan repayable within 12 months Working Capital Borrowings from Bank of Maharashtra, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation 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 Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrablevadi, Dist. Pune by registered mortgage. Subsidiary loans are secured by hypothecation of inventory and receivables and corporate guarantee of holding company.	1-3 months	Repayable on demand	4.20% to 9.5%	16,160.4	-	7,361.9	-
b)	UNSECURED							
	i) Working capital loans repayable on demand from banks / Loan repayable within 12 months The Bankers are - Kotak Mahindra Bank - HDFC Bank Limited - IDFC First Bank	1 month	Repayable on demand	4.48% to 4.60%	14,169.8	-	10,540.6	-
	ii) Loans and Advances from others Fixed Deposits	Various	Repayable on demand	10.25%	20.4	-	21.4	-
					45,036.8	36,857.6	30,617.6	30,813.9
	The bifurcation of total borrowings is as follows:							
	Non-current borrowings	Note 14(a)			-	36,857.6	-	30,813.9
	Current borrowings	Note 18(a)			30,330.2	-	17,902.5	-
	Current maturities of long-term debts	Note 18(a)			14,686.2	-	12,693.7	-
	Unpaid matured deposits including interest thereon	Note 18(d)			20.4	-	21.4	-
					45,036.8	36,857.6	30,617.6	30,813.9

33 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION

B. OTHER REGULATORY INFORMATION

- a) The holding Company and its domestic subsidiary files monthly/ quarterly statement for its current assets with banks. The holding Company and its domestic subsidiary reconciles the quarterly statements filed with the banks with amounts as per financial statements. Further, pursuant to subsequent adjustment if any post closures of yearly books and statutory audit, the holding Company and its domestic subsidiary files the revised return with the updated amounts at the year end. Following is the reconciliation of amount stated in financial statements and amount stated in revised statements of current assets as on 31st March, 2022 with banks.

	Sudarshan Chemical Industries Limited		RIECO Industries Limited	
Amount stated in Financial Statements	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Trade Receivable	46,407.9	49,024.8	3,519.9	2,127.0
Inventories	47,825.3	32,186.0	1,986.8	1,275.0
Total amount of current assets disclosed in the Financial Statements	94,233.2	81,210.8	5,506.7	3,402.0
Amount stated in statement of current assets furnished with banks	94,233.2	81,210.8	5,506.7	3,402.0
Total amount of current assets furnished to Banks	94,233.2	81,210.8	5,506.7	3,402.0

- b) The charges or satisfaction on the assets of the group are registered with Registrar of Companies within the the statutory period. The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
- c) The group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

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34 Auditor's Remuneration

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
(a) Audit Fees	44.5	39.5
(b) Tax Audit Fees	2.0	2.0
(c) Other services - Certification and Limited Review	17.8	18.5
(d) Reimbursement of Expenses	1.6	1.6
	65.9	61.6

35 Fixed Deposits (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As At 31st March, 2022	As At 31st March, 2021
(a) Fixed Deposits with Maturity less than 12 months	-	-
(b) Fixed Deposits with Maturity more than 12 months	-	-
(c) Unclaimed Matured Fixed Deposits	20.4	21.4
	20.4	21.4

36 Amount spent towards Corporate Social Responsibility

The Group is covered under section 135 of the Companies Act, the Group is required to contribute towards activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto.

Group's CSR activities 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.

	Year ended 31st March, 2022	Year ended 31st March, 2021
a) Amount required to be spent by the Group during the year,	315.3	289.2
b) Amount of expenditure incurred,	312.1	301.8
c) Shortfall at the end of the year,	3.2	(12.6)
d) Total of previous years shortfall,	-	-
e) Reason for shortfall,	refer note below	NA
f) Details of related party transactions (donation to Sudarshan CSR Foundation)	201.0	245.5
g) Movement of provisions	NA	NA

The holding Company has incurred lesser amount in the current year (shortfall Rs. 1.3 Lakhs) to utilise the excess amount incurred in the previous year (excess of Rs. 12.6 Lakhs). Domestic subsidiary Company has contributed Rs. 1.9 Lakhs subsequently in the funds mentioned under relevant CSR rules.

37 Commitments and Contingencies:

Contingent liabilities

Claims against the Group not acknowledged as debts

Particulars	As at 31st March, 2022	As at 31st March, 2021
Excise duty	255.8	255.8
VAT / CST	49.2	311.2
Custom duty	330.4	330.4
Electricity duty on Power Generation	2,043.7	1,667.6

- It is not practicable for the Group to estimate the timings 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 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 Consolidated Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Consolidated Financial Statements.
- 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 Company has a good case of success in the proceedings.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022

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38 Additional regulatory information as required by notification issued by Ministry of Corporate Affairs dated 24th March, 2021 on amendments on Schedule III on consolidated basis.

- (a) The title deeds of all the immovable properties are held in the name of the respective companies of the Group.
- (b) The Group has not revalued its Property, Plant and Equipment or Intangible Assets during financial year ended 31st March, 2022 and 31st March, 2021
- (c) 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.
- (d) The Group does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (e) None of the companies of the Group is a declared wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. The Group has been paying the due installments on time and has not defaulted on any instalments.
- (f) None of the Companies of the Group have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (g) None of the companies of the group have any 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).
- (h) None of the companies of the group has traded or invested in Crypto currency or Virtual Currency during the financial year
- (i) (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:
 - i) 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
 - ii) 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 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.

