

67th ANNUAL REPORT 2017-18

LEAD
ENHANCE
ACCELERATE
PERFORM

LEAP

SUDARSHAN

First Choice For New Formulations



LEAD ENHANCE ACCELERATE PERFORM

Launch of Project LEAP in Suda Connect 2018



Last year we reached an important milestone in our growth journey and became the 4th largest pigment producer globally. We are now embarking on the next phase of our growth journey to become the top-3 pigment player globally. This includes redefining our strategy for the next five years and investing in several strategic initiatives. We are strengthening our product portfolio especially in segments like HPPs, improving our cost position in key chemistries, strengthening our global footprint across key geographies and driving go-to market excellence, and entering into adjacent businesses. Additionally, we are investing in our people, processes and infrastructure to enable transformation and unlock growth for Sudarshan like never before.

SUDARSHAN

SUDARSHAN

Annual Report

2017-18

Sudarshan Chemical Industries Limited



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FINANCIALS AT A GLANCE

Rs. in Lakhs

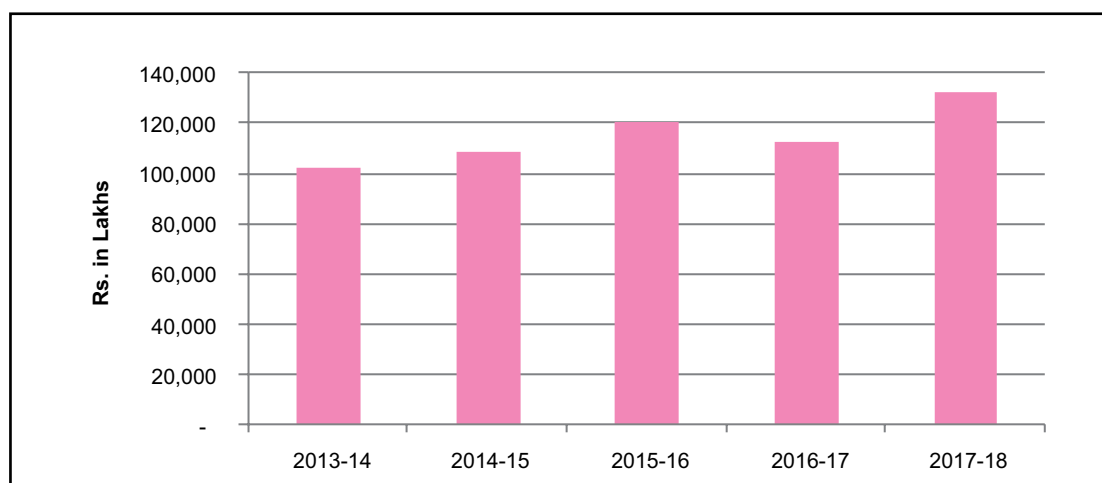
Financial Highlights	2017-18 (Refer Note 3)	2016-17 (Refer Note 3)	2015-16	2014-15	2013-14
Income From Operations (Net of Taxes)	132,368	112,612	120,726	108,829	102,665
Profit Before Tax	12,660	11,616	9,849	5,962	5,483
Profit After Tax	8,803	8,927	7,163	4,241	3,442
Equity Share Capital	1,385	1,385	1,385	1,385	692
Net Worth	45,238	39,411	32,689	28,026	25,352
Net Fixed Assets (Including CWIP)	47,070	42,642	34,377	31,667	32,202

Key Financial Ratios	2017-18 (Refer Note 3)	2016-17 (Refer Note 3)	2015-16	2014-15	2013-14
Current Ratio	1.31	1.06	1.42	1.22	1.27
Debt Equity Ratio	0.81	0.91	1.06	1.25	1.31
PBDIT (% to Net Sales)	15.76	16.67	13.97	12.22	12.50
PAT (% to Net Sale)	6.65	7.93	5.93	3.92	3.37
Return (PBIT) on Capital Employed %	18.39	18.45	18.52	13.79	13.48
Dividend (Per Share) (Rs.) *	3.50	3.50	3.00	1.75	1.50
Earnings (Per Share) (Rs.) *	12.40	12.42	10.35	6.13	4.97

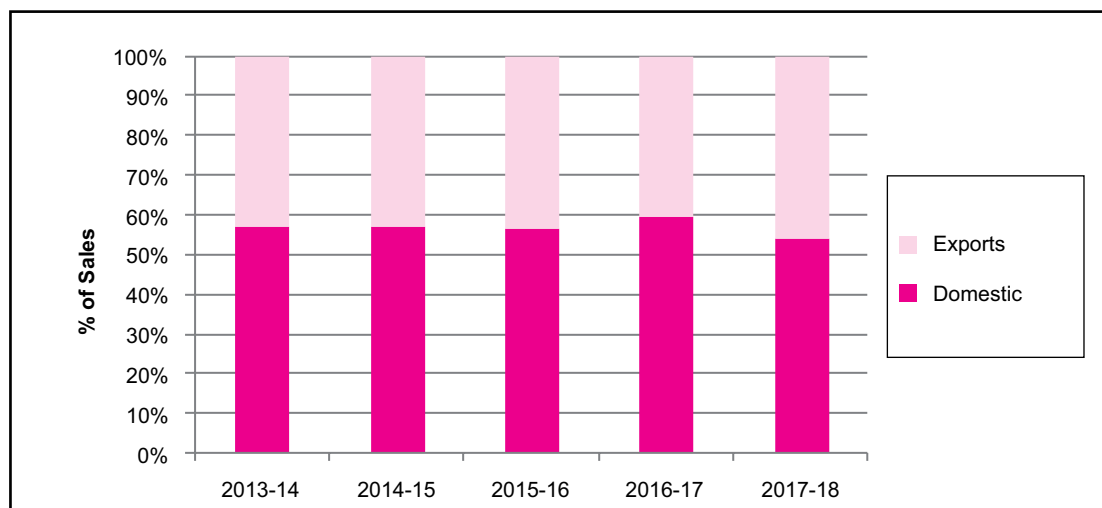
Notes:

- 1 During the Financial Year 2014-15, the Company sub-divided the face value of equity shares from Rs. 10 to Rs. 2. Previous years figures have been restated for the sake of comparison to that extent.
- 2 During the year 2017-18 the Company has adopted Ind AS. Accordingly, the figures for 2016-17 have been restated. Figures for remaining periods have not been restated.
- 3 Figures for 2017-18 and 2016-17 pertain to only the continuing operations of the Company, figures for periods prior to 2016-17 are inclusive of discontinued operations.

INCOME FROM OPERATIONS (NET OF TAXES)

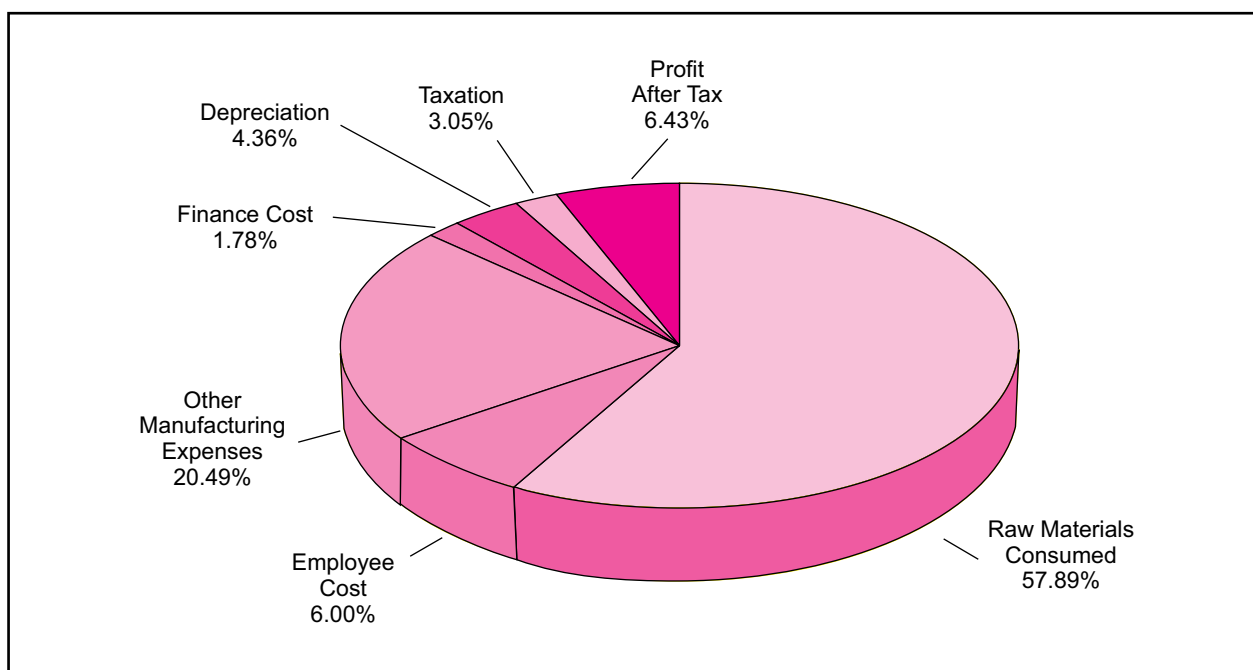
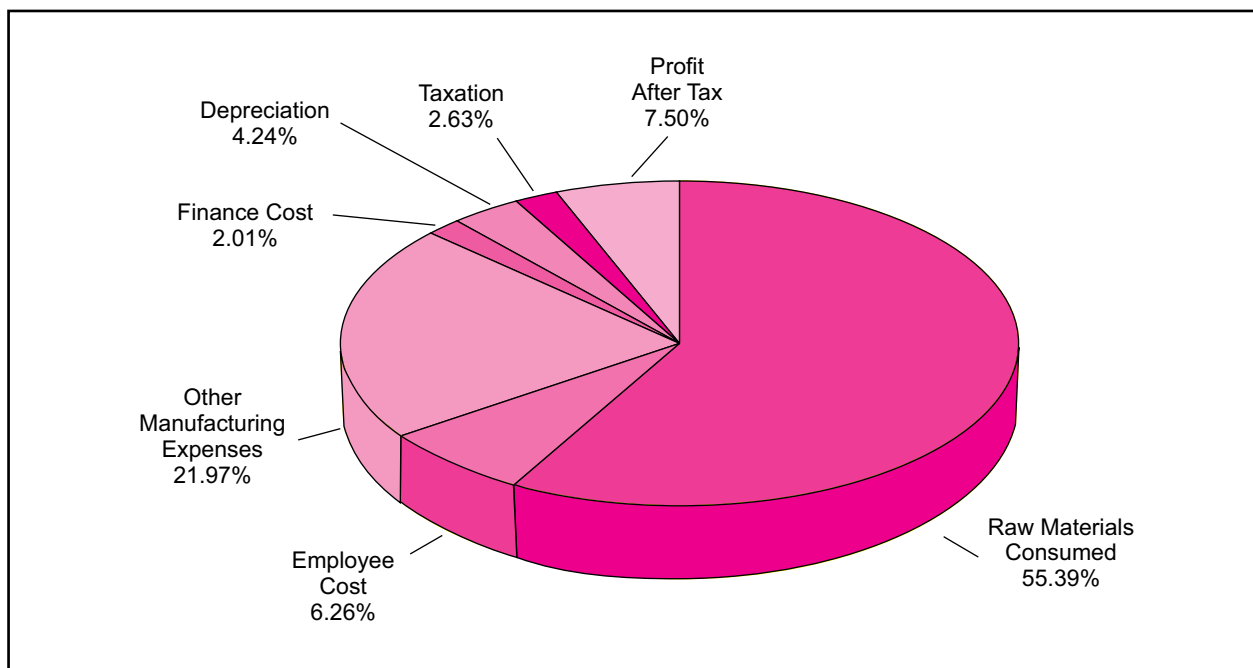


SALES MIX

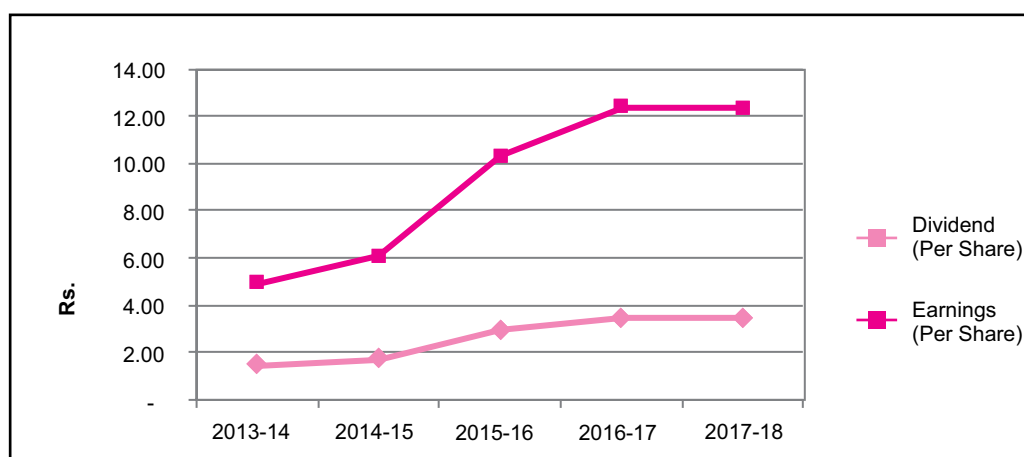
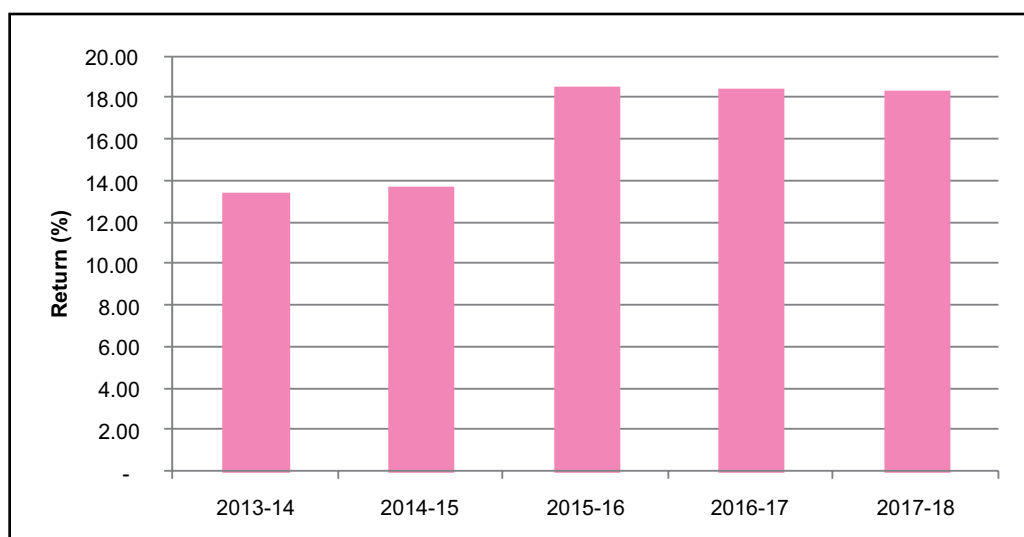


Notes:

- During the year 2017-18, the Company has adopted Ind AS. Accordingly, the ratios for 2016-17 have been restated. Ratios for remaining periods have not been restated.
- Ratios for 2017-18 and 2016-17 pertain to only the continuing operations of the Company, ratios for periods prior to 2016-17 are inclusive of discontinued operations.

**DISTRIBUTION OF REVENUE (%)
(2017-18)****DISTRIBUTION OF REVENUE (%)
(2016-17)**

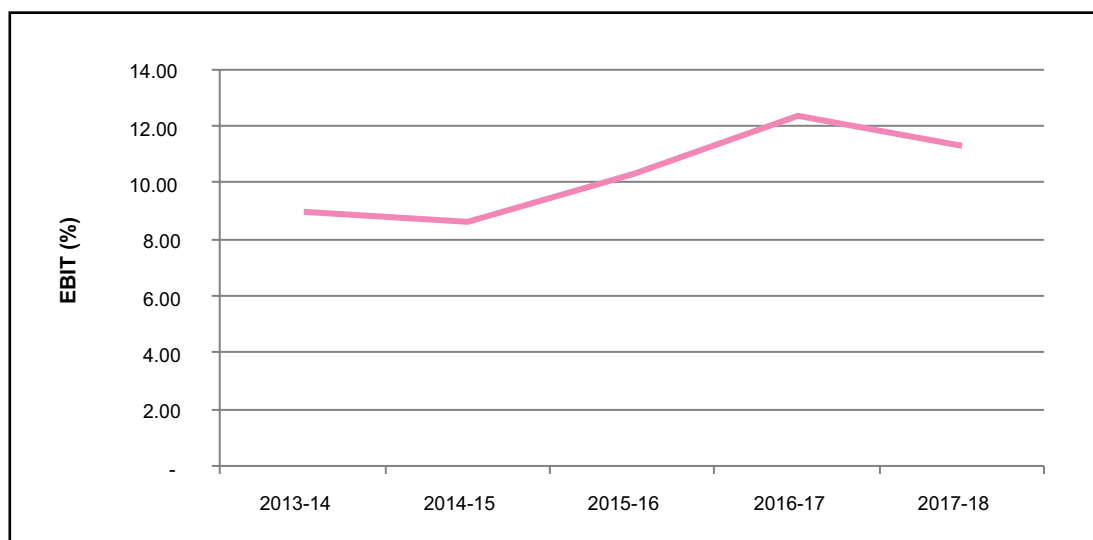
EARNINGS & DIVIDEND PER SHARE

RETURN ON CAPITAL EMPLOYED (%)
(ROCE = PBIT/CE)

Notes:

- During the year 2017-18, the Company has adopted Ind AS. Accordingly, the ratios for 2016-17 have been restated. Ratios for remaining periods have not been restated.
- Ratios for 2017-18 and 2016-17 pertain to only the continuing operations of the Company, ratios for periods prior to 2016-17 are inclusive of discontinued operations.

EBIT % TO REVENUE FROM OPERATIONS



Notes:

1. During the year 2017-18, the Company has adopted Ind AS. Accordingly, the ratios for 2016-17 have been restated. Ratios for remaining periods have not been restated.
2. Ratios for 2017-18 and 2016-17 pertain to only the continuing operations of the Company, ratios for periods prior to 2016-17 are inclusive of discontinued operations.

APPEAL FOR NEWSPAPER CONTRIBUTION

As every bit of plastic ever made still exists somewhere, let us join hands and abandon the use of Plastic to save the environment for future generations. Use Paper Bags instead, made from Recycled/ Reusable papers by underprivileged women of Roha Village and support the cause of women empowerment too.

Sudarshan drives its Corporate Social Responsibility initiatives under the name of SUDHA (Sudarshans' Holistic Aspiration). SUDHA started the Paper Bag project way back in 2011. We started this project with 12 skilled volunteers and they trained 20 ladies in one village near the Roha plant. With this humble beginning in 2011, today the paper bag project has come a long way. Now this project has more than 200 village women who are earning their livelihood by making newspaper bags. They earn a sustainable income of approx. Rs. 1,500- Rs. 3,500 p.m. SUDHA's role in enabling women to earn this income is by providing newspapers free of cost and by helping them in finding markets to sell these bags.

Currently we are selling 1,00,000 bags per month and we are looking at providing livelihood to 300 women in the year 2018-19. As we are receiving more orders, the challenge we are facing at this juncture is shortage of newspapers. Hence, we would humbly request you all to kindly donate newspapers as this would enable us in serving the cause we are driving as an organization.

"Your contribution would serve as a dual purpose:

"Touch lives and save the environment"

Email: sudha2011.csr@gmail.com
Phone: 8411004093



BOARD OF DIRECTORS

Mr. Pradeep R. Rathi	Chairman (w.e.f. 1 st June, 2018)
Mr. Rajesh B. Rathi	Managing Director (w.e.f. 1 st June, 2018)
Mr. Ashish Vij	Wholetime Director (w.e.f. 24 th May, 2018)
Mr. Shrikrishna N. Inamdar	Non-Executive, Independent Director
Mr. Dara N. Damania	Non-Executive, Independent Director
Mr. Subramanian Padmanabhan	Non-Executive, Independent Director
Mr. Sanjay K. Asher	Non-Executive, Independent Director
Mrs. Rati F. Forbes	Non-Executive, Independent Director
Mr. Naresh T. Raisinghani	Non-Executive, Independent Director (w.e.f. 24 th May, 2018)
Mrs. Shubhalakshmi A. Panse	Non-Executive, Independent Director
Mr. Narayandas J. Rathi	Non-Executive, Non-Independent Director
Mr. Kishor L. Rathi	Non-Executive, Non-Independent Director (Resigned w.e.f. 1 st June, 2018)
Mr. Ajoy B. Rathi	Non-Executive, Non-Independent Director

ACTING CFO

Mr. Vivek V. Thakur

COMPANY SECRETARY

Mr. P. S. Raghavan

BANKERS

Bank of Maharashtra
State Bank of India
Bank of Baroda
ICICI Bank Limited
HDFC Bank limited
HSBC Limited
Standard Chartered Bank
Citi Bank N.A.
IDFC Bank Limited
Kotak Mahindra Bank Limited
Yes Bank
Export - Import Bank of India

**STATUTORY AUDITORS
(F.Y. 2017-18)**

B S R & Associates LLP
Chartered Accountants,
Pune.

SECRETARIAL AUDITOR

Rajesh Karunakaran & Co.,
Company Secretaries, Pune.

**REGISTERED OFFICE AND
GLOBAL HEAD OFFICE**

162 Wellesley Road,
Pune 411 001, Maharashtra (India)
Phone : +91 020 26226200
Fax : +91 020 26058222
CIN : L24119PN1951PLC008409

FACTORIES

Roha : 46 MIDC Estate, Dhatav, Roha 402 116,
Dist. Raigad, Maharashtra (India)
Mahad : Plot No. A-19/1+2, MIDC Estate,
Mahad 402 301, Dist. Raigad,
Maharashtra (India)
Chikhali : Gat No. 1559, Shelar Vasti,
Chikhali, Pune 411 062
Maharashtra (India)

Board Committees**Audit Committee**

Mr. S. N. Inamdar	Chairman
Mr. D. N. Damania	
Mr. S. K. Asher	
Mrs. S. A. Panse (w.e.f. 24 th May, 2018)	

Nomination and Remuneration Committee

Mr. D. N. Damania	Chairman
Mr. S. N. Inamdar	
Mr. S. K. Asher	
Mr. N. T. Raisinghani (w.e.f. 24 th May, 2018)	
Mrs. R. F. Forbes (w.e.f. 24 th May, 2018)	

Stakeholders' Relationship Committee

Mr. S. K. Asher	Chairman
Mr. P. R. Rath	
Mr. N. J. Rath	
Mr. R. B. Rath (w.e.f. 4 th August, 2017)	

Corporate Social Responsibility Committee

Mrs. R. F. Forbes	Chairperson
Mr. P. R. Rath	
Mr. R. B. Rath	

Risk Management Committee

Mr. D. N. Damania	Chairman
Mr. S. Padmanabhan	
Mr. N. T. Raisinghani	
Mrs. S. A. Panse	
Mr. P. R. Rath	
Mr. R. B. Rath	
Mr. A. Vij	
Mr. V. V. Thakur	

Finance Committee

Mrs. S. A. Panse	Chairperson
Mr. S. Padmanabhan	
Mr. P. R. Rath	
Mr. R. B. Rath	
Mr. S. K. Asher	

Board of Directors - Subsidiaries**Prescient Color Limited***

Mr. P. R. Rath	Chairman
Mr. R. K. Rath	Managing Director
Mr. K. L. Rath	Director
Mr. N. J. Rath	Director
Mr. R. B. Rath	Director
Mr. S. Padmanabhan	Independent Director

RIECO Industries Limited

Mr. D. N. Damania	Chairman (Independent Director)
Mr. A. B. Rath	Managing Director
Mr. K. L. Rath	Director
Mr. P. R. Rath	Director
Mr. R. B. Rath	Director
Mr. N. J. Rath	Director
Mr. V. R. Bhatia	Independent Director

Sudarshan Europe B.V., The Netherlands

Mr. R. P. Rath	Chairman and Representing Sudarshan, India
Mr. Milan Krumbe	Director
Mr. V. Bembaron	Director

Sudarshan North America Inc., USA

Mr. R. B. Rath	Chairman and Representing Sudarshan Europe B.V.
Mr. A. N. Rath	Managing Director
Mr. William Baker	Director

Sudarshan (Shanghai) Trading Company Limited

Mr. H. K. Tewari	Chairman
Mr. R. B. Rath	Director
Mr. Song Gao	Director

Sudarshan Mexico S de R.L.de CV

Mr. A. N. Rath	Chairman
Mr. William Baker	Director
Mr. Jovany Lopez	Director

Sudarshan CSR Foundation

Mr. P. R. Rath	Chairman
Mr. R. B. Rath	Director

* Refer Note No.31 of the Consolidated Financial Satatements.

DIRECTORS' REPORT TO THE SHAREHOLDERS – 2017-18

Your Directors are pleased to present the 67th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2018.

INDIAN ACCOUNTING STANDARDS:

The Ministry of Corporate Affairs (MCA) on 16th February, 2015, notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of companies in a phased manner from 1st April, 2017 with a transition date of 1st April, 2016. Ind AS has replaced the previous Indian GAAP prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable to the Company from 1st April, 2017. The reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been set out in Note No.48 in the Notes to Accounts in the Standalone Financial Statements and in Note No.45 in the Notes to Accounts in the Consolidated Financial Statements.

1. FINANCIAL HIGHLIGHTS:

The Company's financial performance (from continuing operations) for the year ended 31st March, 2018 is summarised below (Refer Note No.31 of the Standalone Financial Satatements).

Particulars	2017-18 (Rupees in Lakhs)	2016-17 (Rupees in Lakhs)
Revenue from operations (Refer Note No. 44 of the Standalone Financial Statements)	129,915.4	109,444.1
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	20,858.7	18,772.6
Less: Interest	2,377.6	2,302.2
Less: Depreciation	5,821.1	4,854.8
Less: Provision for Taxation	4,076.9	3,019.7
Profit After Tax	8,583.0	8,595.9
Add: Profit from discontinuing operations	219.7	331.5
Total Profit After Tax	8,802.7	8,927.4
Other Comprehensive Income	(59.6)	(54.0)
Total Comprehensive Income	8,743.1	8,873.4
Add: Surplus brought forward	18,364.7	13,491.0
	27,107.8	22,364.4
Net Profit available for appropriation		
Appropriations		
1. General Reserve	1,500.0	1,500.0
2. Interim Dividend @ 125%	1,730.7	1,730.7
3. Final Dividend (pertaining to previous Financial Year)	692.3	346.1
4. Tax on Dividend	493.3	422.9
TOTAL	4,416.3	3,999.7
Surplus to be carried forward	22,691.5	18,364.7

2. (A) FINANCIALS:

Total Revenue from continuing operations for the year ended 31st March, 2018 aggregated to Rs. 135,762 lakhs as against Rs.123,339 lakhs achieved during the previous year. Profit after tax from continuing operations for the year ended 31st March, 2018 was Rs. 8,583 lakhs as against Rs. 8,596 lakhs earned during the previous year.

Pigment sales increased from Rs. 110,007 lakhs in the previous year to Rs. 131,148 lakhs in the year under review. Profits for the Pigment Division for the year under review amounted to Rs. 14,741 lakhs as compared to Rs. 14,449 lakhs of the previous year.

Agro Sales for the year ended 31st March, 2018 amounted to Rs. 11,634 lakhs as against Rs. 14,453 lakhs achieved during the previous year. Profits for the Agro Division for the year under review amounted to Rs. 336 lakhs as against Rs. 507 lakhs for the previous year.

For Subsidiary Companies' performance please refer to **Annexure I**.

On a Consolidated basis, your Company's Total Revenues for the year ended 31st March 2018 stood at Rs. 148,907 Lakhs, up by 7% as compared to Rs. 139,662 Lakhs in Financial Year 2016-17.

As on the date of adoption of accounts, the Agro Chemical Trading Business and the investment in Wholly Owned Subsidiary, Prescient Color Ltd., have been classified as "Held for Sale / Discontinued Operations". This is pursuant to the requirement of Ind AS 105 - 'Non-current assets held for sale and discontinued operations'. The results of these businesses have been presented separately.

(B) EXPORTS:

Your Company continues to view focus on export markets. Initiatives are directed towards engaging with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. The Company's overseas wholly owned subsidiaries set up with the objective of marketing and selling Pigments continue to record improved performance. The overseas subsidiaries have entered a consolidation phase and will play a crucial role in positioning the Company as a dominant player in the Global Pigment Industry. Revenue from pigment exports for the year ended 31st March, 2018 amounted to Rs. 60,603 Lakhs as against Rs. 50,660 Lakhs for the previous year.

3. (A) SALE OF INVESTMENT IN PRESCIENT COLOR LIMITED:

Pursuant to the decision of the Board of Directors, at its meeting held on 1st June, 2018, the Company has entered into a Share Purchase Agreement with Americhem Inc. USA to sell the entire shareholding in its Wholly Owned Subsidiary, Prescient Color Limited for an "Enterprise Value" of Rs. 11,700 Lakhs. The Equity Value for sale of shares on "Closing Date" is Rs. 10,228 Lakhs.

(B) IN-PRINCIPLE APPROVAL FOR TRANSFER OF AGRO FORMULATION BRAND BUSINESS:

The Board of Directors in its meeting held on 27th June, 2018, have in-principle approved the transfer of Agro Formulation Brand Business for a fixed consideration of Rs. 700 Lakhs and a variable component in terms of royalty payable on sales. The modalities for this transaction are being worked out.

4. DIVIDEND:

The Company has paid an interim dividend of 125% (Rs. 2.50 per share of Rs. 2 each) on 5th March, 2018. Board is pleased to recommend a final dividend of 50% (Rs.1.00 per share of Rs. 2 each) for the Financial Year 2017-18. The final dividend, if approved by the members, will be paid to members within the period stipulated under the Companies Act. The aggregate dividend for the year will amount to 175% (Rs. 3.50 per share of Rs. 2 each) as against 175% (Rs. 3.50 per share of Rs. 2 each) declared last year. The total Dividend pay-out for the year would be Rs.2,917.7 Lakhs (Previous Year: Rs. 2,916.3 Lakhs). The dividend payout ratio for the current year, inclusive of corporate tax on dividend distribution, is 32%.

5. FIXED DEPOSITS:

Your Company's erstwhile Public Deposit Scheme closed in the year 2015. There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Public Deposit Scheme. During May 2017, your Company has made prepayment of Fixed Deposits amounting to Rs. 4,034 Lakhs at the contracted rate of interest. Your Company has during the year under review not accepted any deposit from the public / members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with Section 134 of the Companies Act, 2013 the Directors based on the representation received from the management, confirm that:

- i. in the preparation of accounts for the Financial Year ended 31st March, 2018, the applicable accounting standards have been followed with no material departures;
- ii. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the Statement of Profit and Loss of the Company for that period;
- iii. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the directors have prepared the Annual Accounts on a going concern basis;
- v. the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- vi. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

7. CORPORATE GOVERNANCE:

Corporate Governance is the application of good management practices, compliance of law, adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for the sustainable development of all stakeholders. Sudarshan beholds Corporate Governance measures as an integral part of business strategy which adds considerable internal and external values and contributes to the business growth in ethical perspective. Besides complying with the prescribed Corporate Governance practices as per SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 good governance practices of the Company have been rewarded in terms of improved share valuations, stakeholder's confidence, improved market capitalization, improved credit ratings and bagging of various awards for environmental protection, etc. These have propelled the Company to pay uninterrupted dividends to its shareholders ever since it went public.

A detailed report on Corporate Governance, duly certified by the Statutory Auditors of the Company i.e. B S R & Associates LLP, Chartered Accountants, Pune is given separately in the Annual Report.

8. MANAGEMENT DISCUSSION AND ANALYSIS:

A Management Discussion and Analysis Report covering a wide range of issues relating to industry trends, Company Performance, Business and Operations is given separately in the Annual Report.

9. BUSINESS RESPONSIBILITY REPORT :

At Sudarshan, fulfilment of Environmental, Social and Governance Responsibility is an integral part of the way the Company conducts its business. A detailed information on the initiatives of the Company as enunciated in the "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011" is provided in the Business Responsibility Report. kindly refer to Business Responsibility Report section which forms part of the Annual Report.

10. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the Financial Year 2017-18 were on arm's length basis and were in the ordinary course of the business. Apart from the Promoters interest in the continuing appointment of four Rathi Brothers Companies as selling agents of the Company which were approved by the members in terms of Regulation 23 of the SEBI Listing Regulations, 2015, there are no other materially significant related party transactions entered into by the Company with Promoters, Independent Directors, Key Managerial Personnel, Senior Management and / or their relatives which may have potential conflict with the interests of the Company at large.

All related party transactions are presented to the Audit Committee for their prior approval. Subsequent modifications of related party transactions are also placed before the Audit Committee for its approval. Omnibus approval, if any, is obtained for the transactions which can be foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis specifying the nature, value and terms and conditions of the transactions.

The related party transactions policy is uploaded on the Company's website—www.sudarshan.com.

The particulars of contracts or arrangements made with related parties pursuant to Section 188 is covered in Notes to the Financial Statements and material contracts / arrangements made with related parties is given in Form AOC-2 which is attached as **Annexure VI** to this report.

11. CORPORATE SOCIAL RESPONSIBILITY:

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

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

To achieve the aforesaid goals, the Company adopted a series of CSR initiatives in 2017-18 which involved programmes, projects and activities to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Various projects that SUDHA is working on are Livelihood Enhancement Project, Employment Enhancing Vocational Skill Project, Health Improvement Project, Promotion of Education, Community Development Project, Environment Sustainability Project etc. Through all these initiatives, SUDHA has touched the lives of thousands of people around the Company's facilities.

The Board is pleased to inform that during the year the Company has spent an aggregate amount of Rs.189 Lakhs which includes mandatory spend for the year under review.

In 2017, SUDHA started work on the Ideal Village Development Project. Through this program, SUDHA is working in villages around the Roha, Mahad & Sutarwadi.

SUDHA CSR has been appreciated by :

1. ECGC Indian Exporters' Excellence Awards 2017 under the category Most Socially Responsible Exporter Award 2017 – runner up
2. India CSR Award for CSR Community Initiative 2017-18- 'Sustainable Village Waste Management, Environment' – A Participatory Approach at Villages

The Annual Report on CSR activities are annexed as **Annexure IV** to this report.

12. RISK MANAGEMENT AND INTERNAL CONTROLS:

Company has put in place appropriate risk assessment and minimization procedures, which are reviewed by the Risk Management Committee, Audit Committee and the Board. During the year, as per the requirements of SEBI LODR Regulations, 2015, a Risk Management Committee was constituted with responsibility of preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, to identify and review critical risks on regular basis, to report key changes in critical risks to the Board on an ongoing basis, to report critical risks to Audit Committee in detail on yearly basis and such other functions as may be prescribed by the Board. The Committee is supported by an Enterprise Risk Management (ERM) team which provides advise on various risks and the appropriate Governance framework and ensures that risks are identified, measured and managed in accordance with the Companies Policies and risk objectives. The Committee holds meetings on a need basis to review the critical risks identified. The risks faced by the Company and their minimization procedures are assessed periodically. Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes.

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

13. REMUNERATION POLICY:

The Remuneration policy of the Company covering the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided separately as **Annexure III**.

14. SUCCESSION POLICY:

The Securities and Exchange Board of India (SEBI) has mandated the need for a succession policy pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Regulations"). The Company has put in place a Succession Policy duly approved by the Board of Directors with the main objective to ensure the orderly identification and selection of new Directors, Working Directors or Senior Management in the event of any vacancy, whether such vacancy exists by reason of an anticipated retirement, re-organization, unanticipated departure, the expansion of the size of the Company, or otherwise. For details, members are requested to refer to the Company's website **www.sudarshan.com**

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

As a part of succession planning, Mr. P. R. Rathi, Chairman and Managing Director has stepped down as Managing Director of the Company effective from 1st June 2018 and is continuing as Non-Executive Chairman thereafter. Mr. P. R. Rathi has been in the employment of the Company since 1st April, 1976. The Board places on record the meritorious service rendered by Mr. P. R. Rathi as Working Director of the Company.

The Board of Directors in its meeting held on 8th February, 2018 has appointed Mr. R. B. Rath, Dy. Managing Director as the Managing Director of the Company effective from 1st June 2018. Mr. R. B. Rath is B.E. Mech. Engg. from MIT, Pune, B.S. Chem. Engg from Ohio University USA and MBA from Pittsburgh University USA. The Pigment operations have demonstrated strong growth under his dynamic leadership and is poised for greater heights. The Board recommends the appointment of Mr. R. B. Rath as Managing Director of the Company not liable to retire by rotation.

Mr. Ashish Vij has been appointed as a Wholtime Director of the Company w.e.f. 24th May, 2018. Mr. Ashish Vij, B.E.Chem. joined the Company on 8th December, 2005 and has with him 26 years of diverse working experience. Prior to his elevation as Wholtime Director, he was designated as Chief Operating Officer, Pigment Division for both Roha and Mahad plants. Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 24th May, 2018 have approved the appointment of Mr. Ashish Vij as a Wholtime Director in full time employment of the Company subject to necessary approval by the Members in the ensuing Annual General Meeting. The Board recommends the appointment of Mr. Ashish Vij as a Wholtime Director in full time employment of the Company not liable to retire by rotation.

Mr. Naresh T. Raisinghani was originally appointed as a Non-Independent Director of the Company by the shareholders in the Annual General Meeting held on 14th August, 2015. Mr. Naresh Raisinghani has represented that he presently meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and has requested the Board to consider his change in status as a Director and consider appointing him as an Independent Director.

In the opinion of the Board, Mr. Naresh T. Raisinghani fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act and the SEBI Listing Regulations. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 24th May 2018 have approved the appointment of Mr. Naresh T. Raisinghani as an Independent Director of the Company subject to necessary approval by the shareholders in the ensuing Annual General Meeting. The Board recommends the appointment of Mr. Naresh T. Raisinghani as an Independent Director of the Company not liable to retire by rotation.

Mr. N. J. Rath, Non-Independent, Non-Executive Director retires at the 67th Annual General Meeting and is eligible for re-appointment. An item in this regard is included in the Notice of the 67th Annual General Meeting and the same is placed for approval of the Members. The Board recommends the re-appointment of Mr. N. J. Rath, as a Director of the Company by way of a Special Resolution.

Resolutions also have been proposed for the continuance of Mr. D. N. Damania and Mr. S. Padmanabhan as Independent Directors for their remaining tenure. This is as mandated by Regulation 17(1A) of the SEBI Listing Regulations, 2015. The Board recommends the same for approval by the Members by way of Special Resolutions.

Mr. K. L. Rath, Non-Independent, Non-Executive Director has resigned as a Director from the Board of Directors of the Company w.e.f. 1st June, 2018. The Board places on record its appreciation of significant contribution made by Mr. K. L. Rath during his tenure of more than 4 decades as a Director of the Company.

Key Managerial Personnel

In accordance with the provisions of Section 203 of the Companies Act, 2013, the following are Key Managerial Personnel of the Company for the year ended 31st March 2018:

- a. Mr. P. R. Rath, Chairman and Managing Director
- b. Mr. R. B. Rath, Dy. Managing Director
- c. Mr. V. V. Thakur, Acting CFO
- d. Mr. P. S. Raghavan, Company Secretary

Mr. P. S. Raghavan, Company Secretary on reaching the age of superannuation is due to retire from the services of the Company post conclusion of the 67th Annual General Meeting. Mr. Mandar M. Velankar, Company Secretary (Designate) will take over as Company Secretary and Compliance Officer w.e.f. 10th August, 2018.

Declaration by Independent Directors

Pursuant to the provisions under Section 134(3)(d) of the Companies Act, 2013, with respect to statement on declaration given by Independent Directors under Section 149(6) of the Act, the Board hereby confirms that all the Independent Directors of the Company have given a declaration and have confirmed that they meet the criteria of independence as provided in the said Section 149(6).

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

The Board of Directors upon recommendation of Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Board of the Company, its Committees and the individual Board members, including Independent Directors. In compliance with SEBI LODR Regulations, 2015, the performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of the performance evaluation done by the Board, it shall be determined whether to extend or continue their term of appointment, whenever their respective term expires.

The Independent Directors of the Company met separately on 30th March 2018 without the presence of Non-Independent Directors and the members of management. The meeting was attended by all the Independent Directors. The meeting was to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors. The Independent Directors evaluated the performance of the Chairman, Non-Independent Directors and the Board as a whole. The Independent Directors also reviewed the adequacy and flow of information between the Company Management and the Board.

The Directors were satisfied with the evaluation results, which reflected the overall commitment and sense of duty.

The Board has also adopted a Board Diversity Policy. The policies of Board diversity and performance evaluation of Directors of the Company can be accessed from the Company's website www.sudarshan.com

16. GREEN INITIATIVE:

Members are aware that the Company had started a sustainability initiative with the aim of going green and minimizing the impact on the environment. Like the previous year, electronic copies of the Annual Report 2017-18 and Notice of the 67th AGM are being sent to all Members whose email addresses are registered with the Company / Depository Participant(s). For Members who have not registered their email addresses, physical copies of the Annual Report 2017-18 and the Notice of the 67th AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Company is providing remote e-voting facility to all Members to enable them to cast their votes electronically on all resolutions set forth in the Notice of the AGM. This is pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2015 read with Regulation 44 of the SEBI Listing Regulations, 2015. The instructions for remote e-voting are provided in the Notice of the AGM.

17. INDUSTRIAL RELATIONS:

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

18. HUMAN RESOURCES:

Your Company's Human Resource Management systems and processes are aimed at creating a responsive, market-focused, customer-centric culture besides enhancing organisational vitality, so that

business remains internationally competitive and equipped to seize emerging market opportunities. It is your Company's firm belief that the robustness and adaptability of its Human Resource systems and processes are critical for an organisation to remain relevant and competitive in today's highly dynamic and rapidly evolving business landscape. The Human Resources function of your Company continues to align its strategic interventions and processes with your Company's Vision of sustaining its position as India's dominant Pigment manufacturing Company besides creating value for the Company's stakeholders. The market position the Company enjoys are the result of the combined strength of its people. The Company during this year, took up an important project of Organisation Structure, where it has realigned itself with the industry practices. New bands, grades and designations have been implemented from 1st April 2018 onwards. This makes the Company equally attractive like any other MNC for the kind of manpower required for the Company's growth.