39 RATIOS BASED ON CONSOLIDATED FINANCIAL STATEMENTS

	Times/ Percentage	As At 31st March, 2022	As At 31st March, 2021	% Change	Comments
a) Current Ratio (Current assets / Current liabilities)	Times	1.13	1.20	-6%	
b) Debt-Equity Ratio (Total borrowings / Equity (Share capital+reserves))	Times	0.98	0.83	19%	
c) Debt Service Coverage Ratio (Net operating income / Current debt obligations) (Net operating income is Profit after tax + Interest + Depreciation) (Current debt obligations is current maturity of long term debts and interest payment)	Times	1.44	1.70	-15%	
d) Return on Equity Ratio (Profit after tax / Average Shareholder's Equity)	Percentage	16.49%	20.99%	-21%	
e) Inventory turnover ratio (Cost of good sold / Average Inventory)	Times	2.60	2.58	1%	
f) Trade receivables turnover ratio (Sale of goods / Average Trade Receivables)	Times	4.43	4.35	2%	
g) Trade payables turnover ratio (Purchase of goods / Average Trade Payables)	Times	2.92	2.60	12%	
h) Net capital turnover ratio (Sale of goods / Working capital) (Working capital is current assets minus current liabilities)	Times	15.41	10.71	44%	The ratio has improved due to i) higher turnover ii) lower working capital
i) Net profit ratio (Net profit / Sale of goods)	Percentage	5.96%	7.65%	-22%	
j) Return on Capital employed (Earning before interest and taxes "EBIT" / Capital Employed) (Capital Employed is Tangible Net Worth + Total Debt + Deferred Tax Liability)	Percentage	11.48%	15.28%	-25%	This is because of i) increase in Capital employed on account of increase in borrowing for financing expansion projects and ii) dip in profitability during the current year.

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022**

(All amounts are in INR Lakhs, unless otherwise stated)

40 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**

- Mr. P. R. Rath	Chairman
- Mr. R. B. Rath	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rath	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
- Mr. Nilkanth J. Natu	Chief Financial Officer
- Mr. Mandar Velankar	Company Secretary

(b) Relatives of Key Management Personnel

- Mrs. R. R. Rath	Wife of Mr. R. B. Rath
- Mr. R. P. Rath	Son of Mr. P. R. Rath
- Mrs. Jayashree Mantri	Sister of Mr. P. R. Rath
- Mrs. K. B. Rath	Mother of Mr. R. B. Rath
- Mr. A. B. Rath	Brother of Mr. R. B. Rath
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rath
- Late Mrs. K. R. Rath	Mother of Mr. P. R. Rath
- Late Mr. B. J. Rath	Father of Mr. R. B. Rath
- Late Mr. R. J. Rath	Father of Mr. P. R. Rath
- Mrs. S. P. Rath	Wife of Mr. P. R. Rath
- Mrs. V. R. Rath	Wife of Mr. R. P. Rath
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rath
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mr. N. J. Rath	Father of Mr. A.N. Rath
- Mrs. A. N. Rath	Mother of Mr. A.N. Rath
- Mrs. A. A. Rath	Wife of Mr. A. N. Rath
- Mrs. Rachna Biyani	Sister of A.N. Rath
- Mr. Dhruv R. Rath	Son of Mr. R. P. Rath
- Ms. Anushka R. Rath	Daughter of Mr. R. P. Rath
- Ms. Smriti R. Rath	Daughter of Mr. R. B. Rath
- Ms. Tanvi R. Rath	Daughter of Mr. R. B. Rath
- Mr. Armaan A. Rath	Son of Mr. A. N. Rath
- Mr. Rohan A. Rath	Son of Mr. A. N. Rath

(c) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence ##

- Balkrishna Rath Finance Private Limited	- Rabro Speciality Chemicals Pvt. Ltd.
- PRR Finance Private Limited	- Mr. Anuj N. Rath HUF
- Marathwada Chemical Industries Private Limited	- Mr. R. B. Rath HUF
- Rath Vessels and Systems LLP	- Rath Mixers Pvt. Ltd
- NJR Finance Pvt. Ltd.	- Breakthrough Management Group India Pvt. Ltd
- Rath Brothers Pvt. Ltd	- Shri Jagannath Rath Charity Trust
- Rath Enterprises Pvt. Ltd	- Crawford Bayley & Co
- Forbes Marshall Pvt Ltd.	- Krohne Marshall Pvt. Ltd.
- Aquapharm Chemicals Private Ltd.	- Phytomyco Research Private Limited
- Centre For Advancement Of Philanthropy	- Gazelle Enterprises
- STRR Consulting LLP	- Centre for Technology Innovation and Economic Research
- Marrix Fine Sciences Private Limited	- Arihma Enterprises
- Cosmeticsree India LLP	- Rubheal Ayurved Private Limited

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.