Your Company is dedicated to nurturing sustainable Employee Relations and continues to leverage the 'Good Employee Relations' approach in ensuring responsive manufacturing, flexible work systems and, at the same time, maintaining a cost and environment conscious ecosystem. The Company during the year, paid special attention to developmental activities comprising of sharpening of skills and abilities, developing academic and professional knowledge and cultivating appropriate behavioural skill sets, such as improving interpersonal relations, team building abilities, effective communication and presentation skills.

During the year under review several human capital enhancing measures were undertaken:

1. To meet organisational challenges, Company is looking at building capabilities at the Leadership Levels 1 & 2 and has taken up an initiative of Leadership Intervention for a period of 18 months. For both Level 1 & 2 leaders the process continued last year and has reached end of Phase 1. We are now planning Phase 2 of the initiative in FY 2018-19.
2. Communication of Company's performance and its objectives to the employees at all levels by the top management has become a culture at the Company with SUDA CONNECT being celebrated for the fifth year in succession. The event also provided an opportunity to reward exemplary performances at individual level based on meritocracy. Employees with long services in the Company were also felicitated during this occasion. Employees demonstrated their talents through various cultural programmes. The meet established a perfect blend of communication, team bonding and celebrations.
3. Like last year, Fit Sudarshan continued to be one of the most appreciated initiative. This year also Roha Half Marathon (21Km) was organised. This event was enjoyed by all employees, their spouses and children. Sudarshan Marathon is not just organised to promote fitness among employees and their families but also its major focus is on spreading awareness on 'Clean Roha, Healthy Roha', which is one of the focus areas of our CSR activities. Cleanliness Drive was also organized post the run, where everyone participated in cleaning the nearby villages from our Roha facility.
4. Under Training & Development, Company initiated Supervisory Assessment & Development program for L4 - L5 grade employees who are working on shop floor. This was a huge success and the high-potential employees were identified to take higher responsibilities and for appropriate grooming.
5. All the Human Resource processes and initiatives launched in the last five years continue to be reinforced and strengthened by taking them to the next level. As an endorsement of these efforts, the Company received certification on global platform from Great Place to Work Institute consecutively for the second time, this year.
6. This year as well Company got several awards for CSR activities and were also recognised at the National level. For HR activities also in FY 2017-18, Company won the Recruitment Award at theWorld HRD Congress.

These global awards have reinforced Company's belief of realizing Company's vision of becoming one amongst the top three pigment producers in the World and taking the LEAP project forward with full enthusiasm.

The Board has formulated an ESOP Scheme for the benefit of Eligible Employees. This will contribute to a feeling of ownership, loyalty and a more focused approach towards achieving organisational objectives. For more details, please refer to Item Nos. 13 to 16 of the AGM Notice.

19. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

Company believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly and effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions. Visits to Company's facilities are also organised for the Directors. Further details may be accessed on the Company's corporate website www.sudarshan.com.

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

Your Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of "Sexual Harassment" at workplace, and is fully committed to uphold and maintain the dignity of every women working with the Company. The Policy framed by the Company in this regard provides for protection against sexual harassment of women at workplace and for redressal of such complaints within the framework of law. Details of the same are available on the website of the Company www.sudarshan.com.

No cases of sexual harassment have been reported during the year under review.

21. COST AUDITOR:

As per Section 148 of the Companies Act, 2013, the Company is required to have its cost records conducted by a Cost Accountant in practice. The Board of Directors of the Company has, on recommendation of the Audit Committee, approved the appointment of Parkhi Limaye & Co., Cost Accountants, Pune as the Cost Auditor of the Company to conduct cost audits of Insecticides and Industrial Mixers and cost records maintained by the Company for the year ending on 31st March, 2019. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking ratification of the Members for the remuneration payable to Parkhi Limaye & Co., Cost Accountants, Pune is included at Item No. 6 of the notice convening the Annual General Meeting.

22. SECRETARIAL AUDITOR:

M/s Rajesh Karunakaran & Co., Company Secretaries, Pune were appointed as Secretarial Auditors of the Company for the Financial Year 2017-18 pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted in the prescribed form MR - 3 is attached as **Annexure VIII** and forms part of this report. There are no qualifications or observations or other remarks of the Secretarial Auditors in the Report issued for the Financial Year 2017-18 which calls for any explanation from the Board of Directors.

23. SUCCESSFUL COMMISSIONING OF TWO WIND MILLS FOR MAHAD SITE :

Board takes immense pleasure in informing you that the Company has successfully commissioned wind mills having a total capacity of 4.2 MW in Aurangabad District, Maharashtra for Mahad plant. This is a major step towards our commitment for Green energy & Environment friendly technologies. The generated power will be used at Mahad site. Approximate 55% of total energy requirement of Mahad site will be met through wind energy.

The Board takes this opportunity to congratulate the entire team involved in the commissioning of this project within a record time of 3 months.

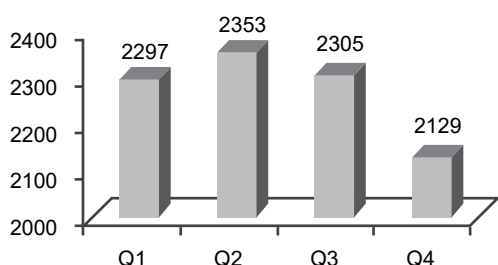
24. ENVIRONMENT, HEALTH, SAFETY (EHS) AND POLLUTION:

Your Company's Environment, Health & Safety (EHS) strategies are directed towards achieving the green and safe operations across all your Company's manufacturing locations by optimising natural resource usage and providing a safe and healthy workplace. Systemic and structured efforts continue to be made

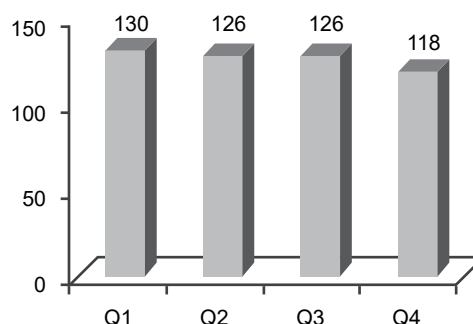
towards natural resource conservation by continuously improving resource-use efficiencies and enhancing the positive environmental footprint following a life-cycle based approach. Your Company's focus on inculcating a green and safe culture is supported through the adoption of EHS standards that incorporate best international standards, codes and practices and ensuring compliance through regular audits.

The Company continues to maintain "Zero lost time accident at the workplace" as its long term strategic goal. There was no major accident and no occupational health illness cases or major emergencies during the year across the Organization. Hits and Near Misses data are constantly evaluated and remedial measures taken. This has been achieved through highest commitment, supported by all levels of workforce across the Organization. Behaviour Based Safety, Safety training, Process Safety Management, Hazard Identification and Rectification, Near miss reporting and Contractor Safety and process safety were the key focus areas. "EHS" systems featuring various global safety practices including HAZOP, Risk Assessment, Layer of Protection Analysis (LOPA), Process Safety Management, Visual management, pre-start-up

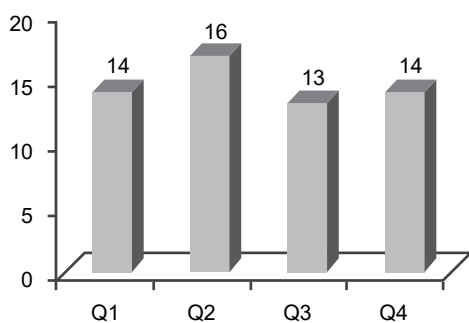
Electricity KWH/MT



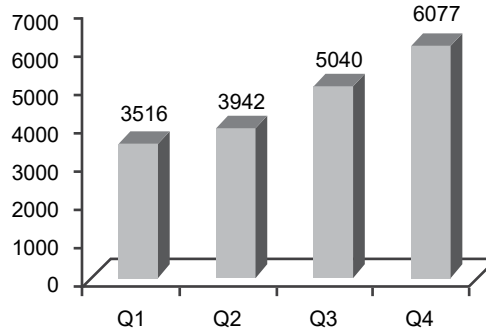
Water Cons. M³/MT



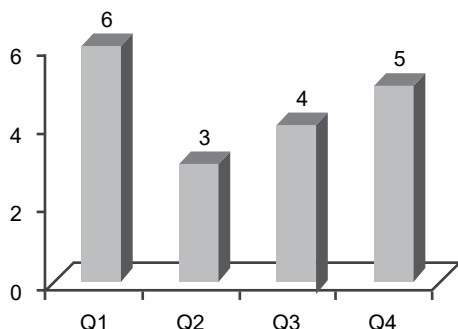
Steam MT/MT



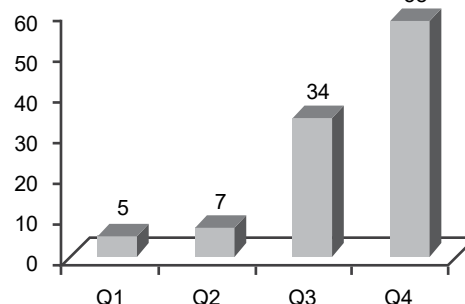
Safety Training Man Hrs.



First Aid Cases



Near Miss Reported



reviews and rigorous training to all employees and contract workers are basic norms for the Organization. Elimination of potential Risks have helped us in the long run to achieve these results.

The Company continued to focus on Environment management by further strengthening the effluent treatment facility at Roha and Mahad. Modernization of ETP factored reduction in greenhouse gases by installing AHR (anaerobic hybrid reactor). Our Waste from wealth initiative at the design stage included new paddle dryer for both primary and secondary sludge, secondary sludge used in co-gen as a fuel. Advance technology used in our tertiary plant with auto disc filters & activated glass media filters which has resulted in our outlet TSS values as less than 20ppm. In addition, under this initiative plastic waste is converted as plastic noodles resulting in a useful by product.

As highlighted earlier, Company's commitments towards sustainable development by contributions in renewable energy is achieved by, installing two windmills in Aurangabad District, Maharashtra having capacity of 4.2 MWH. It reduces fuel (Coal) consumption for power generation by 25,402 MT per year and supports to reduce CO₂ emission by 43,546 MT/Year, SO₂ emission by 254 MT/year and NO_x emission by 160 MT/year.

Utility management and energy conservation initiatives have been given renewed focus in all manufacturing units.

All units of our Company are certified for OHSAS-18001 and ISO-14001 and awarded rating of five stars from British Safety Council. Standards are regularly reviewed at various levels and systems are aligned with the Company's Process Management.

Product stewardship, transportation and warehouse safety continued to be strengthened by providing resources, standardization to match benchmark practices, training to drivers and warehouse workers for safe transportation, storage and loading / unloading and emergency plan for road accidents. As part of the same, Company has become member of NICER GLOBE an ICC initiative in coordination with major chemical industries.

The Company's efforts and performance in the area of "EHS" have been recognized across the manufacturing units, through receipt of several awards.

ROHA & Mahad unit has been able to sustain zero lost time accident free days for more than 1,000 days, which has been an major milestone achievement in Company's history.

25. RESEARCH AND DEVELOPMENT:

The Company recognizes the need to have well equipped R&D Facilities to meet customer requirements and developing cutting edge products. As a natural corollary your Company continues to invest in a comprehensive Research & Development programme leveraging its world-class infrastructure, benchmarked processes, state-of-the-art technology and a business-focused R&D strategy.

The Company has spent approx. Rs. 1,850 Lakhs during the year under report on research and development. Company's in house R & D facilities are recognised by the Ministry of Science and Technology, New Delhi, on behalf of Government of India.

26. DISCLOSURES:

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

There are no adverse material changes or commitments occurring after 31st March, 2018 which may affect the financial position of the Company or may require disclosure.

Annual Accounts of Subsidiary Companies:

The Annual Accounts of the Subsidiary Companies for the year ended 31st March, 2018 will be made available to any shareholder of the Company on request and will also be available for inspection at the Registered Office of the Company during working hours till the date of the Annual General Meeting. The Annual Accounts of the aforesaid subsidiary companies and the related information will also be made available to the investors seeking such information at any point of time. The salient features of Financial Statements of Subsidiary Companies is given in **Annexure VII** of this report.

The Company as of now does not have a material subsidiary. In conformity with the provisions of Listing Regulations, 2015, the Board has formulated a policy for determining “material subsidiaries”. The Policy can be accessed from the Company’s website www.sudarshan.com.

Consolidated Financial Statements:

Your Company’s Board of Directors is responsible for the preparation of the Consolidated Financial Statements of your Company & its Subsidiaries (‘the Group’), in terms of the requirements of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of your Company, as aforesaid. The Consolidated Financial Statements of the Company and its subsidiaries is provided separately and forms part of the Annual Report.

Vigil Mechanism / Whistle Blower Policy:

Your Company’s Whistle blower Policy encourages Directors and employees and business associates to bring to the Company’s attention, instances of unethical behaviour, actual or suspected incidents of fraud or violation of the Code of Conduct that could adversely impact your Company’s operations, business performance and / or reputation. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld. It is your Company’s Policy to ensure that no employee is victimised or harassed for bringing such incidents to the attention of the Company. The practice of the Whistle blower Policy is overseen by the Audit Committee and no employee has been denied access to the Committee. The policy on vigil mechanism and whistle blower policy can be accessed from the Company’s website www.sudarshan.com.

Policies under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015:

New Policies mandated under SEBI Listing Regulations 2015 have been adopted by the Board and can be accessed from the Company’s website – www.sudarshan.com. Some of the existing policies have also been revised on account of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 .

Annual Return:

The extract of the Annual Return of the Company in Form No. MGT - 9 as on 31st March, 2018 as prescribed under Companies (Management & Administration) Rules, 2014 is given in **Annexure V** to this report.

Meetings of the Board:

During the Financial Year 2017-18, six Board Meetings were held, the details of which are given under the Corporate Governance Report.

Particulars of loans, guarantees or investments under Section 186:

The particulars of loans advanced, guarantees given or investments made under Section 186 form part of the Notes to Financial Statements provided in the Annual Report. All such Loans, guarantees or investments made during the Financial Year 2017-18 with requisite approvals wherever applicable were entered into in the ordinary course of business and comply with arm’s length principle.

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

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

Particulars of Employees and Related Disclosures:

The requisite information pursuant to Section 197(12) and Rule 5(2)(i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with regard to the details of employees drawing remuneration of Rs. 850,000 per month or Rs. 102 Lakhs per annum is attached as **Annexure II** to this report.

Significant and Material Orders passed by the Regulators or Courts:

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

27. RECOGNITION:

The Board of Directors is pleased to announce that the Company has received the following awards during the year under review :

Dyestuffs Manufacturers' Association of India (DMAI) award for the Financial Year 2017- 2018 for –

- a. Excellent performance in pollution control for Large Scale Unit
- b. Excellent performance in Safety & Hazards control (Second Award for Large Scale Unit)
- c. Excellent performance in exports of Pigments (Award for Large Scale Unit)
- d. Outstanding performance in Pollution Control (Award for Large scale Unit)
- e. Excellent performance in Energy Conservation by a Large Scale Unit (2nd Award)

These awards signify Company's commitment towards Environment, Health, Safety and significant contribution in Exports.

28. OUTLOOK FOR THE FUTURE:

Your Company today, is the leader in Pigment manufacturing in India. Over the last many years your Company has seen good growth by developing a portfolio of world-class Pigment Products. During this period, your Company's Gross Turnover and post-tax profit have recorded good growth. Return on Capital Employed has also improved. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown significantly in past few years in terms of efficiency of servicing financial capital.

Your Company's Board and employees are inspired by the Vision of catapulting the Company as one of the most admired and valuable Pigment manufacturing companies, globally, creating enduring value for all stakeholders, including the shareholders. Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

The global economic climate continues to be volatile, uncertain and prone to geo-political risks and may inhibit global growth. 2018-19 will be a key year for consolidating the Company's leadership position in India and accelerating further growth. Despite challenging global headwinds, a stable macro performance will help India to remain an attractive investment destination. While currently inflation is expected to be moderate, upside pressures on inflation or due to competitive devaluation of currencies will pose challenges.

The Company aims to closely associate with its Customers and increase operational and technical excellence, while pruning costs. Research and Development will also play a bigger role in improving the competitiveness through innovations.

The Company's overseas subsidiaries in Netherlands, North America, Mexico and Shanghai are fully geared up and will play a major role in achieving quantum growth in sales and profitability thereby pushing exports. This among other measures will help the Company consolidate its position further as a reliable global player in the Pigments market.

Barring any unforeseen circumstances, the current year's prospects look favourable.

29. APPRECIATION:

Your Directors place on record their gratitude to Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited, HSBC Limited, Standard Chartered Bank, Citi Bank N.A., IDFC Bank Limited, Kotak Mahindra Bank Limited, Yes Bank and Export Import Bank of India for their co-operation and assistance. Your Directors also place on record their appreciation of the services rendered by BMGI and Pragati Leadership. The Board is also grateful to the Government Authorities, Members, Customers, Suppliers, Business Associates and Employees of the Company for their continued co-operation and support.

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

PUNE : 27th June, 2018

P. R. RATHI
CHAIRMAN

ANNEXURES TO THE DIRECTORS' REPORT – 2017-18

ANNEXURE I

REPORT OF THE BOARD OF DIRECTORS UNDER COMPANIES (ACCOUNTS) RULES, 2014.

1. (a) Report on the performance and financial position of subsidiaries of the Company viz.

Particulars	Sudarshan Europe B.V.	Sudarshan North America, Inc.,	Prescient Color Limited*	RIECO Industries Limited	Sudarshan (Shanghai) Trading Company Limited	Sudarshan Mexico S de R.L. De CV
	Year ended 31 st March, 2018 (Rupees in Lakhs)	Year ended 31 st March, 2018 (Rupees in Lakhs)	Year ended 31 st March, 2018 (Rupees in Lakhs)	Year ended 31 st March, 2018 (Rupees in Lakhs)	Year ended 31 st March, 2018 (Rupees in Lakhs)	Year ended 31 st March, 2018 (Rupees in Lakhs)
Total Income	20,463.9	5,741.2	7,947.3	10,973.3	163.2	1,329.8
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	595.0	(191.2)	969.3	461.9	(398.9)	(13.1)
Less : Interest	67.2	42.9	200.6	331.8	-	4.6
Less : Provision for Taxation	134.5	-	130.6	71.2	-	-
Less : Depreciation	0.8	3.2	238.5	37.0	0.4	0.6
Profit After Tax	392.5	(237.3)	399.6	21.9	(399.3)	(18.3)

* Holding in Wholly Owned Subsidiary Prescient Color Limited has been divested on 1st June, 2018.

(b) Conservation of energy-

i. Steps taken or impact on conservation of energy:

Co-gen power plant of 8.24 MW, commissioned at Roha site. Efficiency of Boiler is 83%. Total investment is Rs. 40 Crore and expected saving is Rs. 1,800 Lakhs per year. Now Roha site has become self-reliant to fulfil our own energy demand.

ii. Steps taken by the company for utilizing alternate sources of energy:

The Company has installed two wind mills of 4.2 MW in Aurangabad District, Maharashtra.

The Company is in the process of installing Solar Power Systems at its plant at Roha and Mahad and at GHO Pune.

iii. The capital investment on energy conservation equipments:

Installation of LED light, high efficiency motors, high efficiency pumps, transformers, air compressors, modified air cooler for ice conveying, VFD, Heat exchangers for condensate and flash steam recovery etc.

Water conservation through compartmental washing of filter press, vacuum pump water recycling, cooling tower blowdown recycling, Reactor jacket water recycling etc.

Installation of Vapour absorption chiller in place of electrical chiller.

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

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

- f) Backward integration for cost competitiveness.
- g) Solvent dyes products for new business development
- h) Complex Inorganic Colour Pigments for new business development

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

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

(c) Technology absorption –

- i. efforts made towards technology absorption – Ongoing
- ii. benefits derived like product improvement, cost reduction, product development or import substitution – yes
- iii. in case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) – No technology imported during last 3 years.
- iv. details of technology imported – No technology imported during last 3 years.
- v. year of import – Not Applicable
- vi. whether technology has been fully absorbed – Not Applicable
- vii. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Not Applicable
- viii. the expenditure incurred on Research and Development – Rs. 1,850 Lakhs.

(d) Foreign exchange earnings and Outgo-

- Total Foreign Exchange Earned: Rs. 60,797 Lakhs (Previous year Rs. 50,816 Lakhs)
- Total Foreign Exchange Used: Rs. 25,858 Lakhs (Previous year Rs. 21,015 Lakhs)

2. Change in the nature of business, if any.

Nil

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

Nil

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

Nil

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

- i. accepted during the year - Nil
- ii. remained unpaid or unclaimed as at the end of the year - Rs. 6.7 Lakhs
- iii. whether there has been any default in repayment of deposits or payment of interest thereon during the year - No
- iv. and if so, number of such cases and the total amount involved - Nil
- v. at the beginning of the year - Nil
- vi. maximum during the year - Nil

vii. at the end of the year - Nil

6. Details of deposits which are not in compliance with the requirements of Chapter V of the Act.

None

7. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

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

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

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

i. the ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Median salary for FY 2017-18 : 720,000

Employee No.	Name	Grade	Total annual salary	Ratio
4262	P. R. Rathi	DT	24,108,658*	33:1
4263	R. B. Rathi	DT	29,217,559*	41:1

* Above figures are inclusive of Rs. 70 Lakhs payable as commission to Mr. P. R. Rathi and Mr. R. B. Rathi each. This amount is to be approved by the shareholders of the Company at the ensuing Annual General Meeting.

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

During the Financial year 2017-18 Mr. P. R. Rathi, Chairman and Managing Director and Mr. R. B. Rathi, Dy. Managing Director, Working Directors were accorded an increase of 7.5% and 30% in the gross remuneration.

Mr. V. V. Thakur, Dy. General Manager Finance (Acting CFO) and Mr. P. S. Raghavan, Company Secretary were accorded reasonable increase in their gross remuneration in accordance with the Remuneration Policy of the Company.

iii. the percentage increase in the median remuneration of employees in the Financial Year;

FY 17-18 – median salary – Rs. 720,000/-

FY 16-17 – median salary – Rs. 580,836/-

iv. the number of permanent employees on the rolls of company;

There were 910 permanent employees on the rolls of the Company.

v. the explanation on the relationship between average increase in remuneration and company performance;

Increase in remuneration is linked to the company performance through performance appraisal system. The organizational performance which gives rise to the organizational rating plays a key role in 'normalization' of ratings across the organization. This 'normalized' rating is used to determine the increase in remuneration to the employees.

vi. comparison of the remuneration of the KMP (Key Management Personnel) against the performance of the company;

As detailed above, during the Financial Year 2017-18, Mr. P. R. Rathi, Chairman and Managing Director and Mr. R. B. Rathi, Dy. Managing Director, Working Directors were accorded an increase of 7.5% and 30% in the gross remuneration. Mr. V. V. Thakur, Dy. General Manager Finance (Acting CFO) and Mr. P. S. Raghavan, Company Secretary were accorded increase in their gross remuneration in accordance with the Remuneration Policy of the Company.

viii. variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

The Company has not come out with any follow on Public issue. However the Net worth of the Company as on 31st March, 2017 and the Net Worth of the Company of the Company as on 31st March, 2018 stood at Rs. 39,411 Lakhs and Rs. 45,238 Lakhs respectively.

ix. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

During the Financial Year 2017-18 Mr. P. R. Rathi, Chairman and Managing Director and Mr. R. B. Rathi, Dy. Managing Director, Working Directors were accorded an increase of 7.5% and 30% in the gross remuneration. Likewise, other employees were given increments in accordance with the remuneration policy. The average percentile increase made in the salaries of employees other than the managerial personnel during the Financial Year 2017-18 aggregates to 10%.

x. the key parameters for any variable component of remuneration availed by the directors;

Performance Management System derives an organizational rating on a scale of (1-5) where 1 is unsatisfactory and 5 is outstanding. This organizational rating in turn determines the variable pay for the Directors.

xi. the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and

Not Applicable

xii. affirmation that the remuneration is as per the remuneration policy of the company.

Yes

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

P. R. RATHI
CHAIRMAN

PUNE : 27th June, 2018

ANNEXURE II

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF RULE 5(2)(i) OF COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2018.

Sr. No.	Name and Age (Years)	Designation	Total Remuneration (Rs.)	Qualification and Experience (Years)	Date of commencement of Service	Last employment held before joining the Company
1	Mr. P. R. Rath (65)	Chairman and Managing Director	*24,108,658	M.S.(M.I.T.) M.B.A. (Columbia) (40)	01/04/1976	-
2	Mr. R. B. Rath (50)	Dy. Managing Director	*29,217,559	B.E.Mech.Engg. MIT, Pune, B.S.Chem.EnggOhio University, USA. M.B.A.- Pittsburgh University - USA (24)	01/10/1992	-
3	Mr. A. Vij (48)	Chief Operating Officer - Pigment Division	13,021,496	B.E.Chem. (26)	08/12/2005	Jubilant Organosys Limited, Gajraula (UP)

* Above figures are inclusive of Rs. 70 Lakhs payable as commission to Mr. P. R. Rath and Mr. R. B. Rath each. This amount is to be approved by the shareholders of the Company at the ensuing Annual General Meeting.

NOTES:

- The gross remuneration includes Salary, PLVA, Commission, Company's contribution to Provident Fund and Superannuation Scheme, Leave Travel Allowance, Medical, House Rent Allowance and value of perquisites in respect of car facility, which is calculated in accordance with the provisions of the Income Tax Act, 1961, and the rules made there under.
- The conditions of employment are contractual.
- Other terms and conditions are as per the rules of the Company.
- In terms of Rule 5(2)(iii) of the of Companies (Appointment and Remuneration) Rules, 2014, it is clarified that during the Financial Year under review, no employee of the Company was in receipt of remuneration in that year, which in the aggregate or as the case may be at a rate which in the aggregate is in excess of that drawn by the Working Directors and holds himself / herself along with their spouse and dependent children not less than 2% of the equity shares of the Company.
- Mr. P. R. Rath, Chairman and Managing Director and Mr. R. B. Rath, Dy. Managing Director form part of the Promoter Group and hold in their individual names 38,23,450 and 32,84,140 Equity Shares of the Company.
- Mr. A. Vij, Wholtime Director (w.e.f. 24th May, 2018) is not related to any Director of the Company and does not hold any shares of the Company.

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

PUNE : 27th June, 2018

P. R. RATHI
CHAIRMAN

ANNEXURE III

REMUNERATION POLICY

1. Purpose of this Policy:

Sudarshan Chemical Industries Limited ("SUDARSHAN" or the "Company") has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel (KMP) and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act") and the provisions of SEBI, Listing Agreement.

The purpose of this Policy is to establish and govern the procedure applicable:

- a. To evaluate the performance of the members of the Board.
- b. To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c. To retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and Regulation 19(1)(b) of the SEBI Listing Regulations, 2015.

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all the members of Management one level below the Executive Directors, including all Functional Heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed there under or in the Regulation 19(4) - Part D of Schedule II of the SEBI Listing Regulations, 2015 or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Committee:

The composition of the Committee is / shall be in compliance with the Act, Rules made there under and SEBI, Listing Regulations, 2015, as amended from time to time.

4. Role of the Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;

- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- Devise a Policy on Board diversity.

5. Appointment and removal of Director, KMP and Senior Management:

5.1 Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment. For the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if need be, the Managing Director may consult the Committee / Board for further directions / guidance.

5.2 Term:

The Term of the Directors including Managing / Wholetime Director / Independent Director shall be governed as per the provisions of the Act and Rules made there under and SEBI Listing Regulations, 2015, as amended from time to time. Whereas the term of the KMP (other than the Managing / Wholetime Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

5.3 Evaluation:

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process. Framework for performance evaluation of Independent Directors and the Board is as per **Annexure A** to this Policy.

5.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

6. Remuneration of Managing / Whole-time Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Wholetime Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Wholetime Director) and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

7. Remuneration to Non-Executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / Shareholders. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and SEBI Listing Regulations, 2015, as amended from time to time.

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

PUNE : 27th June, 2018

P. R. RATHI
CHAIRMAN

Annexure A to Remuneration Policy

Framework for performance evaluation of Independent Directors and the Board

As per the provisions of Listing Regulations, 2015, the Nomination and Remuneration Committee (the “Committee”) shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of Listing Regulations, 2015, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board’s self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
 - 2.1 Knowledge to perform the role;
 - 2.2 Time and level of participation;
 - 2.3 Performance of duties and level of oversight; and
 - 2.4 Professional conduct and independence.
3. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

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

PUNE : 27th June, 2018

P. R. RATHI
CHAIRMAN

ANNEXURE IV

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2017-18

1.	Average net profit of the Company for the last three Financial Years	Rs. 943,642,306
2.	Prescribed CSR expenditure (two percent of the amount mentioned in item 1 above)	Rs. 18,872,846
3.	Details of CSR amount spent during the Financial Year:	Rs. 18,896,924
4.	Manner in which amount spent during the Financial Year	Details given below

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or others (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or Program wise (Rs.)	Amount spent on the project or program Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs.)	Cumulative expenditure upto the reporting period i.e. FY 2017-18 (Rs.)	Amount Spend: directly or through implementing agency
1	Paper bag Project	Livelihood Enhancement Project	Raigad-Roha	520,000	(1) 516,593 (2) 22,388	538,981	Direct
2	Stitching Project, Paper craft, Exhibition	Employment Enhancing vocational skill	Raigad-Roha & Sutarwadi	562,500	(1) 544,761 (2) 11,647	556,408	Direct
3	Health Outreach	Health [Promotion & Preventive Health-care]	Raigad-Roha & Sutarwadi	731,800	(1) 708,860 (2) 400	709,260	Direct
4	Scholastic Development of Children & Youth JM Rathi School-Computer Lab, Seva Sahyog Foundation, Teach For India, Magic Bus	Promotion of education	Raigad-Roha, Pune	5,509,561	(1) 6,440,541 (2) Nil	6,440,541	Implementing Agencies: Seva Sahyog Foundation - Teach For India, Magic Bus, Pune City Connect, Computer Project [J M Rathi School]
5	Promoting community bonding & Empower Women	Community Development	Raigad-Roha & Sutar-wadi	300,000	(1) 198,786 (2) 2,100	200,886	Direct
6	Solid Waste Mgt. & Organic Farming	Ensuring Environment Sustainability	Raigad-Roha, Mahad & Sutarwadi	2,800,000	(1) 2,743,687 (2) Nil	2,743,687	Know How Foundation [Inora]

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or others (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or Program wise (Rs.)	Amount spent on the project or program Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs.)	Cumulative expenditure upto the reporting period i.e. FY 2017-18 (Rs.)	Amount Spend: directly or through implementing agency
7	Plastic free ROHA	Ensuring Environment Sustainability	Raigad-Roha, Mahad	50,000	(1) 50,000 (2) Nil	50,000	Direct
8	CSR Team Capacity Building	Ensuring Environment Sustainability	Raigad, Roha, Mahad	455,000	(1) Nil (2) 479,950	479,950	Direct
9	Swach Bharat Abhiyaan & Ideal Village Development Project	Community Development	Roha, Sutarwadi, Mahad	7,957,000	(1) 7,177,211 (2) Nil	7,177,211	Karve Institute of social science, [Roha]
	Total			18,885,861		18,896,924	

We hereby affirm that the implementation and monitoring of CSR Policy, as approved by the Board, is in compliance with the CSR Objectives and Policy of the Company.

Mrs. Rati F. Forbes
Chairperson
CSR Committee

Mr. P. R. Rathi
Chairman

PUNE : 27th June, 2018

ANNEXURE V

Form No.MGT-9

EXTRACT OF ANNUAL RETURNas on the financial year ended on 31st March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

I	CIN	L24119PN1951PLC008409
II	Registration Date	19 th February, 1951
III	Name of the Company	SUDARSHAN CHEMICAL INDUSTRIES LIMITED
IV	Category/Sub-Category of the Company	Public Limited Company
V	Address of the Registered office and contact details	162, Wellesley Road, Pune 411001 Phone No. 020-26226200
VI	Whether listed company	Yes
VII	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 202 Akshay Complex, Off. Dhole Patil Road, Pune - 411001 Phone No. 20 26160084, 26161629

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Pigment - Organic and Inorganic	3031	91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Prescient Color Limited	U24229PN2006PLC128651	Subsidiary	100%	2(87)(ii)
2	Rieco Industries Limited	U24118MH1975PLC018631	Subsidiary	100%	2(87)(ii)
3	Sudarshan CSR Foundation	U74900PN2015NPL154211	Subsidiary	100%	2(87)(ii)
4	Sudarshan North America Inc. USA	N.A.	Step - down Subsidiary	100%	2(87)(ii)
5	Sudarshan Europe BV, the Netherlands	N.A.	Subsidiary	100%	2(87)(ii)
6	Sudarshan (Shanghai) Trading Company Limited	N.A.	Subsidiary	100%	2(87)(ii)
7	Sudarshan Mexico S de R.L. De CV	N.A.	Step - down Subsidiary	100%	2(87)(ii)

IV. SHARE HOLDING

i) Catagory-wise Share Holding:

Sr. No.	Category of Shareholders	Shareholding at the beginning of the FY 2017-18				Shareholding at the end of the FY 2017-18				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	3,43,64,160	0	3,43,64,160	49.64	3,43,64,160	0	3,43,64,160	49.64	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Bodies Corporate	22,52,100	0	22,52,100	3.25	22,52,100	0	22,52,100	3.25	0.00
	Sub Total (A)(1)	3,66,16,260	0	3,66,16,260	52.89	3,66,16,260	0	3,66,16,260	52.89	0.00
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	3,66,16,260	0	3,66,16,260	52.89	3,66,16,260	0	3,66,16,260	52.89	0.00
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	4,94,185	0	4,94,185	0.71	9,60,717	0	9,60,717	1.39	0.67
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	9,00,630	0	9,00,630	1.30	1.30
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	32,89,552	4,000	32,93,552	4.76	40,82,183	4,000	40,86,183	5.90	1.15
(f)	Financial Institutions / Banks	33,098	1,710	34,808	0.05	18,632	1,710	20,342	0.03	-0.02
(g)	Insurance Companies	3,36,630	4,500	3,41,130	0.49	3,36,630	4,500	3,41,130	0.49	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Sub Total (B)(1)	41,53,465	10,210	41,63,675	6.01	62,98,792	10,210	63,09,002	9.11	3.10
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	94,13,364	21,81,220	1,15,94,584	16.75	86,31,113	19,65,305	1,05,96,418	15.31	-1.44
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	77,93,434	51,370	78,44,804	11.33	74,09,849	51,370	74,61,219	11.97	0.64
(b)	NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Trusts	7,770	0	7,770	0.01	6,295	0	6,295	0.01	0.00

Sr. No.	Category of Shareholders	Shareholding at the beginning of the FY 2017-18				Shareholding at the end of the FY 2017-18				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Foreign Nationals	0	0	0	0.00	730	0	730	0.00	0.00
	Hindu Undivided Family	4,98,976	0	4,98,976	0.72	4,05,668	0	4,05,668	0.59	-0.13
	Foreign Companies	55,80,820	0	55,80,820	8.06	55,79,890	0	55,79,890	8.06	0.00
	Non Resident Indians (Non Repat)	2,00,507	3,000	2,03,507	0.29	97,833	3,000	1,00,833	0.15	-0.15
	Non Resident Indians (Repat)	3,48,165	1,840	3,50,005	0.51	2,56,244	1,840	2,58,084	0.37	-0.13
	Foreign Portfolio Investor (Individual)	1,04,705	0	1,04,705	0.15	0	0	0	0.00	-0.15
	Clearing Member	2,21,733	0	2,21,733	0.32	1,12,429	0	1,12,429	0.16	-0.16
	Bodies Corporate	19,76,861	63,550	20,40,411	2.95	17,30,472	49,950	17,80,422	2.57	-0.38
	Sub Total (B)(3)	2,61,46,335	23,00,980	2,84,47,315	41.09	2,42,30,523	20,71,465	2,63,01,988	37.99	-3.10
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	3,02,99,800	23,11,190	3,26,10,990	47.11	3,05,29,315	20,81,675	3,26,10,990	47.11	0.00
	Total (A)+(B)	6,69,16,060	23,11,190	6,92,27,250	100.00	6,71,45,575	20,81,675	6,92,27,250	100.00	0.00
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	6,69,16,060	23,11,190	6,92,27,250	100.00	6,71,45,575	20,81,675	6,92,27,250	100.00	

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the FY 2017-18			Shareholding at the end of the FY 2017-18			
		NO.OF SHARES HELD	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	NO.OF SHARES HELD	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in shareholding during the year
1	Rahul Pradeep Rath	47,54,540	6.87	0.00	47,54,540	6.87	0.00	0.00
2	Anuj Narayandas Rath	38,27,620	5.53	0.00	54,47,620	7.87	0.00	2.34
3	Pradeep Ramwilas Rath	38,23,450	5.52	0.00	38,23,450	5.52	0.00	0.00
4	Rajesh Balkrishna Rath	32,84,140	4.74	0.00	32,84,140	4.74	0.00	0.00
5	Aruna Kishor Rath	29,24,350	4.22	0.00	7,61,500	1.10	0.00	-3.12
6	Narayandas Jagannath Rath	24,17,650	3.49	0.00	7,97,650	1.15	0.00	-2.34
7	Rohit Kishor Rath	21,75,950	3.14	0.00	46,51,600	6.72	0.00	3.58
8	Ajoy Balkrishna Rath	20,51,060	2.96	0.00	20,51,060	2.96	0.00	0.00
9	Subhadra Pradeep Rath	13,13,680	1.90	0.00	13,13,680	1.90	0.00	0.00
10	Rajesh Balkrishna Rath (As Trustee - Sow Rachna Rath Family Trust)	12,08,250	1.75	0.00	12,08,250	1.75	0.00	0.00
11	Njr Finance Private Limited	10,90,630	1.58	0.00	10,90,630	1.58	0.00	0.00
12	Kishor Laxminarayan Rath	10,74,300	1.55	0.00	7,61,500	1.10	0.00	-0.45
13	Ajoy Balkrishna Rath (Huf)	10,30,000	1.49	0.00	10,30,000	1.49	0.00	0.00
14	Rajesh Balkrishna Rath (As Trustee - Shri Balkrishna Rath Family Trust)	8,45,200	1.22	0.00	8,45,200	1.22	0.00	0.00
15	Ajoy Balkrishna Rath (Trustee - Manan Rath Trust)	8,27,900	1.20	0.00	0	0.00	0.00	-1.20
16	Manan Ajoy Rath	0	0.00	0.00	8,27,900	1.20	0.00	1.20
17	Archana Anuj Rath	7,27,490	1.05	0.00	7,27,490	1.05	0.00	0.00
18	Nisha Ajoy Rath	7,19,370	1.04	0.00	7,19,370	1.04	0.00	0.00
19	Laxminarayan Finance Pvt. Ltd.	6,98,920	1.01	0.00	6,98,920	1.01	0.00	0.00
20	Anuj Narayandas Rath (Huf)	5,67,770	0.82	0.00	5,67,770	0.82	0.00	0.00
21	Balkrishna Rath Finance Private Limited	4,62,550	0.67	0.00	4,62,550	0.67	0.00	0.00
22	Kusum Ramwilas Rath	3,62,790	0.52	0.00	3,62,790	0.52	0.00	0.00
23	Balkrishna Jagannath Rath (Huf)	1,89,750	0.27	0.00	1,89,750	0.27	0.00	0.00
24	Rajesh Balkrishna Rath (Huf)	1,33,000	0.19	0.00	1,33,000	0.19	0.00	0.00
25	Kusum Balkrishna Rath	1,00,900	0.15	0.00	1,00,900	0.15	0.00	0.00
26	Rachna Rajesh Rath	5,000	0.01	0.00	5,000	0.01	0.00	0.00
	Total	3,66,16,260	52.89	0.00	3,66,16,260	52.89	0.00	0.00

(iii) Change in Promoters Shareholding

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2017-18		Transactions during the year		Cumulative shareholding at the end of the FY 2017-18	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
1	Anuj Narayandas Rathi	38,27,620	5.53			38,27,620	5.53
	Transfer			06 Mar 2018	16,20,000	54,47,620	7.87
	At the end of the year					54,47,620	7.87
2	Rahul Pradeep Rathi	47,54,540	6.87			47,54,540	6.87
	At the end of the year					47,54,540	6.87
3	Rohit Kishor Rathi	21,75,950	3.14			21,75,950	3.14
	Transfer			12 Dec 2017	21,62,850	43,38,800	6.27
	Transfer			12 Dec 2017	3,12,800	46,51,600	6.72
	At the end of the year					46,51,600	6.72
4	Pradeep Ramwilas Rathi	38,23,450	5.52			38,23,450	5.52
	At the end of the year					38,23,450	5.52
5	Rajesh Balkrishna Rathi	32,84,140	4.74			32,84,140	4.74
	At the end of the year					32,84,140	4.74
6	Ajoy Balkrishna Rathi	20,51,060	2.96			20,51,060	2.96
	At the end of the year					20,51,060	2.96
7	Subhadra Pradeep Rathi	13,13,680	1.90			13,13,680	1.90
	At the end of the year					13,13,680	1.90
8	Rajesh Balkrishna Rathi (As Trustee - Sow Rachna Rathi Family Trust)	12,08,250	1.75			12,08,250	1.75
	At the end of the year					12,08,250	1.75
9	Njr Finance Private Limited	10,90,630	1.58			10,90,630	1.58
	At the end of the year					10,90,630	1.58
10	Ajoy Balkrishna Rathi (Huf)	10,30,000	1.49			10,30,000	1.49
	At the end of the year					10,30,000	1.49
11	Rajesh Balkrishna Rathi (As Trustee - Shri Balkrishna Rathi Family Trust)	8,45,200	1.22			8,45,200	1.22
	At the end of the year					8,45,200	1.22
12	Narayandas Jagannath Rathi	24,17,650	3.49			24,17,650	3.49
	Transfer			06 Mar 2018	-16,20,000	7,97,650	1.15
	At the end of the year					7,97,650	1.15
13	Kishor Laxminarayan Rathi	10,74,300	1.55			10,74,300	1.55
	Transfer			12 Dec 2017	-3,12,800	7,61,500	1.10
	At the end of the year					7,61,500	1.10
14	Aruna Kishor Rathi	29,24,350	4.22			29,24,350	4.22
	Transfer			12 Dec 2017	-21,62,850	7,61,500	1.10
	At The End Of The Year					7,61,500	1.10
15	Archana Anuj Rathi	7,27,490	1.05			7,27,490	1.05
	At the end of the year					7,27,490	1.05
16	Nisha Ajoy Rathi	7,19,370	1.04			7,19,370	1.04
	At the end of the year					7,19,370	1.04
17	Laxminarayan Finance Pvt Ltd	6,98,920	1.01			6,98,920	1.01
	At the end of the year					6,98,920	1.01
18	Anuj Narayandas Rathi (Huf)	5,67,770	0.82			5,67,770	0.82
	At the end of the year					5,67,770	0.82
19	Balkrishna Rathi Finance Private Limited	4,62,550	0.67			4,62,550	0.67
	At the end of the year					4,62,550	0.67
20	Kusum Ramwilas Rathi	3,62,790	0.52			3,62,790	0.52
	At the end of the year					3,62,790	0.52
21	Balkrishna Jagannath Rathi (Huf)	1,89,750	0.27			1,89,750	0.27
	At the end of the year					1,89,750	0.27
22	Rajesh Balkrishna Rathi (Huf)	1,33,000	0.19			1,33,000	0.19
	At the end of the year					1,33,000	0.19
23	Kusum Balkrishna Rathi	1,00,900	0.15			1,00,900	0.15
	At the end of the year					1,00,900	0.15
24	Rachna Rajesh Rathi	5,000	0.01			5,000	0.01
	At the end of the year					5,000	0.01
25	Ajoy Balkrishna Rathi (As Trustee - Manan Rathi Trust)	8,27,900	1.20			8,27,900	1.20
	Transfer			06 Mar 2018	-8,27,900	0	0.00
	At the end of the year					0	0.00
26	Manan Ajoy Rathi	0	0.00			0	0.00
	Transfer			06 Mar 2018	8,27,900	8,27,900	1.20
	At the end of the year					8,27,900	1.20

Note: Changes in Promoters Shareholding is due to inter-se transfer of shares amongst Promoters and the same has been properly notified to the Stock Exchanges and SEBI within the prescribed time limit.