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40 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 31st March 2022				For the year ended 31st March 2021			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Salary, Pension, Reimbursement of expenses etc. :	982.9	152.7	-	1,135.6	940.9	160.1	-	1,101.0
Mr. R. B. Rath	683.4	-	-	683.4	634.5	-	-	634.5
Mr. A. V. Vij	179.9	-	-	179.9	170.3	-	-	170.3
Others	119.6	152.7	-	272.3	136.1	160.1	-	296.2
b Commission (Subject to Shareholders' approval) :	-	100.0	-	100.0	108.0	-	-	108.0
Mr. P.R.Rathi	-	10.0	-	10.0	10.0	-	-	10.0
Mr. S. N. Inamdar	-	-	-	-	8.0	-	-	8.0
Mr. D. N. Damania	-	15.0	-	15.0	15.0	-	-	15.0
Mr. S. Padmanabhan	-	10.0	-	10.0	10.0	-	-	10.0
Mrs. S. A. Panse	-	15.0	-	15.0	15.0	-	-	15.0
Mr. S. K. Asher	-	10.0	-	10.0	10.0	-	-	10.0
Others	-	40.0	-	40.0	40.0	-	-	40.0
c Sitting fees :	22.2	-	-	22.2	22.9	-	-	22.9
Mr.S.K.Asher	3.8	-	-	3.8	3.8	-	-	3.8
Mr.S.N.Inamdar	-	-	-	-	2.6	-	-	2.6
Mr.D.N.Damania	3.8	-	-	3.8	3.4	-	-	3.4
Mrs.S.A.Panse	3.4	-	-	3.4	2.6	-	-	2.6
Mrs. Rati F. Forbes	2.0	-	-	2.0	2.4	-	-	2.4
Mr. N.T. Raisinghani	2.4	-	-	2.4	2.4	-	-	2.4
Others	6.8	-	-	6.8	5.7	-	-	5.7
d Sale of Fixed Asset:	-	36.1	-	36.1	15.5	-	-	15.5
Mr. R. P. Rath	-	12.4	-	12.4	-	-	-	-
Mr. N.J. Rath	-	23.7	-	23.7	-	-	-	-
Mr. R.B. Rath	-	-	-	-	15.5	-	-	15.5
e Sale of Goods :	-	-	17.2	17.2	-	-	7.8	7.8
Marathwada Chemical Inds. Pvt. Ltd.	-	-	17.2	17.2	-	-	7.8	7.8
f Purchase of Goods / Services :	-	-	35.7	35.7	-	-	88.2	88.2
Aquapharm Chemicals Private Ltd.	-	-	6.4	6.4	-	-	-	-
Forbes Marshall Pvt Ltd.	-	-	27.3	27.3	-	-	61.2	61.2
Krohne Marshall Pvt. Ltd.	-	-	2.0	2.0	-	-	27.0	27.0
g Professional Fees Paid :	-	-	56.0	56.0	-	-	71.8	71.8
Breakthrough Management Group	-	-	49.6	49.6	-	-	71.8	71.8
Mr. S.N. Inamdar	-	-	5.9	5.9	-	-	-	-
Others	-	-	0.5	0.5	-	-	-	-
h Commission on Sales (Incl. Taxes):	-	-	1,415.5	1,415.5	-	-	1,296.1	1,296.1
Rabro Speciality Chemicals Pvt Ltd	-	-	1,415.5	1,415.5	-	-	1,296.1	1,296.1

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40 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 31st March 2022				For the year ended 31st March 2021			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
i Rent received (Incl. Taxes) :	-	-	10.4	10.4	-	-	10.4	10.4
Rabro Speciality Chemicals Pvt. Ltd.	-	-	5.8	5.8	-	-	5.8	5.8
Others	-	-	4.6	4.6	-	-	4.6	4.6
j Donation Paid :	-	-	201.0	201.0	-	-	245.5	245.5
Sudarshan CSR Foundation	-	-	201.0	201.0	-	-	245.5	245.5
k Reimbursement of Expenses (Net) :	-	-	(1.5)	(1.5)	-	-	-	-
Rabro Speciality Chemicals Pvt Ltd	-	-	(1.5)	(1.5)	-	-	-	-
l Car Deposit Repayment	-	50.8	-	50.8	7.7	-	-	7.7
Mr. R. P. Rath	-	21.9	-	21.9	-	-	-	-
Mr. N.J. Rath	-	28.9	-	28.9	-	-	-	-
Mr. A.V.Vij	-	-	-	-	7.7	-	-	7.7

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40 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 31st March 2022				As at 31st March 2021			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Customer / (Vendor) Account	-	-	(154.5)	(154.5)	-	-	(180.9)	(180.9)
Marathwada Chemical Inds. Pvt. Ltd.	-	-	3.7	3.7	-	-	0.8	0.8
Forbes Marshall Pvt Ltd.	-	-	-	-	-	-	(1.5)	(1.5)
Rabro Speciality Chemicals Pvt. Ltd.	-	-	(150.6)	(150.6)	-	-	(180.2)	(180.2)
Others	-	-	(7.6)	(7.6)	-	-	-	-
b Salary and Commission Payable	-	100.0	-	100.0	114.5	-	-	114.5
Mr. P.R.Rathi	-	10.0	-	10.0	10.0	-	-	10.0
Mr. S. N. Inamdar	-	-	-	-	8.0	-	-	8.0
Mr. D. N. Damania	-	15.0	-	15.0	15.0	-	-	15.0
Mr. S. Padmanabhan	-	10.0	-	10.0	10.0	-	-	10.0
Mrs. S. A. Panse	-	15.0	-	15.0	15.0	-	-	15.0
Mr. S. K. Asher	-	10.0	-	10.0	10.0	-	-	10.0
Others	-	40.0	-	40.0	46.5	-	-	46.5

41 Risk Management and Capital Management

A Financial instruments risk management objectives and policies

The Group's principal financial liabilities, 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 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 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 31st March, 2022 and 31st March, 2021.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
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 decrease in interest rates would have led to approximately an additional Rs. 204.7 Lakhs (2020-21: Rs. 153.6 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
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 Rs. 1,081.1 Lakhs. (2020-21: loss of Rs. 721.8 Lakhs). A 2% decrease would have led to an increase in additional gain of Rs. 1,081.1 Lakhs. (2020-21: gain of Rs. 721.8 Lakhs).