(iv) Shareholding Pattern of Top Ten Shareholders

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2017-18		Transactions during the year		Cumulative Shareholding at the end of the FY 2017-18	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of the Company
1	DIC CORPORATION	55,79,890	8.06			55,79,890	8.06
	At the end of the year					55,79,890	8.06
2	VIJAYKUMAR RAMCHANDRA RATHI	23,74,509	3.43			23,74,509	3.43
	Transfer			07 Apr 2017	(4,265)	23,70,244	3.42
	Transfer			02 Jun 2017	(40)	23,70,204	3.42
	Transfer			30 Jun 2017	(1,500)	23,68,704	3.42
	Transfer			15 Sep 2017	(500)	23,68,204	3.42
	Transfer			22 Sep 2017	(3,572)	23,64,632	3.42
	Transfer			29 Sep 2017	(1,190)	23,63,442	3.41
	Transfer			06 Oct 2017	(2,300)	23,61,142	3.41
	Transfer			13 Oct 2017	(3,646)	23,57,496	3.41
	Transfer			20 Oct 2017	(500)	23,56,996	3.40
	Transfer			03 Nov 2017	(200)	23,56,796	3.40
	Transfer			10 Nov 2017	(2,100)	23,54,696	3.40
	Transfer			24 Nov 2017	(916)	23,53,780	3.40
	Transfer			15 Dec 2017	(1,900)	23,51,880	3.40
	Transfer			05 Jan 2018	(500)	23,51,380	3.40
	Transfer			12 Jan 2018	(8,170)	23,43,210	3.38
	At the end of the year					23,43,210	3.39
3	VIJAY KISHANLAL KEDIA	25,55,317	3.69			25,55,317	3.69
	Transfer			09 Jun 2017	(27,093)	25,28,224	3.65
	Transfer			16 Jun 2017	(22,907)	25,05,317	3.62
	Transfer			23 Jun 2017	(1,285)	25,04,032	3.62
	Transfer			07 Jul 2017	(2,500)	25,01,532	3.61
	Transfer			14 Jul 2017	(5,492)	24,96,040	3.61
	Transfer			21 Jul 2017	(12,008)	24,84,032	3.59
	Transfer			22 Sep 2017	(19,032)	24,65,000	3.56
	Transfer			20 Oct 2017	(2,620)	24,62,380	3.56
	Transfer			27 Oct 2017	(322)	24,62,058	3.56
	Transfer			03 Nov 2017	(1,50,000)	23,12,058	3.34
	Transfer			10 Nov 2017	(12,058)	23,00,000	3.32
	At the end of the year					23,00,000	3.32
4	GOVERNMENT PENSION FUND GLOBAL (Norges Bank - Central Bank of Norway)	16,89,395	2.44			16,89,395	2.44
	At the end of the year					16,89,395	2.44
5	GOLDMAN SACHS INDIA LIMITED	10,25,304	1.48			10,25,304	1.48
	Transfer			07 Apr 2017	46,446	10,71,750	1.55
	Transfer			14 Apr 2017	8,318	10,80,068	1.56
	At the end of the year					10,80,068	1.56
6	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	1,89,900	0.27			1,89,900	0.27
	Transfer			07 Apr 2017	10,000	1,99,900	0.29
	Transfer			21 Apr 2017	10,000	2,09,900	0.30
	Transfer			12 May 2017	10,000	2,19,900	0.32
	Transfer			26 May 2017	5,000	2,24,900	0.32
	Transfer			02 Jun 2017	32,843	2,57,743	0.37
	Transfer			09 Jun 2017	5,000	2,62,743	0.38
	Transfer			16 Jun 2017	4,900	2,67,643	0.39
	Transfer			23 Jun 2017	10,100	2,77,743	0.40
	Transfer			28 Jul 2017	28,795	3,06,538	0.44
	Transfer			18 Aug 2017	2,388	3,08,926	0.45
	Transfer			25 Aug 2017	8,649	3,17,575	0.46
	Transfer			27 Oct 2017	30,644	3,48,219	0.50
	Transfer			03 Nov 2017	1,37,377	4,85,596	0.70
	Transfer			10 Nov 2017	51,104	5,36,700	0.78
	Transfer			17 Nov 2017	45,906	5,82,606	0.84

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2017-18		Transactions during the year		Cumulative Shareholding at the end of the FY 2017-18	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			24 Nov 2017	5,471	5,88,077	0.85
	Transfer			01 Dec 2017	20,819	6,08,896	0.88
	Transfer			08 Dec 2017	14,918	6,23,814	0.90
	Transfer			22 Dec 2017	25,000	6,48,814	0.94
	Transfer			09 Feb 2018	41,316	6,90,130	1.00
	Transfer			16 Feb 2018	10,000	7,00,130	1.01
	Transfer			02 Mar 2018	41,770	7,41,900	1.07
	Transfer			09 Mar 2018	26,533	7,68,433	1.11
	Transfer			16 Mar 2018	576	7,69,009	1.11
	At the end of the year					7,69,009	1.11
7	ANURADHA VASANT RATHI	7,63,356	1.10			7,63,356	1.10
	Transfer			07 Apr 2017	(25)	7,63,331	1.10
	Transfer			09 Jun 2017	(100)	7,63,231	1.10
	Transfer			30 Jun 2017	(722)	7,62,509	1.10
	Transfer			22 Sep 2017	(500)	7,62,009	1.10
	Transfer			06 Oct 2017	(300)	7,61,709	1.10
	Transfer			13 Oct 2017	(1,900)	7,59,809	1.10
	Transfer			03 Nov 2017	(200)	7,59,609	1.10
	Transfer			10 Nov 2017	(1,908)	7,57,701	1.09
	Transfer			24 Nov 2017	(200)	7,57,501	1.09
	Transfer			01 Dec 2017	(800)	7,56,701	1.09
	Transfer			15 Dec 2017	(2,200)	7,54,501	1.09
	Transfer			22 Dec 2017	(1,070)	7,53,431	1.09
	Transfer			12 Jan 2018	(3,008)	7,50,423	1.08
	At the end of the year					7,50,423	1.08
8	VASANT RAMCHANDRA RATHI	4,67,401	0.68			4,67,401	0.68
	Transfer			22 Sep 2017	(513)	4,66,888	0.67
	Transfer			20 Oct 2017	(200)	4,66,688	0.67
	Transfer			03 Nov 2017	(1,228)	4,65,460	0.67
	Transfer			12 Jan 2018	(2,600)	4,62,860	0.67
	At the end of the year					4,62,860	0.67
9	LIFE INSURANCE CORPORATION OF INDIA	3,36,630	0.49			3,36,630	0.49
	At the end of the year					3,36,630	0.49
10	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO EMERGING EQUITIES	3,04,285	0.44			3,04,285	0.44
	Transfer			21 Apr 2017	7,935	3,12,220	0.45
	Transfer			28 Apr 2017	20,000	3,32,220	0.48
	Transfer			12 May 2017	70,000	4,02,220	0.58
	Transfer			26 May 2017	5,633	4,07,853	0.59
	Transfer			02 Jun 2017	28,743	4,36,596	0.63
	Transfer			30 Jun 2017	10,000	4,46,596	0.65
	Transfer			28 Jul 2017	(39,111)	4,07,485	0.59
	Transfer			04 Aug 2017	(50,000)	3,57,485	0.52
	Transfer			29 Sep 2017	(4,881)	3,52,604	0.51
	Transfer			06 Oct 2017	(84,878)	2,67,726	0.39
	Transfer			13 Oct 2017	(2,67,726)	0	0.00
	At the end of the year					0	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the FY 2017-18		Cumulative shareholding during the FY 2017-18	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Pradeep R. Rathi	38,23,450	5.52	38,23,450	5.52
	At the end of the year	38,23,450	5.52	38,23,450	5.52
2	Mr. Rajesh B. Rathi	32,84,140	4.74	32,84,140	4.74
	At the end of the year	32,84,140	4.74	32,84,140	4.74
3	Mr. Kishor L. Rathi	10,74,300	1.55	10,74,300	1.55
	At the end of the year	7,61,500	1.10	7,61,500	1.10
4	Mr. Narayandas J. Rathi	24,17,650	3.49	24,17,650	3.49
	At the end of the year	7,97,650	1.15	7,97,650	1.15
5	Ajoy B. Rathi	20,51,060	2.96	20,51,060	2.96
	At the end of the year	20,51,060	2.96	20,51,060	2.96
6	Mr. Dara N. Damania	930	-	930	-
	At the end of the year	930	-	930	-
7	Mr. S. Padmanabhan	-	-	-	-
	At the end of the year	-	-	-	-
8	Mr. Shrikrishna N. Inamdar	-	-	-	-
	At the end of the year	-	-	-	-
9	Mr. Sanjay K. Asher	-	-	-	-
	At the end of the year	-	-	-	-
10	Mr. Naresh T. Raisinghani	-	-	700	-
	At the end of the year	-	-	700	-
11	Mrs. Rati F. Forbes	-	-	-	-
	At the end of the year	-	-	-	-
12	Mrs. Shubhalakshmi Panse	-	-	-	-
	At the end of the year	-	-	-	-
13	Mr. V. V. Thakur	-	-	-	-
	At the end of the year	-	-	-	-
14	Mr. P. S. Raghavan	20	-	20	-
	At the end of the year	20	-	20	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	24,944	4,007	7,088	36,039
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	24,944	4,007	7,088	36,039
Changes in indebtedness during the financial year:				
Addition / (Reduction)	4,327	497	(4,350)	474
Indebtedness at the end of the financial year:				
i) Principal Amount	29,271	4,504	2,738	36,513
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	29,271	4,504	2,738	36,513

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. P. R. Rathi	Mr. R. B. Rathi	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17,065,258	22,217,559	39,282,817
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	43,400	-	43,400
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission*	7,000,000	7,000,000	14,000,000
	- As % of profit			
	- others, specify			
5	Others, Please specify			
	Total (A)	24,108,658	29,217,559	53,326,217
	Ceiling as per the Act (10% of profits calculated under Section 198 of the Companies Act, 2013)			141,612,732

* Commission to Directors is to be approved by the shareholders of the Company at the ensuing Annual General Meeting.

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. S. N. Inamdar	Mr. D. N. Damania	Mr. S. Padmanabhan	Mr. S. K. Asher	
1. Independent Directors					
• Fee for attending board committee meetings	305,000	300,000	160,000	220,000	985,000
-Commission*	740,000	540,000	540,000	360,000	2,180,000
-Others, Please specify	1,050,000	-	-	-	1,050,000
	Mrs. R. F. Forbes	Mrs. Shubhalakshmi Panse	Mr. N. T. Raisinghani (Non Independent Director)		
Independent Directors					
• Fee for attending board committee meetings	120,000	160,000	120,000		400,000
-Commission*	360,000	540,000	450,000		1,350,000
-Others, Please specify	-	-	-		-
Total (1)					5,965,000
	Mr. K. L. Rathi	Mr. A. B. Rathi	Mr. N. J. Rathi		
2. Other Non-Executive Directors					
• Fee for attending board committee meetings	120,000	60,000	160,000		340,000
-Commission*	540,000	270,000	450,000		1,260,000
-Others, Please specify	-	-	-		-
Total (2)					1,600,000
Total (B)=(1+2)					7,565,000
Total Managerial Remuneration					
Ceiling as per the Act (11% of profits calculated under Section 198 of the Companies Act, 2013)					155,774,005
Note : Ceiling shall not be applicable for payment of sitting fees.					

C. Remuneration to key managerial personnel other than MD / Manager / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs.)
		V. V. Thakur Acting CFO	P. S. Raghavan Company Secretary	
1	Gross salary	4,135,940	2,224,542	6,360,482
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As % of profit			-
	- others, specify			-
	Total	4,135,940	2,224,542	6,360,482

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

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

PUNE : 27th June, 2018

P. R. RATHI
CHAIRMAN

Annexure VI

PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

There were no contracts or arrangements or transactions entered in to during te year ended 31st March 31, 2018, which were not at arm's length basis.

Details of material contracts or arrangements or transations at arm's length basis

Details of material contracts or arrangements or transations at arm's length basis for the year ended 31st March, 2018.

Name of related party & Nature of Contract	Nature of relationship	Duration of contract	Salient terms	Amount (Rs. in Lakhs)
Sale of material				
Sudarshan Europe BV	Subsidiary	Ongoing	Sale of raw material	18,516.8
Unsecured Loans				
Sudarshan Europe BV	Subsidiary	Not Applicable	Unsecured loan provided	-
Sudarshan Europe BV	Subsidiary	Not Applicable	Unsecured loan repaid	348.0
Commission				
Rathi Brothers Poona Ltd.*	Selling Agent	Not Applicable	Commission	317.7
Rathi Brothers Delhi Ltd.*	Selling Agent	Not Applicable	Commission	147.3
Rathi Brothers Calcutta Ltd.*	Selling Agent	Not Applicable	Commission	45.8
Rathi Brothers Madras Ltd.*	Selling Agent	Not Applicable	Commission	30.0
Rabro Speciality Chemicals Pvt. Ltd.**	Selling Agent	Not Applicable	Commission	513.9

* Commision paid for the period 1st April, 2017 to 26th October, 2017.

** Commision paid for the period 27th October, 2017 to 31st March, 2018.

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

PUNE : 27th June, 2018

P. R. RATHI
CHAIRMAN

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

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

Sr. No.	Name of the subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excluding share capital and reserves & surplus)	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of Shareholding
1	Prescient Color Limited	Rupees	600.0	2,194.6	5,431.6	2,637.0	-	7,934.4	530.2	130.6	399.6	100%
2	RIECO Industries Limited	Rupees	1,250.0	132.3	9,158.6	7,776.3	-	10,885.4	93.0	71.2	21.9	100%
3	Sudarshan Europe B.V.	Euro	1,909.0	992.9	10,775.7	7,873.8	2,092.8	20,461.7	527.0	134.5	392.5	100%
4	Sudarshan North America, Inc.	US Dollars	2,092.8	(1,598.3)	2,597.5	2,102.9	-	5,733.1	(237.3)	-	(237.3)	100%
5	Sudarshan (Shanghai Trading Company Limited	CNY	477.6	(521.9)	61.7	106.0	-	162.5	(399.3)	-	(399.3)	100%
6	Sudarshan Mexico S de R.L.de CV	US Dollars	0.1	(19.7)	1,085.5	1,105.1	-	1,338.0	(18.3)	-	(18.3)	100%

Notes :

1. All figures provided are in INR Lakhs.
2. The reporting period for Subsidiaries mentioned above is from 1st April, 2017 to 31st March, 2018.
3. The Subsidiary mentioned at Sr. No. 1 has been classified as held for sale. For further details, Refer Note No. 31 of the Consolidated Financial Statements.
4. None of the aforesaid subsidiaries have declared dividend during the Financial Year 2017-18.

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

P. R. RATHI
CHAIRMAN

PUNE : 27th June, 2018

Annexure VIII

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Sudarshan Chemical Industries Limited
162 Wellesley Road Pune - 411001
Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sudarshan Chemical Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable for the Audit Period:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) Other laws applicable specifically to the Company namely:
 - (i) Manufacture Storage and Import of Hazardous Chemical Rules 1989 as amended;
 - (ii) Environment Protection Act, 1986;
 - (iii) Public Liability Insurance Act, 1991 as amended;
 - (iv) Chemical Accidents (Emergency Preparedness and Response) Amendment Rules 1986;
 - (v) Gas Cylinder Rules 1981

- (vi) Chemical Weapons Convention Act 1993
- (vii) Explosives Act 1889
- (viii) Insecticides Act 1968

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

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

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes took place in the composition of the Board of Directors took place during the period under review.

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

Majority decision is carried through while the dissenting members' views if any are captured and recorded as part of the minutes. During the year under Audit no specific instances of dissent have been recorded in the Minutes.

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

I report further that there are no specific events /major decisions or activities undertaken in pursuance of the above laws, rules and regulations, guidelines, etc., during the Financial Year 2017-18, having a major bearing on the Company affairs.

For RAJESH KARUNAKARAN & CO.,
COMPANY SECRETARIES

RAJESH KARUNAKARAN
COMPANY SECRETARY
FCS No. 7441/CP No. 6581

Pune, 24th May 2018

To,
The Members,
Sudarshan Chemical Industries Limited
162 Wellesley Road Pune -411001
Maharashtra, India

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

Management Responsibility

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on audits.

Auditors Responsibility

1. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the fairness of the contents of the Secretarial records. The verification was done on test basis to ensure that facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
2. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
3. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis to the extent applicable to the Company.

Disclaimer

5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RAJESH KARUNAKARAN & CO.,
COMPANY SECRETARIES

RAJESH KARUNAKARAN
COMPANY SECRETARY
FCS No. 7441/CP No. 6581

Pune, 24th May 2018

Business Responsibility Report for Financial Year 2017-18

OVERVIEW

Sudarshan is a Chemical Company mainly engaged in the manufacture of Organic, Inorganic, High Performance and Speciality Pigments for different applications. The company is widely recognized and well respected for its R&D capabilities globally, especially in the niche domain of High Performance Pigments. Sudarshan is a market leader in the Pigment manufacturing business in India and also commands a significant global presence. The international locations where business activity is undertaken are USA, Europe, China and Mexico. Key national locations of business activity are Pune, Ambadvet, Amrlevade (Sutarwadi), Roha, Mahad and Chikli. Company serves all markets whether domestic or international. Pigment Exports account for around 45% of the Company's turnover and the Company is a net foreign exchange earner. Company's market share in the domestic pigments industry is around 35%. The Company's Equity Shares are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 500 listed entities based on market capitalization at the BSE Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the those 9 Principles.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders and Company's efforts to conduct business with responsibility, Company is pleased to present its first Business Responsibility Report in line with Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This report also takes into account the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVG).

COMPOSITE BUSINESS RESPONSIBILITY (BR) POLICY

Sudarshan believes that sustainable business is founded on the basis of key business principles i.e. economic, environmental and social impact. The Company focuses on efficient deployment of resources, including people, processes and materials, for the production of safe and eco-efficient products, with a view to creating value for all its stakeholders. This ensures that we are balanced in our engagements with all stakeholders, keeping the community as the key factor of our existence.

GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L24119PN1951PLC008409
2	Name of the Company	Sudarshan Chemical Industries Limited
3	Registered Address	162, Wellesley Road Pune - 411001
4	Website	www.sudarshan.com
5	E-mail	shares@sudarshan.com
6	Financial Year of Report	2017-18
7	Sectors that the Company is engaged (Industry Activity Code wise)	Chemical NIC Code 3031 Pigments – Organic and Inorganic 2421 Agro Chemicals (Refer Note No. 31 to the Standalone Financial Statements)

FINANCIAL DETAILS

1	Paid up capital (Rs.)	Rs.13.85 Crores
2	Total turnover (Rs.)	Rs.1,358 Crores
3	Total profit after taxes (including Discontinued Operations) (Rs.)	Rs. 88 Crores
4	Spending on corporate social responsibility (CSR) as percentage of average profit for last 3 financial years	2%

5 Activities under which expenditure in 4 above has been incurred include:

- a) Health : Promotion and preventive healthcare and community development
- b) Education : Scholastic development of children and youth, J.M.Rathi School, Computer Lab, Seva Sahyog Foundation, Teach for India, Magic Bus, employment enhancement skills.
- c) Environment : Paper Bag Project leading to livelihood enhancement project, ensuring environment sustainability by way of solid waste management & Organic farming, plastic free Roha.

BR INFORMATION

Responsibility for BR

Leadership Team

BR Head

Name	Designation	DIN	Telephone	Email ID
Rajesh B.Rathi	Dy. Managing Director	00018628	020-26226200	rbrathi@sudarshan.com

BR Policies

At Sudarshan, Business Responsibility is guided by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' which articulates nine principles as below:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment
Principle 7(P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

All nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by policies of the Company as outlined in the table below:

BR Policies and coverage of NVG nine principles

Sr. No.		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Availability of Policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Policy formulated in consultation with relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Conformity of policy to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Policy approved by the Board	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Policy signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Specified committee of the Board / Director / Official appointed to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
7	Policy communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Existence of an in-house structure within the Company to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Availability of a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Assessment by an internal / external agency of the working of this policy	-	-	-	-	-	-	-	-	-

**All Policies as approved by the Board of Directors can be viewed online on the website of the Company www.sudarshan.com under the heading Investor Relations.*

Notes :

- (1) The BR Policies have been formally adopted by the Board .
- (2) Some of the policies are linked to the following National / International Standards: International Organization for Standardization (ISO 9001, ISO 14001), Occupation Health and Safety Assessment Series (OHSAS 18001), Responsible Care (RC 14001).
- (3) The policies have been formally communicated to internal stakeholders. The external stakeholders will be communicated in due course.
- (4) Assessment and implementation of BR Policies are done at appropriate intervals as decided by the CSR Committee.

a) If answer to S. No. 1 to 10 above against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3.	The Company does not have financial or manpower resources available for the task	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4.	It is planned to be done within next 6 months	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5.	It is planned to be done within next 1 year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6.	Any other reason (Please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Governance related to BR:

Sustainability activities are proposed to be reviewed on a need basis by Mr. Rajesh B. Rath, Dy. Managing Director and the Leadership Team. The Company has not published Sustainability Report for 2017-18.

PRINCIPLE 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Core Values which govern the working of the Company are Care, Integrity and Passion for Excellence. The Company values and promotes a culture of integrity and is proud that its employees demonstrate behaviour that is honest and transparent. As a responsible and leading organization, Sudarshan does its business with utmost integrity. This is exemplified in our Values which are not just strong words. Not just a theory but a way of life. It's a collection of habits that reflect in day-to-day behaviour. Company has the following policies in place which form the foundation of its commitment towards ethical conduct at all levels: -

Code of Conduct: The Company has laid down a Code of Conduct (CoC) with the aim to follow and maintain the highest ethical and moral standards, in compliance with applicable laws, and in a manner that excludes considerations of direct and indirect personal advantage / gains, bribery or corruption. The Code applies to every employee, director and officer in the Company, suppliers, customers, contract staff, contractors and consultants who are agents of, or working on behalf of, or for the Company (through outsourcing of services, processes or any business activity), are required to act consistently with the CoC. The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders through a declaration in the Annual Report. The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by:

- (i) Well-structured internal control systems for regular assessment of effectiveness of company's CoC policy, its understanding and adherence.
- (ii) A robust governance structure.

Whistle-Blower Policy: This Policy is applicable to the Directors of the Company or a person who is in direct or indirect employment with the company who makes a protected disclosure under this policy. This Policy provides a platform to these stakeholders for making any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the Company and has provisions to ensure protection of the whistleblower against victimization for the disclosures made by him / her. The policy also provides contact details Chairman of the Audit Committee for direct access in appropriate of exceptional cases. There are dedicated resources to respond to the complaints within a time bound manner.

No stakeholder complaints were received during F.Y. 2017-18.

PRINCIPLE 2: Business should provide goods and services that are safe and contribute to sustainability throughout their cycle.

Investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology and an array of institutional strengths including deep consumer insights, brand building capability, trade marketing and distribution infrastructure, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources. The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' detail the Company's approach in this respect.

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis. Creating a smartly tailored process design can ensure 100% conversion of waste into a desired mix without leaving scope for secondary pollution. Yields have been a challenging factor which has an impact not only on environment but also profitably of any Organization. We have been successful to design processes which have produced yields of 99% plus on an average.

Your Company has a dedicated Research & Development Team that is focused on creating innovative products for its customers that meet global standards and are environmentally sustainable, reflecting its commitment to environmental sustainability.

PRINCIPLE 3: Businesses should promote the well-being of all employees.

A climate of creativity and innovation coupled with a culture of care and concern enables employees of the Company to enhance value creation for all its stakeholders and address the challenges of tomorrow with conviction and confidence. The superior capability of the Company's talent pool is premised on a work culture that nurtures quality talent and promotes a conducive work environment that combines the need to focus on performance and results with a caring and compassionate work ethos. Policies on 'Equal Opportunity' and 'Environment, Health and Safety', among others, guide the management approach on specific elements of the Company's work practices.

The Company's Policy on 'Equal Opportunity' is anchored in its fundamental belief that employees with diverse cultural backgrounds bring their own unique experiences, perceptions, knowledge and skills, which when harnessed, strengthen the Company's productivity and ability to proactively respond to changing conditions. Equally, exposure to new ideas, cultures and perspectives encourages the personal growth of employees. The Policy also ensures a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organization or majority / minority group. In 2017-18, there were no cases of discriminatory employment.

The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints, and to ensure their resolution in a fair and just manner. There were no cases of sexual harassment in 2017-18.

The Company has zero tolerance towards any incident which is in line with its Sustainability Policies. It is ensured that no person below the age of eighteen years is employed in the workplace and forced or compulsory labour is prohibited in all units. The Company does not engage vendors and suppliers who resort to using child and / or forced labour.

The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups and other benefits provided in accordance with medical needs. To capture 'employee voice', a critical component in ensuring employee well-being, Company conducts periodic employee engagement surveys wherein employees share their views on the workplace. Sports programmes and recreational events that encourage the creative talents of both employees and their families are organized periodically. In some units participation is extended to employees of service providers as well. c) Enabling Physical and Mental / Spiritual Well-being Periodic health / medical camps, awareness programmes on a healthy lifestyle and development of wellness plans are organized across units. Employees also have the opportunity to volunteer for various social programmes.

The Company is committed to conducting its operations with due regard for the environment and providing a safe and healthy workplace for its employees. Towards this end, the Company implements best practices and provides appropriate EHS training to employees as well as employees of service providers

For the Company, learning and development is a business critical priority for enhancing capability, strengthening the leadership pipeline and fostering employee engagement. Five capability platforms relevant to making businesses future ready have been identified – Strategic, Value Chain, Leadership, Innovation and Human Resources Development. These platforms are also designed to strengthen organisational systems to facilitate speedy and competitively superior responses to market opportunities. In 2017-18 formal training were provided to employees at various levels dedicated specifically to environment, health and safety issues.

PRINCIPLE 4: Business should respect the interests of and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized.

Company believes in effective Stakeholder Engagement which focuses on identifying and engaging with stakeholders that include shareholders, customers, employees, suppliers, communities etc. The Company

believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of all-round growth. Accordingly, it anchors its stakeholder engagement on the following principles: a) Materiality – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders. b) Completeness – Understanding key concerns of stakeholders and their expectations c) Responsiveness – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time. The Company's collaborative partnerships with communities are manifest in its CSR based programmes. CSR initiatives taken during the year were focused on education through provision of better quality infrastructure, skill building programmes and improving the overall quality of lives of people residing in the vicinity of the Company's plants. These initiatives augment the natural resource base and create sustainable rural livelihoods.

PRINCIPLE 5: Business should respect and promote human rights

The Company policies support, respect and protect the Human rights of its direct as well as indirect employees. Human rights' covers a host of aspects including non-discrimination, gender equality, freedom of association, collective bargaining, avoidance of child and forced labour among others. Your Company is compliant to national regulations pertaining to human rights.

There was no instances of any human right violation during the year under review.

PRINCIPLE 6: Business should respect, protect and make efforts to restore the environment

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001 and the British Sword of Honour. Within the purview of certified management systems, contingency plans are developed and implemented to prevent, mitigate and control environmental disasters. An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability. Furthermore, the Company has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom-made risk based training programmes have been implemented at several units which has resulted in improved safety performance. These principles are enshrined in your Company's EHS Policy which is also displayed and implemented at the manufacturing locations.

At Sudarshan, our employees are trained to operate and maintain our facilities in an environmentally responsible & safe manner and we drive year-on-year improvements to our Environment, Health and Safety.

- A. Identifying, assessing and minimizing risks to the employees and their surroundings.
- B. Setting objectives to continually improve our performance in EHS.
- C. Complying with EHS legislations.
- D. Adopting suitable safety and environmental practices and proactive measures to minimize associated hazards and risk arising due to our industrial activities.
- E. Designing our processes and plant operations to minimize risk and wastage.
- F. Enhancing the skill and competence of our employees through training.
- G. Reducing our consumption of energy and natural resources.
- H. Communicating our policy to all our employees, contractors, vendors and all other interested parties regularly.

I Co-Gen Facility

J Setting up Solar and Windmill projects to ensure alternate use of energy

To further our commitment towards the environment and also to ensure uninterrupted power to our plant we have completed the construction of a steam and power co-generation plant. We expect to generate 50 Tons per hour of steam and 8MW per hour of electricity.

Environmental benefits of the co-gen facility are:

- CO2 emission reduction approx. 480,000 Kg/Day as there will not be any need to purchase power from MSEB / Open access
- Suspended Particulate matter less than 50mg/Nm³
- Uninterrupted power supply to process consistent quality of product
- High efficiency will result in less fuel consumption
- Greenhouse gas reduction initiative aims at conserving fossil fuel, improving energy efficiency, and recovering methane.

The company has installed control equipments of appropriate capacity to limit air emissions within the standards. The noise monitoring is being done regularly and the test reports are being obtained from the laboratory to ensure compliance. The vigilance sample report from MPCB shows compliance to consent conditions.

The quantity of solid waste & hazardous wastes generated are being disposed off strictly in adherence to the conditions of consent / authorization.

The emissions / waste generated by your Company is within the permissible limits given by Central or State Pollution Control Bodies (CPCB / SPCB) for the financial year being reported. There are no show cause / legal notices from CPCB / SPCB which are pending as at the end of financial year.

PRINCIPLE 7: Business when engaged in influencing public and regulatory policy should do so in a different manner

The Policy on Responsible Advocacy provides the framework for the necessary interface with Government / Regulatory Authorities on matters concerning the various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders. Your Company's Code of Conduct lays down that full, fair, accurate, timely and understandable information should be shared with the regulatory bodies. Further, the Investor Communication Policy provides that only authorized and appropriate officials can interact with public officials. Any contact between the Company, its representatives and public officials is required to be done with prior internal approvals. Your Company engages with public and regulatory authority in a responsible manner and all such engagements are through recognized industry bodies .

As on 31st March, 2018, your Company is a member of the following trade associations:

- a) Maharashtra Chamber of Commerce and Industry and Agriculture (MCCIA)
- b) Indian Chemical Council
- c) Roha Industrial Association
- d) Mahad Industrial Association
- e) CHEMEXCIL

PRINCIPLE 8: Business should support inclusive growth and development

Your Company subscribes to Corporate Social Responsibility and seeks to be a responsible organization by engaging in strategic community development interventions that are aimed at enhancing skills and developing

social infrastructure to uplift communities residing in the vicinity of Company's plants at Roha, Mahad and Sutarwadi and improve their quality of life.

The details of the CSR initiatives undertaken by your Company are set out in the Corporate Social Responsibility section of this Annual Report.

PRINCIPLE 9: Business should engage with and provide value to their customers and consumers in a responsible manner

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for its customers. The Company adopts benchmarked manufacturing practices and robust quality assurance systems for its products. The Company believes in offering more value for our customers, in more ways than one. Our customer centric approach encompasses :

1. Delivering value added products conforming to requirements .
2. Practising stringent quality standards to ensure safe, effective and easy to use products.
3. Soliciting customers feedback, insights and timely addressing their issues.

Company connects with its customers through a two way engagement process by which detailed information for all products is given, which also complies with all applicable labeling codes and specifications. We deal with customers in a transparent and ethical manner, eliminating any form of miscommunication or misunderstanding. Our Code of Conduct also guides our employees while engaging with customers and also gain consistent feedback from customers and immediately address the issues, if any. Our 'Customer Centric Policy' also directs our employees to be receptive towards customer's needs and concerns. We carry out a customer satisfaction survey every 3 to 4 years as per our stipulated IMS processes. This is rolled out to the customers within India only as of now.

There is no anti-competitive, abuse of dominant position or unfair trade practices case pending against the Company.

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

PUNE : 24th May, 2018

P. R. RATHI
CHAIRMAN AND MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS - 2017- 18

This discussion provides an assessment by management of the current financial position, results of operations, for the year ended 31st March, 2018. Information presented in this discussion supplements the financial statements, schedules, and exhibits in the Financial Year ended 31st March, 2018.

Overview - 2017-18

The world economy faced considerable uncertainty, leading to slight deceleration of growth. As per current indications, macro-economic policy is expected to be more expansionary in certain large economies. Growth in a number of emerging economies is expected to be higher in 2018.

India's macro-economic stability continues to be the foundation of economic success. The implementation of GST and the progress seems promising and is expected to give fillip to GDP in the current year apart from delivering manifold benefits such as spur in growth, increasing competitiveness and ushering in indirect tax simplification and bringing in greater transparency in tax management and administration.

These along with measures initiated for fiscal consolidation, make in India and digitisation in economic transactions are positive signs and point to an optimistic outlook for the current year.

Business of the Company

The Company is a globally renowned player in the Pigment Industry and manufactures a wide range of Organic and Inorganic Pigments, Effect Pigments, Agro Chemicals and other products with facilities at Roha and Mahad, Dist. Raigad, Maharashtra. The Company has also set up an ultra modern R & D Facility at Ambedvet, Amrlevadi, Dist. Pune, India. As the largest producer of pigments in India, Company manufactures an extensive range of Organic, Inorganic and Effect Pigments and dispersions catering to the Coatings, Plastics, Inks and Cosmetics Industries worldwide. The product offerings include recognized brands such as Sudaperm, Sudafast, Sudacolor, Sumica and Sumicos. Company's development focus is on high performance pigments mainly for automotive coatings and engineering plastics that are produced in state of the art manufacturing facilities at Roha and Mahad. In line with the Company's strategy to focus on its core business it has been decided to discontinue the operations of the Agro Chemical Division.

Financial and Operational Performance

Overall, the macro-economic situation is still challenging and policy measures taken by the Government are yet to impact the business in a big way. However Company posted moderate growth in top line and excellent growth in Profits on the back of planned austerity measures and optimum resource management.

The Financial highlights for the year ended 31st March, 2018 are as follows:

(Rs. in Lakhs)

Particulars*	F.Y. 2017-18	F.Y. 2016-17
Total Revenues	135,763	123,339
Revenues from Exports	60,767	50,789
PBDIT	15.76%	16.67%
PAT	8,583	8,596
ROCE	18.39%	18.45%
Earnings per share (Rs.)	12.40	12.42
Book Value per share (Rs.)	65.34	56.93

* All figures excludes revenue from Agro Division (discontinued operations)

The Company's overseas subsidiaries viz. Sudarshan Europe B.V., Sudarshan North America Inc., Sudarshan Shanghai and Sudarshan Mexico and Indian Subsidiaries, Prescient Color Limited and RIECO Industries Limited have posted satisfactory results in the year under review as can be seen from the Company's Consolidated Financial Results.

Segmental overview

In accordance with Ind AS 108, the Company has two reportable business segments, Pigments and Agro Chemicals.

Pigment business of the Company mainly comprises of manufacturing of Azos, Blue and Green, High Performance Pigments, Effects, Pigment Preparations and Inorganics.

Pigments are solid materials that improve the appearance or impart color to the substrate on which they are used; they are black, white, and colored. Pigments are insoluble materials incorporated by physically mixing them with the medium. They have a high tinting strength as compared to the material in which they are added. Pigments serve three main functions: impart color to the medium, hide the substrate, efface the existing color, and enhance the strength of the paint film.

The Company is a leading provider of organic pigments, pigment preparations used in coatings, paints, printing, plastics and other specialty applications. The Company's pigments make a difference to a whole host of products that touch everyday life. Based on extensive experience and expertise in color, Company's pigments provide vibrant and safe colors to the world. The product portfolio meets the demands for key market segments that include automotive, industrial, decorative and architectural paints and coatings and plastic applications.

The other reportable business segment, which is the Agro Chemical business consists primarily of products which are generic in nature.

Segment I –Pigments

1. Industry Structure and Developments

Chemicals are a part of every aspect of human life, right from the food we eat to the clothes we wear and to the cars we drive. Products from the Chemical Industry have altered the quality of life world over and have contributed significantly to everyone's day-to-day requirements through breakthrough innovations. The Chemical Industry is thus critical for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy. The industry is increasingly shifting to Asia in consonance with the shift of its key consumer industries. With Asia's increasing contribution to the global Chemical Industry, India emerges as one of the focus destinations for chemical companies worldwide.

Pigment Industry is a key component of the Chemical Industry. The Pigment Industry has changed over time to meet the dynamic needs of the emerging economy. Strong economic growth and rise in per-capita income has caused steady increases in demand for Pigments. The industry has moved from a low-growth and regulated environment to an increasingly mature core industry.

The Pigment Industry worldwide is one of the dominant industries with a collective revenues of over USD 5.5 Billion. The global pigment market for products which the Company deals in is approximately. USD 3.5 Billion. The growth of the Pigment Industry has more or less moved in tandem with the growth of global economy. Growth in per capita income leading to growth in per capita spending fuels demand for Pigments ranging from paints to plastics to polymer, ink to cosmetics and more, encompassing every sphere of life.

The Company is leader in the domestic pigment manufacturing industry with a 35% market share. The Company's Pigments are exported to most of the discerning markets in Europe, America and Asia.

There is an excess capacity for the manufacture of commodity pigments worldwide. This results in intense price competition in the commodity segments market. The China factor also continues to affect the Pigment industry.

2. Opportunities and Threats

Although small in size, the Indian Pigment Industry is a net exporter. Per capita consumption in each of its industry segment is very low compared to other countries. India being leader in knowledge power and going by its vast experience in handling customer demands, opportunities exist for rapid export growth by development of innovative products meeting high standards of quality.

Industries in unorganised sector account for a large share in production of Pigments. Any lapse in quality of products manufactured and non-compliance of pollution and environment related norms set up by the government might have adverse impact both in local and upcountry markets.

The growing domestic housing needs hold promise for varied Pigment applications. Automotive paints and personal care segment on the back of increasing disposable income of a growing middle class provides opportunity for growth. Inks and Plastics market also holds lot of promise as the Paper and Printing Industry is poised to record growth .

China at feverish pace has put up massive Pigment based chemical projects and complexes that not only meet their own demand but also global demand that will be emerging for the next several years. Because of this China not only controls market but also the pricing policy. Indian Pigment industry is under threat of dumping at rock bottom prices by developed economies like China due to meltdown in their countries and their ability to sustain due to large capacities. With strong in-house technology support and efficient development facility already available on site, your Company is capable of exploiting the opportunities and contributing positively in increasing its market base.

The Pigment Industry has to address the issues of REACH Compliance as also issues relating to clean and green environment apart from the competitive pressure from the China and other developed markets .

Escalation of crude oil prices responsible for spiralling and cascading price of inputs and the volatility of the Rupee vis-a-vis the US Dollar and EURO is a matter of concern and needs to be tackled if the Indian Pigment Industry has to remain competitive. Another matter of concern is the gestation period involved in evaluation and acceptability of the Company's products by overseas customers, and the costs associated with it, since many times proposals do not get converted into firm orders.

The implementation of GST in the country holds lot of promise as manufacturing will get more competitive as GST addresses cascading effect of tax, inter-state tax, high logistics costs and fragmented market, Increased protection from imports as GST provides for appropriate countervailing duty and not the least, aims at creating a level playing field.

3. Performance

The Pigment Division increased its sales in the year 2017-18 to Rs. 131,148 Lakhs from Rs. 110,007 Lakhs in 2016-17. Sales from exports for the year under review amounted to Rs. 60,603 Lakhs as against Rs. 50,660 Lakhs achieved during the previous year.

4. Outlook

The Pigments market is expected to grow due to demand for aesthetic consideration in industries such as paints and coatings, constructions, automobiles, etc. Pigments are widely used in these industries as a colorant which also protects the surface from weathering and corrosion. Moreover, pigments ability to enhance visual attraction and surface finish will generate profitable scope for pigments business over the next few years. However major economies continue to face deceleration in growth. Further on account of excess capacities, countries like China may resort to dumping of products in Indian markets to the detriment of the Indian Pigment Industry. The positive factor for Indian Pigment industry is the demand for its products is largely driven by domestic market and considering very low per capita consumption ratio holds promise.