Foreign currency exposure and sensitivity	(Rs. in Lakhs)			
	As at 31st March, 2022		As at 31st March, 2021	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivable	17,515.5	8,746.7	17,672.8	7,233.8
Forward contracts for Trade receivable	(26,337.4)	(5,737.1)	(19,565.7)	(8,533.5)
Foreign currency borrowings	(48,720.9)	(7,773.3)	(36,198.3)	(8,723.2)
Trade payable	(8,852.4)	(357.0)	(7,335.9)	(198.8)
Forward contracts for Trade payable	2,911.5	-	650.6	-
Forward contracts for Borrowings	13,077.9	1,473.5	12,850.8	6,058.1
Total	(50,405.8)	(3,647.2)	(31,925.7)	(4,163.6)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Balance at beginning of the year	(706.8)	(873.7)
Changes in the fair value of effective portion of derivatives – Gain / (Loss)	882.4	(6.0)
Net Gain / (Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	(522.1)	172.9
Balance at end of the year	(346.5)	(706.8)
Tax impact	172.6	263.3

41 Risk Management and Capital Management

The Group basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. 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 INR). 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: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - 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. - 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.
The Group has certain amount of its purchases in foreign currency (other than INR) 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.

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 group 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.

The following are the principal amounts of outstanding non derivative contracts (Foreign Currency Loans) entered into by the Holding Company which have been designated as Cash Flow Hedges:

As at 31st March, 2022

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss) in Other Comprehensive Income
Non-derivative contracts	17.5	EUR	(71.8)
(i.e. Foreign Currency Loans)	616.9	USD	(274.7)

As at 31st March, 2021

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss) in Other Comprehensive Income
Non-derivative contracts	51.1	EUR	(279.1)
(i.e. Foreign Currency Loans)	495.2	USD	(427.7)

(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 Group is exposed is Rs. 50,065.6 Lakhs and Rs. 48,468.7 Lakhs for 31 st March 2022 and 31 st March 2021 respectively. Against these receivables, a provision for expected loss allowance is recognised.

41 Risk Management and Capital Management

Reconciliation of provision for expected credit loss

Balance as at 31st March , 2020	1,511.6
Provision (reversed) / recognised for expected credit loss	(195.3)
Debtors written off against provisions	-
Balance as at 31st March , 2021	1,316.3
Provision (reversed) / recognised for expected credit loss	108.9
Debtors written off against provisions	-
Balance as at 31st March , 2022	1,425.2

(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 Group's financial liabilities based on contractual undiscounted payments:

Particulars	Note	6 months or less	6 - 12 months	1 year to 5 years	more than 5 years	Total
As at 31st March, 2022						
Borrowings - Current	18(a)	37,763.3	7,253.1	-	-	45,016.4
Borrowings - Non-current	14(a)	-	-	36,857.6	-	36,857.6
Other financial liabilities	14(b) and 18(d)	5,284.5	-	167.3	-	5,451.8
Lease liabilities	48	25.6	25.6	166.6	166.6	384.4
Trade payables	18(b)	52,176.0	-	-	-	52,176.0
Derivatives instruments	18(c)	59.1	-	-	-	59.1
Total		95,308.5	7,278.7	37,191.5	166.6	1,39,945.3
As at 31st March, 2021						
Borrowings - Current	18(a)	23,302.1	7,294.1	-	-	30,596.2
Borrowings - Non-current	14(a)	-	-	30,813.9	-	30,813.9
Other financial liabilities	14(b) and 18(d)	7,748.2	-	170.1	-	7,918.3
Lease liabilities	48	42.7	42.6	135.9	202.7	423.9
Trade payables	18(b)	44,114.8	-	-	-	44,114.8
Derivatives instruments	18(c)	314.9	-	-	-	314.9
Total		75,522.7	7,336.7	31,119.9	202.7	1,14,182.0

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 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.

	As at 31st March 2022	As at 31st March 2021
Total Debt	81,874.0	61,410.1
Total Equity (Share Capital + Reserves)	83,318.9	74,357.6
Debt - Equity ratio	0.98	0.83

42 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.

(i) Pigments

(ii) Others - Comprises of Engineering Equipments (Manufacturer of clean air solution, grinding solution and conveying solution.)

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.

	Year ended 31st March, 2022			Year ended 31st March, 2021		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	2,01,966.3	18,114.3	2,20,080.6	1,75,295.6	11,115.6	1,86,411.2
Inter-segment Revenue	-	-	-	-	-	-
Total segment revenue	2,01,966.3	18,114.3	2,20,080.6	1,75,295.6	11,115.6	1,86,411.2
Segment Results						
Profit before tax and finance cost	18,625.2	429.3	19,054.5	20,101.1	725.0	20,826.1
Less: Finance costs (net)	1,821.3	121.0	1,942.3	1,684.7	102.6	1,787.3
Profit after finance cost but before tax	16,803.9	308.3	17,112.2	18,416.4	622.4	19,038.8
Profit after tax	12,816.4	180.2	12,996.6	13,603.2	507.9	14,111.1
Segment Assets and Segment Liabilities						
Segment Assets	2,25,586.7	11,284.3	2,36,871.0	1,93,171.4	7,169.1	2,00,340.5
Segment Liabilities	1,44,229.5	9,322.6	1,53,552.1	1,20,510.0	5,472.9	1,25,982.9
Segment Assets (-) Segment Liabilities	81,357.2	1,961.7	83,318.9	72,661.4	1,696.2	74,357.6
Other Details:						
Capital Expenditure	30,199.1	821.6	31,020.7	26,591.5	365.7	26,957.2
Depreciation and Amortisation	8,724.4	201.5	8,925.9	8,545.4	105.5	8,650.9

C Geographical Information

	Year ended 31st March, 2022	Year ended 31st March, 2021
Segment Revenue by location of customers		
In India	1,20,580.1	95,282.2
Outside India	99,500.5	91,129.0
	2,20,080.6	1,86,411.2
Non-current operating assets by location of assets		
In India	1,12,439.1	93,738.3
Outside India	116.8	130.3
	1,12,555.9	93,868.6

D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

43 Financial Instruments - Fair Values:

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2022.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	165.6	-	166.6
Loans	99.1	-	-	99.1
Trade receivables	50,065.6	-	-	50,065.6
Cash and cash equivalents	2,531.6	-	-	2,531.6
Bank balances other than cash and cash equivalents	997.8	-	-	997.8
Derivatives - forward contracts receivable	-	233.1	-	233.1
Interest rate / currency swap contracts	-	985.0	-	985.0
Other financial assets	3,533.3	-	-	3,533.3
Total	57,228.4	1,383.7	-	58,612.1
Financial liabilities				
Borrowings	81,874.0	-	-	81,874.0
Lease Liability	384.4	-	-	384.4
Trade payables	52,176.0	-	-	52,176.0
Derivatives - forward contracts payable	-	56.6	-	56.6
Interest rate / currency swap contracts	-	2.5	-	2.5
Other financial liabilities	5,451.8	-	-	5,451.8
Total	1,39,886.2	59.1	-	1,39,945.3

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Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2021.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	126.6	-	127.6
Loans	96.5	-	-	96.5
Trade receivables	48,468.7	-	-	48,468.7
Cash and cash equivalents	1,597.7	-	-	1,597.7
Bank balances other than cash and cash equivalents	786.6	-	-	786.6
Derivatives - forward contracts receivable	-	473.0	-	473.0
Other financial assets	3,884.8	-	-	3,884.8
Total	54,835.3	599.6	-	55,434.9
Financial liabilities				
Borrowings	61,410.1	-	-	61,410.1
Lease Liability	423.9	-	-	423.9
Trade payables	44,114.8	-	-	44,114.8
Derivatives - forward contracts payable	-	72.0	-	72.0
Interest rate / currency swap contracts	-	242.9	-	242.9
Other financial liabilities	7,918.3	-	-	7,918.3
Total	1,13,867.1	314.9	-	1,14,182.0

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 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.
- 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 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.
- 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.

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44 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 31st March, 2022 and 31st March, 2021.

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 st March, 2022	31 st March, 2022	233.1	-	233.1	-
As at 31 st March, 2021	31 st March, 2021	473.0	-	473.0	-
Investment in others					
As at 31 st March, 2022	31 st March, 2022	165.6	-	-	165.6
As at 31 st March, 2021	31 st March, 2021	127.6	-	-	127.6
Interest rate swap contracts					
As at 31 st March, 2022	31 st March, 2022	985.0	-	985.0	-
As at 31 st March, 2021	31 st March, 2021	-	-	-	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2022	31 st March, 2022	56.6	-	56.6	-
As at 31 st March, 2021	31 st March, 2021	72.0	-	72.0	-
Interest rate swap contracts					
As at 31 st March, 2022	31 st March, 2022	2.5	-	2.5	-
As at 31 st March, 2021	31 st March, 2021	242.9	-	242.9	-

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.

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
Loans	The valuation model considers discounted cash flows using current lending rate. They are classified as level 2 fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

45 Disclosure pursuant to Ind AS 115

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 Engineering Equipments. Refer note on Segments.
Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

	Year ended 31st March, 2022	Year ended 31st March, 2021
i Revenue from contracts with customers	2,18,325.7	1,84,433.6
ii Other Revenue	1,754.9	1,977.6
	2,20,080.6	1,86,411.2

(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. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments .

	Year ended 31st March, 2022	Year ended 31st March, 2021
1 Major Product Lines		
Sale of Pigments	2,00,211.4	1,73,318.0
Sale of Engineering Equipments	18,114.3	11,115.6
Total	2,18,325.7	1,84,433.6
2 Primary Geographical Market		
Domestic	1,19,793.1	94,732.3
Export	98,532.6	89,701.3
Total	2,18,325.7	1,84,433.6
3 Timing of revenue recognition		
Products transferred at Point in Time	2,00,211.4	1,73,318.0
Products transferred over a period of time	18,114.3	11,115.6
Total	2,18,325.7	1,84,433.6

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers for continuing operations

	As at March 31, 2022	As at March 31, 2021
Receivables, which are included in 'Trade and Other Receivables'	50,065.6	48,468.7
Contract Assets	2,198.4	1,178.6
Contract Liabilities	39.2	330.3

The receivable above is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to Rs. 1,425.2 lakhs. (Previous year Rs. 1,316.3 lakhs)

(d) Performance Obligation and Revenue Recognition Policies

The Group satisfies its performance obligations pertaining to the sale of pigments at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contracts are fixed price contracts and do not contain any financing component. The payment is generally due within 45-90 days. There are no other significant obligations attached in the contract with customer.

For the Engineering Equipments, the performance obligations and control are transferred over a period of time. The contracts are fixed price contracts and do not contain any financing component. The payment is generally due within 30-60 days. There are no other significant obligations attached in the contract with customer.

46 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 1,384,545 common shares for issuance thereunder. During the previous year, options totalling to 394,220 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 th 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 4th year, 20% options vest after 5th year, 20% options vest after 6th year and 20% options vest after 7th year from the date of respective grant.
d	Exercise price or pricing formula	Rs. 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted is Rs. 169.21/-. 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	Rs. 349.35
b	Exercise Price	Rs. 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:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April, 2020	-	-
Granted during the year	3,94,220	169
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2021	3,94,220	169
Exercisable as at 31 st March, 2021	-	-
Outstanding as at 1 st April, 2021	3,94,220	-
Granted during the year	-	169
Forfeited / lapsed during the year	(34,790)	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2022	3,59,430	169
Exercisable as at 31 st March, 2022	-	-

Fair value of options vested during the year is Rs. Nil (previous year Rs. Nil)
Money realised by exercise of option during the year is Rs.Nil (previous year Rs. Nil).