The Company is gearing itself for sustaining its market position by adjusting to the market environment through improved service levels and continuous emphasis on cost management. The Company's globalization plans and its strong base in the Indian Market provides a great opportunity for growth. Also the Company's strategy of focusing among others on High Performance Pigments and specialized Azo Pigments provides a great future.

The Company's strategy of setting up sales offices to cater to European and North American customers is expected to give further push to Pigment exports as the Company is better equipped to understand and comply with customer preferences. The Company has also set up a Marketing / Sales Office in Shanghai, China to locally source raw materials and among others to cater to the requirements of Asia Pacific customers. The Company's direct Subsidiary, Sudarshan Europe B.V. has formed a Wholly Owned Subsidiary in Mexico by the name Sudarshan Mexico to cater to the requirements of customers.

As a consequence of all these actions, the Company expects better results during the current year.

5. Risks and Concerns

Volatility of the Rupee vis -a -vis the EURO / US Dollar, rise in crude oil prices in India and its cascading effect on other inputs is a matter of grave concern as it negates the key advantage of competitive pricing. There is also a great deal of uncertainty regarding pricing and availability of key intermediates from China.

Compliance of REACH regulations is a time consuming and expensive proposition making penetration of the Company's Pigments in the European market a challenging task.

The Company is operating in a segment dominated by multinational companies with cutting edge technologies in Pigment manufacturing. This provides an opportunity as well as an operating risk.

Segment II – Agro Chemicals

1. Industry Structure and Developments

The Indian agriculture sector remains the backbone of the nation's economy accounting 15% of the country's GDP. Nearly 60% of rural households rely on agriculture as their principal means of livelihood.

- India is the second largest producer of food grains in the world. More than 250 Million MT of food grains and 150 Million MT of fruits and vegetables are produced. Worldwide production is as follows:

China	18.52%
India	10.04%
USA	10.01%
Brazil	9%
- India has a total of 190 million Ha of arable land which represents 60% of our land mass.
- It is the second largest in the world after the USA which has 205 mill ha.
- In comparison, China has 180 million ha, Japan has 47 million ha and Brazil has 75 million ha.
- Every region in India has its unique aspects, which distinguishes it from the others. Variations in crops and cropping patterns, climatic conditions, economic health of the region, and others are some of several factors which influence the associated diseases and pests, products sold, price sensitivities and more for that particular region.
- Overall climatic conditions were not favourable in the 1st quarter of F.Y. 2017-18. However, it improved from July / August, 2017 onwards but pest infestation remained below economic threshold level during the last season / financial year.
- The Indian crop protection market is dominated by Insecticides, which account for almost 60% of domestic market, followed by Fungicides at 18% and Herbicides at 16%. From the conventional commonly used pesticides, the shift is seen towards crop specific agrochemicals for both pests and disease control. However, the latest trend indicates decline in insecticides use and increase in the use of fungicide and herbicides inching towards the global trend.
- The Agro Chemical Industry has also seen a change in the product mix owing to change in the crop pattern and the pattern of pest formation. The average per hectare consumption of agrochemicals in India is comparatively lower as compared to the consumption in USA, Japan and other developed countries. This augurs well for the Agro Chemical Industry. Rapid growth in acreage of Bt Cotton hybrids resulting in improvement in yield of cotton crop is opening new opportunities for more consumption of pesticides for the control of sucking pests and plant growth nutrients.

2. Opportunities and threats

Rising costs and uncertainty in availability of some key raw materials as well as some of the most important Technicals continue to be a challenge. Government restrictions and change in regulations have affected over all Agro Chemical business. Genetically modified seeds which have more self-immunity from natural adversaries pose a threat to the Agro Chemical business.

Large area exists in India for agriculture cultivation. India is the 7th largest country geographically and large areas are under crop cultivation. Indian Agro Chemical Industry has potential for growth considering the cost advantage as compared to that prevailing in developed countries as also considering the fact that usage of Insecticides in India on acreage basis as compared to developed countries is comparatively low. The need of the Industry is to invest in new products considering the change in crop pattern and pest formation. However the costs associated with development and introduction of new molecules are a deterrent to domestic agro chemical companies with low technology base and limited area of operations. The number of pesticides imported from China is also increasing.

3. Performance

F.Y. 2017-18 has been a challenging year for Agro Chemicals business. Delay in monsoon, demonetisation and low pest infestation affected the Pesticides industry. Notwithstanding the adverse conditions, Agro Division recorded revenues of Rs. 11,634 Lakhs for the FY 2017-18 as against Rs. 14,453 Lakhs for the previous year.

4. Outlook

In line with the Company's strategy of focus on Pigments, the Board of Directors at its meeting held on 27th June, 2018, has approved in principle the transfer of Agro Formulations Brand Business for a fixed consideration of Rs. 700 Lakhs and a variable component in terms of royalty payable on sales. Fixed assets for the Agro Chemicals Division are being used for Pigment Division.

5. Risks and concerns

Increasing number of Indian Companies are registering Chinese material in India. Any change in the Chinese supply position will adversely affect Indian Agro Chemical Industry. The below expectation of a normal monsoon coupled with various uncertainties is also a matter of concern as it impacts the overall crop pattern and resultant pest formation.

Risks Assessment and Management

Company has a robust Risk Management framework which identifies and assesses risk to the achievement of business objectives and monitors the effectiveness and efficiency of risk responses against strategic, operational, financial and compliance risks. The Company also focuses on existential and emerging threats, that could materially impact our Company's overall risk exposure, calibrate them from materiality standpoint and evolve mitigation mechanisms as and when required.

The Company is exposed to various risks like market risk, credit risk, liquidity risk etc. The Company's Senior Management, supported by an Enterprise Risk Management (ERM) Team, oversees the management of these risks. The ERM team provides advice on these risks and the appropriate risk governance framework and provides assurance to the Company's Senior Management that the Company's risk activities are governed by appropriate policies and procedures and that these risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company uses a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations. As part of a this program, the relevant parameters for all manufacturing sites are analyzed to minimize risk associated with protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations prescribed by the government authorities and internal guidelines.

The Company fulfils its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at all manufacturing sites. The Company continued its focus on compliance in all areas of its business operations by rationalizing and strengthening the controls. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. Company aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behaviour.

Environment, Corporate Sustainability and Social Responsibility

Company commits itself to ethical and sustainable operation and development in all business activities. Sustainability enhances innovative ways to do business. This is a necessary prerequisite for value creation. Sustainability at the Company is an integral part of the way we work and this helps the company to position itself in the sustainable market, build a competitive advantage through differentiation, support profitable growth, create added value for stakeholders, build brand image and reputation and anticipate and mitigate risk.

Our ability to treat customers, employees, neighbours and environment in a responsible way is not only ethically correct but also strengthens our partnership with those stakeholders upon whom our success as a Company ultimately depends. The Company takes initiatives to reduce environment, health and safety risks in the production, storage, distribution, use of products and disposal of waste. These include efficient use of energy and resources and continuous improvement of our processes to minimise the impact of our activities on the environment.

Based on the recommendations from the CSR Committee of the Board, the Company is focusing to enhance its contribution in the area of education, skill improvement and environment protection and continues its efforts to improve the life of the people surrounded by its manufacturing sites. The Roha and Mahad factories of the Company have received British Five Star Rating which is a testimony to strenuous efforts taken by the Company to achieve operational excellence in Environment Health and Safety. Company's certified management system complies with ISO 9001, ISO 14001, and OHSAS 18001 and this reflects the Company's continued commitment towards Quality, Environment, Occupational Health and Safety approaches

Dividend Policy

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders. A Dividend Distribution Policy has been framed with an objective to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. The Policy lays down various guidelines, factors and parameters to be considered by the Board of Directors of the Company while recommending / declaring Dividend from time to time.

Internal Controls Systems

The internal control systems are commensurate with the size, scale and complexity of the operations of the Company. All operations at the Company are carried out on the SAP system. The Internal Auditors along with finance team plans the audit schedule for the year in consultation with CFO and the Audit Committee. The schedule of the audit is prepared on the basis of 'risk assessment' to make sure all the assets of the Company are protected against losses. The Audit Committee of the Board approves the internal audit plan at the start of every financial year to ensure the coverage of most functions with a view to minimise associated risks. Independent external teams have been engaged as the Internal Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas and also provide suggestions for improvement. The Audit Committee regularly reviews the major findings of the internal audits with respect to different locations and functions to help take effective steps in ensuring compliance. The periodic report prepared by internal audit team created the basis of certification provided by the Managing Director and Chief Financial Officer for financial reporting as required under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Human Resource Development

The Company considers its committed and talented workforce as one of its most critical assets and key to driving sustainable performance and developing competitive advantage. During the year, we carried out several actions to attract, develop and retain high quality talent. A top leadership development initiative was launched to identify

and build on the strengths of our leadership team and help our leaders enhance their leadership skills individually and collectively. As part of our deep commitment to enhance the capabilities of our employees, targeted learning and development programmes continued during the year. Going forward, we intend to harness the power of technology to make the delivery of such programmes more efficient and employee centric. Recognising the need to ensure such proposition, we have applied the right organisational skill to meet and address future opportunities and challenges wherein we undertook a wide-range of organisational review. The review resulted in the implementation of changes in our organisation structure that would enable us to focus on new and emerging areas, strengthening key functions, provide fresh challenges to our talents and addressing the need for succession planning. Compensation and benefits packages have always been pivotal to retaining and motivating employees. To remain competitive in compensation and rewards offered, continual efforts were made to make compensation and benefits flexible and market-linked. The year witnessed a number of engagement activities aimed at building a spirit of camaraderie across locations. Our industrial relations continued to be cordial.

The total number of employees on the rolls of the Company as on 31st March, 2018 was 910 as against 870 on 31st March 2017.

CAUTIONARY STATEMENT

Certain statements under “Management Discussion and Analysis” describing the Company’s objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company’s operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Corporate Governance enjoins a commitment of the Company to run the business in legal, ethical and transparent manner emanating from the top and permeating throughout the organization. It involves a set of relationships between the Company's Management, its Board, Shareholders and Stakeholders. It is one of the key elements in improving the economic efficiency of the enterprise. Credibility generated by sound Corporate Governance enables an enterprise in enhancing the confidence of the investors and in establishing productive and lasting business relationship with all stakeholders.

This chapter on Corporate Governance, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports, show the Company's compliance of Listing Regulations.

I. Company's Philosophy on Code of Governance:

The Company's philosophy on Corporate Governance envisages attainment of transparency and accountability in all spheres including its dealings with Government and Regulatory Authorities, employees, shareholders, customers, vendors, lenders and others. Thus, Corporate Governance is a reflection of the Company's culture, policies, the Company's relationship with stakeholders and the Company's commitment to values.

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct of the Company and among others, the Code for Prevention of Insider Trading and host of other policies. The Company, through its Board and committees, endeavours to maintain high standards of Corporate Governance for the benefit of its shareholders and stakeholders.

The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the Management with the strategic direction catering to creation of long-term shareholders value. Its initiatives towards adhering to high standards of Governance include self governance, professionalization of the Board, fair and transparent processes and reporting systems. The Corporate Governance Principles implemented by the Company seeks to protect, recognize and facilitate shareholders rights and ensure timely and accurate disclosure to them. Good Governance practices have rewarded the Company in the sphere of improved share valuations, stakeholders' confidence, improved market capitalization, and awards from appropriate authorities, among others, for its employee centric policies and environmental protection measures, etc. These have helped the Company to increase shareholder value .

The Company's Board comprises of individuals with considerable experience and expertise across a range of disciplines including business management, business strategy, direct taxation, finance and accounting. The Board members are fully aware of their roles and responsibilities in discharge of their key functions. The Board members strive to meet the expectations of operational transparency without compromising on the need to maintain confidentiality of information.

The Company's vision is to be amongst the top three pigment players in the Global Pigment Industry. The Company's business strategy is to be a reliable partner and to provide value to its customers. This is achieved through a solutions partnering approach, delivering products of world class standards and not the least aiming at excellence in customer service each time, every time.

Sudarshan Values

All employees are committed to living the Company's values:

- Seva
- Courage
- Commitment and Passion
- Respect
- Trust

Integrity of Financial Reporting

The Company ensures that adequate controls are in place to provide accurate and timely disclosure on all material matters including financial situation, performance and governance of the Company. The Audit process is supervised by the Audit Committee of the Board and is undertaken by an Independent firm of Chartered Accountants, reporting directly to the Audit Committee.

Rights of shareholders

The Company believes in protecting the rights of the shareholders and ensures adequate and timely disclosure of all information to the shareholders in compliance with applicable laws. Shareholders are furnished with sufficient and timely information concerning critical matters discussed and decided at the Board level as also information regarding matters to be transacted at General Meetings, opportunity to participate and vote at General Meetings, rules of voting process and among others mechanism to address grievances.

Rights of stakeholders

The Company recognises the rights of its stakeholders and respect their rights which are established by law or through mutual agreements. Stakeholders are provided access to relevant, sufficient and reliable information on a regular basis enabling them to participate in the governance process.

Whistle-Blower Policy / Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and in line with the best practices. The Company has put in place a system through which Directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of the Company's Code of Conduct without fear of reprisal. All Directors, employees and business associates have direct access to the Chairman of the Audit Committee. The Whistle-Blower Protection Policy aims to:

- Allow and encourage stakeholders to bring to the Management's notice concerns about unethical behaviour, malpractice, wrongful conduct, actual or suspected fraud or violation of policies.
- Ensure timely and consistent organizational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimization.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website **www.sudarshan.com**.

In terms of the Whistle Blower Policy / Vigil Mechanism Policy, it is affirmed that no personnel has been denied access to the Audit Committee.

Framework of Insider Trading

The Company's shares are listed on the BSE Limited and the National stock Exchange Limited. With a view to prevent insider trading and abusive self dealings in the shares of the Company, the Company has put in place a Code of Conduct to regulate, Monitor and Report Trading of Company shares by Insiders. The Code is based on the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company Directors, Key Management Personnel and designated employees and other Insiders are informed about closure of the Trading Window prior to dissemination of price sensitive information which are likely to affect the share prices as also the manner in which shares can be acquired when the Trading Window is open. The code of conduct is available on the Company's website **www.sudarshan.com**.

II. Board of Directors:

The Board of Directors of the Company has an optimum combination of Executive Directors, Non-Executive Directors, Independent Directors and Non-Executive Independent Directors who have in depth knowledge of business, in addition to the expertise in their areas of specialization.

As on 31st March, 2018, Company's Board consists of 12 Members. Besides the Executive Promoter Chairman and Executive Promoter Director, the Board comprises of three Non-Executive Promoter Directors, One Non-Executive Non-Independent Director and six Non-Executive Independent Directors (including two Women Directors viz. Mrs. Rati F. Forbes and Mrs. Shubhalakshmi A. Panse). The composition of the Board is in conformity with the Listing Regulations enjoining specified combination of Executive and Non-Executive Directors with at least one Women Director and at least one-half of the Board comprising of Independent Directors for a Board chaired by an Executive Promoter Director.

II.1. Composition:

The Board of Directors comprises of following members as detailed below:-

Sr. No.	Category of Directors	Name of the Director
1.	Promoters	1. Mr. P. R. Rath – Chairman and Managing Director 2. Mr. R. B. Rath – Dy. Managing Director 3. Mr. N. J. Rath – Non-Executive Director 4. Mr. K. L. Rath – Non-Executive Director 5. Mr. A. B. Rath – Non-Executive Director
2.	Non – Promoters (Independent)	1. Mr. S. N. Inamdar 2. Mr. D. N. Damania 3. Mr. S. Padmanabhan 4. Mr. S. K. Asher 5. Mrs. R. F. Forbes 6. Mrs. S. A. Panse
3.	Non – Promoter (Non-Independent)	1. Mr. N. T. Raisinghani

Notes:

- None of the Non-Promoter Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2017-18 which in the judgment of the Board may affect independence of judgment of the Directors.
- The Directors mentioned at Serial No. 2 above fall within the expression of "Independent Directors" as mentioned in Regulation 16(b) of the Listing Regulations, 2015.
- The Director mentioned at Serial No. 3 above, has been appointed as Non-Executive and Independent Director w.e.f. 24th May, 2018 since he has complied with the requirements of Section 149 (6) of the Companies Act, 2013. Mr. N. T. Raisinghani has also submitted the declaration of Independence and same has been taken on record by the Board of Directors.

Profile of Promoter Directors:

- Mr. P. R. Rath**, Chairman and Managing Director, is MS in Chemical Engineering from MIT, USA and M.B.A. from Columbia University, USA and has been associated with the Company for more than three decades.
- Mr. R. B. Rath**, Dy. Managing Director, is B. E. Mech. Engg. from MIT, Pune, B. S. Chem. Engg. from Ohio University USA and M.B.A. from Pittsburgh University, USA. Mr. R. B. Rath has been associated with the Company for the past two decades.
- Mr. N. J. Rath**, Non-Executive Director, is M. Com from University of Pune and M.B.A. from USA and has been associated with the Company for more than four decades.
- Mr. K. L. Rath**, Non-Executive Director is B.Sc, B.Sc.(Tech) and M.A.(Chem) from Columbia University, USA and has been associated with the Company for more than four decades.

5. **Mr. A. B. Rathi**, Non-Executive Director B.Tech, from University of Madras, M.S.Chemical Engg. From University of Detroit, USA and M.B.A. from USA.

Mr. A. B. Rathi is the Managing Director of RIECO Industries Limited (RIECO), a Wholly Owned Subsidiary of the Company. RIECO manufactures Air Pollution Control Equipments and Pneumatic Conveying Systems. Mr. A. B. Rathi is also heading the Industrial Mixing Solutions Business of the Company which manufactures Industrial Mixers.

Profile of present Non-Executive, Independent Directors:

1. **Mr. S. N. Inamdar**, is a leading advocate and an expert in Income Tax matters. Mr. S. N. Inamdar is the Chairman of Audit Committee of the Board of Directors and is also on the Board of several other Companies.
2. **Mr. D. N. Damania**, is B.E. Mechanical Engineering from Pune University and a renowned technocrat. Mr. D. N. Damania is also on the Board of several other Companies.
3. **Mr. S. Padmanabhan**, is M.Sc. (Physics) from Delhi University and Bachelor of General Law from Mumbai University. Mr. S. Padmanabhan has a diploma in Development Economics from University of Cambridge, U.K. and a Diploma in Management Accounting from Bajaj Institute of Management, Mumbai. A former IAS Officer, Mr. S. Padmanabhan has wide experience in setting up of industrial projects, finance and administration. Mr. S. Padmanabhan is also on Board of several other Companies.
4. **Mr. S. K. Asher**, is a Fellow member of the Institute of Chartered Accountants of India and Commerce and Law graduate from the Bombay University. Mr. Sanjay Asher is senior partner of M/s. Crawford Bayley & Co., Mumbai and is also on the Board of several other Companies.
5. **Mrs. R. F. Forbes**, is a Graduate in Psychology and Sociology from Bombay University and has further done special courses on Women in Leadership, Human Resources and Organisational Behaviour and Social Entrepreneurship and Philanthropy from IIM Ahmedabad and Stanford University. She is also on the Board of other companies including Forbes Marshall Private Ltd. since 1999.
6. **Mrs. S. A. Panse**, has done M.Sc., D.B.M. (Diploma in Business Management), MMS (Masters in Management Sciences with specialization in Financial Management) from Pune University and M.B.A. (Masters in Business Administration with specialization in Bank Management) from Drexel University, USA. She has also acquired a professional qualification C.A.I.I.B. (Certified Associate of Indian Institute of Bankers).

Profile of Non-Executive, Non-Independent Director:

Mr. Naresh T. Raisinghani, is the CEO and Executive Director of Breakthrough Management Group International, Mumbai. He has done his Management from Harvard Business School and his Bachelors in Mechanical Engineering from University of Mumbai. Mr. Naresh T. Raisinghani is also on the Board of other Companies.

Independent Directors :

The Independent Directors of the Company fully meet the requirements laid down under Regulation 16(1) (b) of the SEBI, Listing Regulations, 2015. The Company has received a declaration from each of the Independent Directors confirming compliance with the criteria of independence as laid down under this Regulation as well as Section 149 (6) of the Companies Act, 2013.

As mandated by the Regulations, the Independent Directors on the Board of the Company:

- a. Are persons of integrity and possess relevant expertise and experience;
- b.
 - i. Are not a Promoter of the company or its holding, subsidiary or associate company;
 - ii. Are not related to Promoters or Directors in the company, its holding, subsidiary or associate company;

- c. Have no material pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed with the company, its holding, subsidiary or associate company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year: Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed; (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
- e. Neither themselves nor any of their relatives -
 - i. hold or have held the position of a Key Managerial Personnel or are or have been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years;
 - ii. are or have been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed, of (A) a firm of Auditors or Company Secretaries in practice or Cost Auditors of the company or its holding, subsidiary or associate company; or (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
 - iii. hold together with their relatives two percent or more of the total voting power of the company; or
 - iv. is a Chief Executive or Director, by whatever name called, of any Non-Profit Organisation that receives twenty-five percent or more of its receipts from the company, any of its Promoters, Directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company;
 - v. who possesses such other qualifications as may be prescribed;

Formal Letter of appointment to Independent Directors :

In accordance with the erstwhile Clause 49 of the Listing Agreement, the Company has issued formal letters of appointment to all the Independent Directors. The terms and conditions of their appointment have also been disclosed on the website of the Company www.sudarshan.com

Limit on the number of Directorships :

In compliance with the Listing Regulations, Directors of the Company do not serve as Independent Director in more than seven Listed Companies or in case he / she is serving as a Whole-Time Director in any Listed Company, does not hold such position in more than three Listed Companies.