The options outstanding at 31st March, 2022 have an exercise price of Rs. 349.35 (March 31, 2021: Rs. 349.35) and a weighted average remaining contractual life of 8.2 years (31st March, 2021: 9.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2021-22 is not disclosed as no shares were exercised during this year and 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 31st March, 2022 is Rs. 102.7 Lakhs (previous year: Rs. 126.0 Lakhs)

47 Capitalisation of Expenditure

In accordance with Ind AS 16 and Ind AS 38, the Group has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Expenses capitalized are as follows:

	Year ended 31st March, 2022	Year ended 31st March, 2021
Employee costs		
Capitalised as property, plant and equipment and CWIP	397.2	340.3
Capitalised as as intangible assets and intangible assets under development	29.8	85.6
Capitalised as as intangible assets and intangible assets	28.0	-
Finance costs capitalised as property, plant and equipment and CWIP	681.9	245.3
Other expenses		
Capitalised as property, plant and equipment and CWIP	2,322.8	309.0
Capitalised as intangible assets and intangible assets under development	450.0	555.0
	3,909.7	1,535.2

48 Disclosure as required under Ind AS 116 Leases

(a) Right of use assets

	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April, 2020	-	231.0	231.0
Transferred from property plant and equipment	136.3	-	136.3
Additions	-	212.2	212.2
Less : Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March, 2021	136.3	443.2	579.5
Accumulated depreciation as at 1st April, 2020	-	5.8	5.8
Transferred from property plant and equipment	7.4	-	7.4
Depreciation for the year	1.8	47.4	49.2
Less : Disposals	-	-	-
Accumulated depreciation as at 31st March, 2021	9.2	53.2	62.4
Net carrying amount as at 31st March, 2021	127.1	390.0	517.1
	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April, 2021	136.3	443.2	579.5
Additions	-	-	-
Less : Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March, 2022	136.3	443.2	579.5
Accumulated depreciation as at 1st April, 2021	9.2	53.2	62.4
Depreciation for the year	1.8	65.4	67.2
Less : Disposals	-	2.3	2.3
Accumulated depreciation as at 31st March, 2022	11.0	116.3	127.3
Net carrying amount as at 31st March, 2022	125.3	326.9	452.2

(b) Lease liabilities

Particulars		
Balance as at 1st April 2020	230.1	
Add: Addition during the year	212.2	
Add: Interest Accrued on Lease liability	46.6	
Less: Cash outflows for leases	(65.0)	
Balance as at 31st March 2021	423.9	
Balance as at 1st April 2021	423.9	
Add: Addition during the year	-	
Add: Interest Accrued on Lease liability	45.8	
Less: Cash outflows for leases	(85.3)	
Balance as at 31st March 2022	384.4	
	As at 31st March, 2022	As at 31st March, 2021
Bifurcation of liabilities		
Current	51.3	46.6
Non-current	333.1	377.3
	384.4	423.9

(c) Interest expenses on lease liabilities

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Interest on lease liabilities	45.8	46.6
	45.8	46.6

(d) Amounts recognised in the Statement of Cash Flow

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Total cash outflow for leases	85.3	64.7
	85.3	64.7

(e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31st March, 2022	As at 31st March, 2021
Less than 1 year	76.1	85.3
1 to 5 years	340.0	349.8
More than 5 years	202.7	202.7

49 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
	2021-22	2020-21	
1 Sudarshan Europe B.V.	100%	100%	Netherlands
2 Sudarshan North America, Inc (Step-down subsidiary of Sudarshan, India)	100%	100%	United States of America
3 Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
4 Sudarshan (Shanghai) Trading Company Ltd.	100%	100%	China
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, refer note 40 (A) (c)

(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

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
Parent Company								
Sudarshan Chemical Industries Limited	99.9	83,225.2	77.2	10,037.6	1,199.4	187.1	78.6	10,225.7
Indian Subsidiaries								
RIECO Industries Limited	2.3	1,950.1	1.7	218.8	19.9	3.1	1.7	223.0
Foreign Subsidiaries								
Sudarshan Europe B.V.	6.2	5,137.0	10.1	1,311.7	(1,634.2)	(254.9)	8.1	1,050.7
Sudarshan North America, Inc.	1.4	1,164.6	4.5	589.1	340.4	53.1	4.9	643.2
Sudarshan Mexico S. de R.L. de C	0.4	357.5	2.5	322.5	109.6	17.1	2.6	340.6
Sudarshan (Shanghai) Trading Co.	-	(13.1)	0.3	36.5	43.6	6.8	0.3	44.3
Sudarshan Japan Limited	(0.2)	(174.2)	(1.0)	(128.1)	21.3	3.3	(1.0)	(123.8)
Eliminations	(10.0)	(8,328.2)	4.7	608.5	-	0.0	4.8	608.5
Total	100.0	83,318.9	100.0	12,996.6	100.0	15.6	100.0	13,012.2

SUDARSHAN CHEMICAL INDUSTRIES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2022**

(All amounts are in INR Lakhs, unless otherwise stated)

50 The previous years numbers have been regrouped wherever required to meet current year's classification.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231 W/W-100024

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI
Chairman
DIN No. 00018577

NILKANTH NATU
Chief Financial Officer

RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

Pune : 26th May, 2022

Pune : 26th May, 2022

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Manager, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue share capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%) ^{^*<!--\$</sup-->}
1.	[●]	[●]
2.	[●]	[●]

[^] Based on beneficiary position as on [●], 2025.

^{*} The details of the proposed Allottees have been intentionally left blank and will be filled in before filing of the Placement Document with the Stock Exchanges and issuing of the Placement Document to such proposed Allottees.

^{\$} The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all material approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

Rajesh Balkrishna Rathi

Managing Director

DIN: 00018628

Date: January 23, 2025

Place: Pune

DECLARATION

We, the Board of Directors of the Company certify that:

- I. the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- II. the compliance with the Companies Act, 2013 and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and
- III. the monies received under the Issue shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

Rajesh Balkrishna Rathi

Managing Director

DIN: 00018628

Date: January 23, 2025

Place: Pune

I am authorized by the Fund-Raising Committee of the Board of Directors of the Company, vide resolution dated January 23, 2025, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Rajesh Balkrishna Rathi

Managing Director

DIN: 00018628

Date: January 23, 2025

Place: Pune

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

REGISTERED AND CORPORATE OFFICE

7th Floor, Eleven West Panchshil, Survey No. 25
Near PAN Card Club Road
Baner, Pune – 411069
Maharashtra, India

Website: www.sudarshan.com; **Email:** shares@sudarshan.com

Email: +91-20-68281200

Company Secretary and Compliance Officer

Mandar Velankar

7th Floor, Eleven West Panchshil, Survey No. 25
Near PAN Card Club Road
Baner, Pune – 411069
Maharashtra, India

Tel No.: +91-20-68281200

E-mail: mmvelankar@sudarshan.com

Book Running Lead Manager

IIFL Capital Services Limited

(formerly known as IIFL Securities Limited)

24th Floor, One Lodha Place
Senapati Bapat Marg, Lower Parel (West)
Mumbai 400 013
Maharashtra, India

Legal Counsel to the Company

M/s. Crawford Bayley & Co.

State Bank Buildings, 4th Floor
N.G.N. Vaidya Marg, Fort
Mumbai 400 023
Maharashtra, India

Legal Counsel to the BRLM

AZB & Partners

AZB House
Peninsula Corporate Park, Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India

International Legal Counsel to the Offer

Dentons US LLP

2000, McKinney Avenue
Suite 1900 Dallas,
Texas 75201, United States of America

Statutory Auditors of our Company

S R B C & CO LLP

Chartered Accountants

(Firm Registration No.: 324982E/E300003)

C wing, Ground Floor, Panchshil Tech Park,
Yerwada, Pune- 411 006,
Maharashtra, India

SAMPLE APPLICATION FORM

APPLICATION FORM

	APPLICATION FORM
SUDARSHAN CHEMICAL INDUSTRIES LIMITED <i>A public company incorporated under the Companies Act, 1913 on February 19, 1951, with the Registrar of Companies, Maharashtra at Pune.)</i> Registered and Corporate Office: 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411069, Maharashtra, India Contact Person: Mandar Velankar, Company Secretary and Compliance Officer Tel: +91-20-68281200 Email: shares@sudarshan.com CIN: L24119PN1951PLC008409 Website: www.sudarshan.com COMPANY LEI NUMBER: 335800WD6GHGEB1NL08 ISIN: INE659A01023	Name of the Bidder: _____ Form No. _____ Date: _____, 2025

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING UP TO ₹ [●] MILLION (THE “ISSUE”) UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”) AND SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE “PAS RULES”) AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AND THE RULES MADE THEREUNDER EACH AS AMENDED, BY SUDARSHAN CHEMICAL INDUSTRIES LIMITED (THE “COMPANY”, “OUR COMPANY”, “ISSUER”, “SCIL”) (HEREINAFTER REFERRED TO AS THE “ISSUE”). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 1,107.89 AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers (“QIBs”) as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are, (a) not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) not restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws (“Eligible QIBs”), including foreign exchange related laws; (c) are eligible to invest in the Issue and (ii) are residents in India, or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (“FEMA Non-Debt Rules”) or multilateral and bilateral development finance institutions; (d) hold a valid and existing registration under the applicable laws in India (as applicable); () can submit this Application Form.

Further, except as provided in (ii) above, other non-resident QIBs, including foreign venture capital investors are not permitted to participate in the Issue. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the state securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered within the United States. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. You should note and observe the solicitation and distribution restrictions contained in the sections entitled “Selling Restrictions” and “Purchaser Representations and Transfer Restrictions” in the accompanying preliminary placement document dated January 23, 2025 (the “PPD”)

ELIGIBLE NON-RESIDENT QIBs CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 (“FEMA RULES”). ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL

OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE AS PRESCRIBED UNDER THE FEMA RULES. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,
The Board of Directors
Sudarshan Chemical Industries Limited

7th Floor, Eleven West Panchshil, Survey No. 25
Near PAN Card Club Road, Baner, Pune – 411069,
Maharashtra, India

Dear Sirs / Madams,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions contained therein and in this section of Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are an eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not (i) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, (ii) hold a valid and existing registration under the applicable laws in India (as applicable) and (iii) restricted from participating in the Issue under the applicable laws, including the SEBI ICDR Regulations and other applicable laws. We are not a Promoter (as defined in SEBI ICDR Regulations) of the Company, or any person related to the Promoter, directly or indirectly, and this Application Form does not directly or indirectly represent the Promoters or Promoter Group, or persons related to the Promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with with promoters or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules, or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Non-Debt Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue

STATUS (Please ✓)			
FI	Scheduled Commercial Banks & Financial Institutions	AIF	Alternative Investment Fund*
MF	Mutual Funds	NIF	National Investment Fund
FPI**	Eligible Foreign Portfolio Investors**	IF	Insurance Funds
VCF*	Venture Capital Funds*	SI-NBFC	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	OTH	Others (Please Specify)
<i>Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD</i> <i>*Sponsor and Manager should be Indian owned and controlled.</i> <i>**Foreign portfolio investors as defined under the Securities Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.</i>			

We confirm that the Bid size / aggregate number of Equity Shares applied for by us, and which may be Allocated to us thereon, does not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "SEBI Takeover Regulations"). We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us, if applicable, in accordance with Chapter VI of the SEBI ICDR Regulations, and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that each foreign portfolio investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (such foreign portfolio investor, an "FPI") (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "Eligible FPIs"), have submitted a separate Application Form and asset management companies of mutual funds would have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares which may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals.

We note that the Company, in consultation with IIFL Capital Services Limited (formerly known as IIFL Securities Limited), the Book Running Lead Manager (the “**BRLM**”), are entitled, in their absolute discretion to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note (“**CAN**”) issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash, demand draft or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We agree and consent that: (i) our names, address, PAN, contact details, bank details, email-id, and the number of Equity Shares Allotted along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the PAS Rules, (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our name will be included in the Placement Document as proposed allottees along with the percentage of our post issue shareholding in the Company, for which purpose the Book Running Lead Manager has relied on the information provided by the registrar for obtaining details of our shareholding, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Mumbai, as required in terms of the PAS Rules. We are also aware that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of the BSE Limited and the National Stock Exchange of India (together, the “**Stock Exchanges**”), and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including restriction on transferability and lock-in requirements. In this regard, we authorise the Company to issue instructions to the depositories for such restriction on transferability and lock-in requirements, as may be applicable to us. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and / or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in “**Notice to Investors**”, “**Representations by Investors**”, “**Issue Procedure**”, “**Selling Restrictions**” and “**Purchaser Representations and Transfer Restrictions**” of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Book Running Lead Manager for the Issue, each of which is entitled to rely and are relying on these representations and warranties in consummating the Issue, (ii) that we have been provided a serially numbered copy of the PPD along with the Application Form, and have read it in its entirety including in particular, the “**Risk Factors**” therein, (iii) to abide by the PPD and the Placement Document, when issued, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein, (iv) that if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body or family office, (v) that the Equity Shares shall be Allocated and Allotted at the discretion of the Company, in consultation with the Book Running Lead Manager, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part, (vi) that we shall not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until the receipt of final listing and trading approvals for the Equity Shares issued by the BSE and the NSE; and (vii) that we, together with other persons that belong to our same group or are under common control, have not applied for more than 50% of the Issue and that the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation: the expression: Eligible QIBs belonging to the “same group” shall derive meaning from Regulation 180 (2) of the SEBI ICDR Regulations and mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and ‘Control’ shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations. (viii) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office; and (ix) We agree to accept the Equity Shares applied for, or such lesser number of Equity

Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By making this application, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. We further represent that in making our investment decision, we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Book Running Lead Manager or from any other source, including publicly available information. We satisfy any and all relevant suitability standards for investors in the Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the Equity Shares, and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.** We confirm that we have read and agree with the representations, warranties and agreements contained in the sections entitled “**Selling Restrictions**” and “**Purchaser Representations and Transfer Restrictions**” of the PPD

BIDDER DETAILS (in block letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		FAX NO.	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	Registration Number:	For AIFs***/MIFs/VCFs***/SI-NBFCs/ICs	Registration Number:

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the Book Running Lead Manager.*

***In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Book Running Lead Manager will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT – BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT – REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY 2.00 pm (IST), January 28, 2025	
Name of the Account	SUDARSHAN CHEMICAL INDUSTRIES LIMITED QIP ESCROW ACCOUNT 2024-25
Name of Bank	Standard Chartered Bank
Address of the Branch of the Bank	B2 The Cerebrum IT Park, Behind Gold Big Cinemas, Kumar City, Kalyani Nagar, Pune 411 014
Account Type	Escrow account
Account Number	27005069561
IFSC Code	SCBL0036091
Tel No.	020-6700 9715
E-mail	ops.cashescrow-accbank@sc.com , indiacmo.cashescrow@sc.com , prakashchandra.patel@sc.com , nachiket.vartak@sc.com
Legal Entity Identifier Code	335800WD6GHGEB1NL08

The Bid Amount should be transferred pursuant to the PPD and the Application Form. All payments must be made only by way of electronic funds transfer, in favour of “Sudarshan Chemical Industries Limited QIP Escrow Account 2024-25”. Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bidding Period i.e., within the Issue Closing Date. The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

DEPOSITORY ACCOUNT DETAILS	
Depository Name (Please ✓)	National Securities Depository Limited
Depository Participant Name	Central Depository Services (India) Limited
DP-ID	I N
Beneficiary Account Number	(16 digit beneficiary account no to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue, will be considered. The Bidders are responsible for the accuracy of the bank details mentioned below and are also aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by them. The Company and the Book Running Lead Manager shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(in figures)	(in words)	(in figures)	(in words)
BID AMOUNT (RUPEES)			
(in figures)	(in words)		

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
MOB. NO. / TEL NO.		FAX NO.	
EMAIL			

OTHER DETAILS		ENCLOSURES ATTACHED	
PAN**		Attested / certified true copy of the following: o Copy of PAN Card or PAN allotment letter	
Date of Application			

Signature of Authorised Signatory (may be signed either physically or digitally) *		○ Copy of FPI / MF / AIF / VCF Registration Certificate from SEBI ○ Certified copy of the certificate of registration issued by RBI as an SI-NBFC / a Scheduled Commercial Bank ○ FIRC ○ Copy of notification as a public financial institution ○ Copy of IRDAI registration certificate ○ Certified true copy of Power of Attorney ○ Other, please specify: _____

** A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

***It is to be specifically noted that the Bidder should not submit the GIR number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

Notes:

1. Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document, unless specifically defined herein.
2. The Application Form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company and the Book Running Lead Manager.

The Application Form, the PPD and the Placement Document sent to you, either in physical or electronic form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.