Maximum Tenure of Independent Directors :

In accordance with Section 149 (11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 consecutive years from the date of Annual General Meeting (AGM) held on 9th August, 2014 i.e. upto 8th August, 2019.

Succession Plan :

The Board of Directors has satisfied itself that plans are in place for orderly succession for outgoing Members of the Board of Directors and Senior Management Personnel.

Board Meetings and Agenda:

In accordance with the legal position and the Articles of Association of the Company, the Board of Directors is the ultimate decision making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of Directors. The Board generally meets once in a quarter to review among other things quarterly performance of the Company and financial results. The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Whenever it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and / or the presentations are made in respect thereof. The information as specified in Regulation 17(7) of the SEBI, Listing Regulations, 2015 is regularly made available to the Board, whenever applicable, for discussion and consideration. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The following information is regularly provided to the Board, as part of the agenda papers of the Board meetings.

- Detailed Business Review.
- Annual operating plans and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Annual and Quarterly financial results for the Company and its operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property and any other acquisition.
- Significant labour problems and their proposed solutions.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, etc.
- Details of investment of surplus funds available with the Company, if any.

- Minutes of the Board Meetings of subsidiary companies.
- Statement showing significant transactions and arrangements entered into by subsidiary companies.
- Details of any merger or demerger actions.
- Details of dealings in Company's share by members of the Board/ Senior Management.
- Details of commercial or any other dealings by firms/ companies in which members of the Board / Senior Management or their relatives hold shares.
- Details of Inter-corporate Loans, Investments and Guarantees made / given by the Company.
- Detailed status on the Business Risks being faced by the Company and their mitigation plan.
- Changes in Shareholding Pattern of the Company.
- Statement on Compliance with Code of Conduct.

Post Meeting follow up system:

The Company has an effective post Board Meeting follow up procedure. Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board. The Board has established procedures to periodically review compliance report of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance.

II.2 Meetings and Attendance:

During the Financial Year, 2017-18, six meetings of the Board of Directors were held on 26th May, 2017, 19th June, 2017, 10th August, 2017, 9th November, 2017, 8th February, 2018 and 30th March, 2018.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2017-2018 and at the last Annual General Meeting held on 10th August, 2017 are given below:-

Sr. No.	Name of the Director	Designation	Status	No. of Board Meetings attended	Attendance at the last AGM
1.	Mr. P. R. Rathi	Chairman and Managing Director	Executive	6	Yes
2.	Mr. R. B. Rathi	Dy. Managing Director	Executive	6	Yes
3.	Mr. N. J. Rathi	Director	Non-Executive	5	Yes
4.	Mr. K. L. Rathi	Director	Non-Executive	6	Yes
5.	Mr. A. B. Rathi	Director	Non-Executive	3	Yes
6.	Mr. S. N. Inamdar	Director	Non-Executive	6	Yes
7.	Mr. D. N. Damania	Director	Non-Executive	6	Yes
8.	Mr. S. Padmanabhan	Director	Non-Executive	6	Yes
9.	Mr. S. K. Asher	Director	Non-Executive	4	No
10.	Mrs. R. F. Forbes	Director	Non-Executive	4	Yes
11.	Mr. N. T. Raisinghani	Director	Non-Executive, Non-Independent	5	Yes
12.	Mrs. S. A. Panse	Director	Non-Executive	6	Yes

II.3 Details of Directorship(s) and Committee membership(s) in Companies:

(No. of companies)

Name of the Director	Directorship *	Committee Membership **
Mr. P. R. Rathi	13	7
Mr. R. B. Rathi	11	3
Mr. N. J. Rathi **	8	3
Mr. K. L. Rathi	9	2
Mr. A. B. Rathi	8	-
Mr. S. N. Inamdar **	5	6
Mr. D. N. Damania **	6	10
Mr. S. Padmanabhan	8	7
Mr. S. K. Asher **	19	16
Mrs. R. F. Forbes	6	4
Mr. N. T. Raisinghani	2	-
Mrs. S. A. Panse **	12	7

* (Includes Directorships held in Private Companies, Section 8 Companies, Body Corporate incorporated outside India and Alternate Directorships)

** (Includes Chairmanship / Membership of Nomination and Remuneration Committees which is non-mandatory under Regulation 26 of the SEBI Listing Regulations, 2015)

None of the Directors is a member in more than 10 mandatory committees or acting as Chairman of more than five committees across all companies in which he / she is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

III. Delegation of Authority and Responsibilities:

The Company has established a system of Delegation of Authority to define the limits of authority delegated to specified positions of responsibility within the Company and to lay down the obligations that are to be performed by individuals. The approval of commitments and responsibilities outlined in this system are approved by the Managing Director / Dy. Managing Director and noted by the Board of Directors.

The Working Directors of the Company have delegated responsibilities coupled with necessary authorities to Officials of the Company so as to designate them as "Responsible Persons" and to vest in them, the authority and responsibility to ensure that all statutory compliances as applicable are complied. The Board periodically reviews the Compliance Report in relation to all laws applicable to the Company.

IV. Information placed before the Board of Directors:

The information as required under Regulation 17(7) of the SEBI Listing Regulations, 2015 to the extent relevant is made available to the Board in every meeting the details of which are given elsewhere in this report.

V. Roles and Responsibilities of Board Members

The Chairman: His primary role is to provide leadership to the Board in achieving goals of the Company in accordance with the charter approved by the Board. He is responsible for transforming the Company into a world-class organization that is dedicated to the well-being of each and every household, not only within India but across the globe, apart from leaving a fortunate legacy to posterity. Also, as the Chairman of the Board he is responsible for all the Board matters. He is responsible, inter-alia, for the working of the Board and for ensuring that all relevant issues are placed before the Board and that all Directors are encouraged to provide their expert guidance on the relevant issues raised in the meetings of the Board. He is also responsible for formulating the corporate strategy along with other members of the Board of Directors. His role, inter-alia, includes:

- provide leadership to the Board and preside over all Board & General Meetings.
- achieve goals in accordance with Company's overall vision.
- ensure that Board decisions are aligned with Company's strategic policy.
- oversee and evaluate the overall performance of Board and its Members.
- ensure to place all relevant matters before the Board and encourage healthy participation by all Directors to enable them to provide their expert guidance.
- monitor the core management team.

The Executive Directors are responsible for implementation of corporate strategy, brand equity planning, external contacts and other Management matters which are approved by the Board. They are also responsible for achieving the annual and long-term business plans. Their role, inter-alia, includes:

- crafting of vision and business strategies of the Company.
- clear understanding and accomplishment of Board set goals.
- responsible for overall performance of the Company in terms of revenues and profits and goodwill.
- acts as a link between Board and Management.
- ensure compliance with statutory provisions under multiple regulatory enactments.

Non-Executive Directors (including Independent Directors) play a critical role in balancing the functioning of the Board by providing Independent judgements on various issues raised in the Board meetings like formulation of business strategies, monitoring of performances etc. Their role, inter-alia, includes:

- impart balance to the Board by providing independent judgement.
- provide feedback on Company's strategy and performance.
- provide effective feedback and recommendations for further improvements

VI. Audit Committee:

The Company has constituted a qualified Audit Committee in compliance with Regulation 18 of the SEBI Listing Regulations, 2015. All members of the Committee are financially literate, with Mr. S. N. Inamdar, Chairman of the Committee, having the relevant accounting and financial expertise.

Composition

The Audit Committee consists of the following Directors:

Name of the Members	Category	No. of Meetings attended during the year 2017-18
Mr. S. N. Inamdar, Chairman	Independent, Non-Executive Director	4
Mr. D. N. Damania, Member	Independent, Non-Executive Director	4
Mr. S. K. Asher, Member	Independent, Non-Executive Director	3 **
Mr. P. R. Rathi, Member *	Non-Independent, Chairman and Managing Director	4

*Resigned w.e.f. 9th November, 2017

**Attended the Audit Committee held on 8th November, 2017 through Video Conference from Chennai.

Meetings and attendance during the year

During the Financial Year 2017-18, four meetings of the Audit Committee were held on 26th May, 2017, 10th August, 2017, 8th November, 2017 and 8th February, 2018.

Mr. P. S. Raghavan, Company Secretary is Secretary to the Audit Committee

Mr. S. N. Inamdar, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 10th August, 2017.

Terms of Reference of Audit Committee

The Audit Committee of the Company is entrusted with the following powers and responsibilities to supervise the Company's internal control and financial reporting process.

Powers of Audit Committee

The primary objective of Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting. The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

1. Investigate any activity within its terms of reference of the Companies Act, 2013 or referred to it by the Board and for its purpose, shall have full access to information contained in the records of the Company and external professional, legal or other advice, if necessary;
2. Seek information from any employee;
3. Obtain outside legal or other professional advice; and
4. Secure attendance of outsiders with relevant expertise wherever it considers necessary

Role of Audit Committee

The role of the Audit Committee is in line with the Regulation 18 (3) of the Listing Regulations, 2015 and the Committee performs among others the following functions :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the Management, the annual Financial Statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
 - d. Significant adjustments made in the Financial Statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to Financial Statements;
 - f. Qualifications in the draft audit report, if any;
5. Approval or any subsequent modification of transactions of the Company with related parties;

6. Reviewing, with the Management, the quarterly Financial Statements before submission to the Board for approval;
7. Reviewing and monitoring with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
9. Review and discuss with the Management the status and implications of major legal cases;
10. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
11. Discussion with Internal Auditors on any significant findings and follow up thereon.
12. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
13. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
15. To review the functioning of the Whistle Blower mechanism from time to time, address genuine concerns; and :
 - a. To ensure the action taken on the alleged complaints received under this mechanism;
 - b. To review the adequacy of the final outcome of such complaint and ensure that the reward or punishment is commensurate with the final outcome;
 - c. To get an independent expert opinion, if need be, on the alleged complaint.
16. Direct access to the Chairman of the Committee, in appropriate or exceptional cases, to the vigil mechanism established by the Company.
17. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
18. Scrutiny of inter-corporate loans and investments.
19. Valuation of undertakings or assets of the Company, wherever it is necessary.
20. Valuation of internal financial controls and risk management systems.
21. Mandatorily reviewing the following information :
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions;
 - c. Management letters / letters of internal control weakness issued by the Statutory Auditors;
 - d. Internal audit report relating to internal control weakness;
 - e. Appointment, removal and terms of remuneration of the Internal Auditor (s).

22. Review of Financial Statements, Investments made in Wholly Owned Subsidiary Companies i.e. Prescient Color Limited, RIECO Industries Limited, Sudarshan Europe B.V., Sudarshan (Shanghai) Trading Company Limited and step down Subsidiaries i.e. Sudarshan North America, Inc. and Sudarshan Mexico.

23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The full text of the Charter of the Audit Committee is available at the Company's website www.sudarshan.com.

VII. Nomination and Remuneration Committee:

Composition and Meetings

The Nomination and Remuneration Committee (NRC) of the Board consists of the following Directors:

Name of the Members	Category	No. of Meetings attended during the year 2017-18
Mr. D. N. Damania, Chairman	Independent, Non-Executive Director	3
Mr. S. N. Inamdar, Member	Independent, Non-Executive Director	3
Mr. S. K. Asher, Member	Independent, Non-Executive Director	2
Mr. N. J. Rathi *	Non-Independent, Non-Executive Director	2

*Resigned w.e.f. 9th November, 2017

During the Financial Year 2017-18, Nomination and Remuneration Committee meetings were held on 26th May, 2017, 10th August, 2017 and 8th February, 2018.

Terms of Reference

1. To identify persons:
 - i. who are qualified to become directors; and
 - ii. who may be appointed in Senior Management in accordance with the criteria laid down by NRC for determining qualifications and positive attributes;

The expression 'Senior Management' has been defined vide Explanation to sub-section (8) of Section 178 of the 2013 Act and Regulation 26(5) of the SEBI Listing Regulations 2015.

Senior Management of the Company shall consist of :

- those identified by the Company as forming part of the core management team;
 - Senior Management (other than Board of Directors / Board) who are one level below the Executive Directors;
 - functional heads (even though they may be more than one level below the Executive Directors).
2. To recommend to the Board, the appointment and removal of Directors and Senior Management personnel;
 3. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
 4. To determine or review on behalf of the Board, the compensation package, service agreements and other employment conditions for managing or whole time director(s);
 5. To determine on behalf of the Board, the quantum of annual increments or incentives on the basis of performance of the Key Managerial Personnel;

6. To formulate, amend and administer stock option plans and grant stock options to Managing or Whole Time Director (s) and employees of the Company;
7. To formulate or lay down the criteria for evaluating the Independent Directors and the Board, that is to say, the criteria for performance evaluation of the Independent Directors;
8. To devise a policy on succession planning Board diversity;
9. To consider other matters, as from time to time, be referred to it by the Board.

Remuneration Policy

The Company has put in place a Remuneration Policy. While deciding the remuneration package of the Executive Directors and Senior Management, the Company takes into consideration the following items: (a) employment scenario; (b) remuneration package of the industry; and (c) remuneration package of the managerial talent of other industries.

The annual variable pay of Executive Directors and Senior Management is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives. For more details, please refer to the Remuneration Policy of the Board, KMP appearing in the Directors' Report.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and Performance Linked Variable Allowance (PLVA) / Commission (variable component) to Managing Director / Dy. Managing Director. Salary is paid within the range approved by the Shareholders. Annual increments effective on 1st April each year, as recommended by the Nomination and Remuneration Committee, are approved by the Board. Commission is calculated with reference to net profits of the Company in a particular Financial Year and is determined by the Board of Directors at the end of the Financial Year based on the recommendations of the Nomination and Remuneration Committee, subject to overall ceilings stipulated in Section 197 of the Companies Act, 2013. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees. Further, commission amounting to Rs. 47.90 Lakhs is proposed to be paid to the Non-Executive Directors (computed in accordance with Section 198 of the Companies Act, 2013) for the Financial Year 2017-18.

The distribution of Commission amongst the NEDs is placed before the Board. The Commission is recommended by the Nomination and Remuneration Committee based on the contribution at the Board and Committee Meetings as well as time spent on operational matters other than at the meetings.

The Company pays sitting fees to the NEDs for attending the meetings of the Board. The Schedule of sitting fees presently being paid is appended below:

Sr. No.	Particulars	Sitting Fees per meeting Amount (Rs.)
1.	Board of Directors	20,000
2.	Audit Committee	20,000
3.	Stakeholders Relationship Committee	20,000
4.	Nomination and Remuneration Committee	20,000
5.	Risk Management Committee	20,000
6.	CSR Committee	20,000
7.	Finance Committee	20,000
8.	Issue of Share Certificates / Duplicate Share Certificates	5,000

Performance evaluation mechanism :

As mandated under Schedule IV to the Companies Act, 2013 concerning Code for Independent Directors, the performance evaluation mechanism of the Independent Directors and the Board as a whole was duly

completed for the Financial Year 2017-18. For more details please refer the Director's Report for the year under review.

Independent Directors' Meeting :

A separate meeting of the Independent Directors of the Company was held on 30th March, 2018 without the attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed (i) the performance of Non-Independent directors and the Board as a whole; (ii) the performance of the Chairman of the Board taking into account the views of the Executive Directors and Non-Executive Directors; and (iii) assessed the quality, quantity and timeliness of flow of information between the Company management and the Board required to effectively and reasonably perform their duties and have expressed satisfaction.

Familiarization program for Independent Directors :

Your directors has adopted an ongoing Familiarization Program ("the Program") for Independent Directors pursuant to Listing Regulations, 2015. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company and to help them in the efficient discharge of their roles, rights and responsibilities in the Company. Details of such programs have been disclosed on the company's website www.sudarshan.com

Board Diversity Policy

The Company recognizes and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, which will ensure that the Company retains its competitive advantage.

The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- drive business results;
- make corporate governance more effective;
- enhance quality and responsible decision making capability;
- ensure sustainable development; and
- enhance the reputation of the Company.

Full text of the Board diversity policy is available on the Company's website www.sudarshan.com

No. of shares held by Non-Executive Directors (As on 31st March 2018):

Sr. No.	Name of the Non-Executive Director	No. of shares of Rs. 2 each held
1.	Mr. K. L. Rathi	7,61,500
2.	Mr. N. J. Rathi	7,97,650
3.	Mr. A.B. Rathi	20,51,060
4.	Mr. D. N. Damania	930
5.	Mr. N. T. Raisinghani	700

Remuneration to Executive Directors for the year ended 31st March, 2018:

(Amount in Rs.)

Particulars	Mr. P. R. Rathi, Chairman and Managing Director	Mr. R. B. Rathi, Dy. Managing Director
Salary and Other allowances	15,186,058	20,256,209
Contribution to Provident Fund and other Funds	1,879,200	1,961,350
Other Perquisites	43,400	-
Commission	7,000,000	7,000,000
Total	24,108,658	29,217,559

Remuneration to Non-Executive Directors (As on 31st March, 2018):

(Amount in Rs.)

Name of the Director	Sitting fees	Others (Professional Fees)	Total
Mr. S. N. Inamdar	305,000	1,050,000	1,355,000
Mr. D. N. Damania	300,000	-	300,000
Mr. S. Padmanabhan	160,000	-	160,000
Mr. S. K. Asher	220,000	-	220,000
Mrs. R. F. Forbes	120,000	-	120,000
Mrs. S. A. Panse	160,000	-	160,000
Mr. N. T. Raisinghani	120,000	-	120,000
Mr. N. J. Rathi	160,000	-	160,000
Mr. K. L. Rathi	120,000	-	120,000
Mr. A. B. Rathi	60,000	-	60,000
Total	1,725,000	1,050,000	2,775,000

In addition to sitting fees, Mr. S. N. Inamdar is also paid fees for rendering professional services. However these are not material in nature.

The full text of the Charter of the Nomination and Remuneration Committee is available at the Company's website www.sudarshan.com

VIII. Stakeholders' Relationship Committee:**Composition**

The Stakeholders' Relationship Committee comprises of the following Directors:

Name of the Members	Category	No. of Meetings attended during the year 2017-18
Mr. S. K. Asher, Chairman	Independent, Non-Executive Director	1
Mr. P. R. Rathi, Member	Chairman and Managing Director	1
Mr. N. J. Rathi, Member	Non-Executive Director	1
Mr. R. B. Rathi, Member *	Dy. Managing Director	1

*Appointed as a Member w.e.f. 4th August, 2017

Terms of Reference

1. To consider and resolve the grievances of security holders of the Company including complaints related to :
 - a. Transfer of shares;
 - b. Non-receipt of Balance Sheet;
 - c. Non-receipt of declared dividends; and
 - d. Any other investors' grievance raised by any security holder;
2. To approve transfer or transmission of equity shares, debentures or any other securities;
3. To issue duplicate share certificates;
4. To approve and issue fresh share certificates by way of split, consolidation or renewal of the existing share certificates or in any other manner;
5. To allot fully or partly paid-up shares, convertible debentures or other financial instruments convertible into equity shares at a later stage;
6. To ensure that the rights of stakeholders that are established by law or through mutual agreements are respected;
7. To offer stakeholders the opportunity to obtain effective redress for violation of their rights and to monitor the resolution of their grievances;
8. To encourage mechanisms for employee participation;
9. To ensure that stakeholders have access to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process;
10. To devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices;
11. To oversee the performance of the Registrars and Share Transfer Agents of the Company;
12. To look into such other matters as may from time to time be required by any statutory or regulatory authority to be attended by the Committee;
13. To consider other matters, as from time to time, be referred to it by the Board.

The full text of the Charter of the Stakeholders Relationship Committee is available at the Company's website **www.sudarshan.com**

During the Financial Year 2017-18, Stakeholders Relationship Committee meeting was held on 4th August, 2017.

Based on the report received from the Company's Registrars, no complaint was received from SEBI, Stock Exchange(s).

Name, Designation and address of Compliance Officer:

Mr. P. S. Raghavan
 Company Secretary
 Sudarshan Chemical Industries Limited,
 162, Wellesley Road, Pune 411 001
 Maharashtra, India

IX. Risk Management Committee :**Overview**

Risk is an integral and inseparable component of the business operations of a company. Risks which a company may face include market risks, financial reporting risks, finance risk, fluctuations in foreign exchange, technological risks, human resource management and legal or compliance risks. The Company believes that identifying significant risks which the Company may face and devising risk assessment and mitigation procedures to tackle such risks would play an important role in protecting shareholder value, improving governance processes and meeting unforeseen exigencies in the cycle of conduct of business operations of the Company.

Composition

The present Members of the Risk Management Committee are :

1. Mr. D. N. Damania, Chairman
2. Mr. S. Padmanabhan
3. Mr. N. T. Raisinghani
4. Mrs. S. A. Panse
5. Mr. P. R. Rathi
6. Mr. R. B. Rathi
7. Mr. A. Vij
8. Mr. V. V. Thakur

Terms of Reference

1. The Risk Management Committee shall assist the Board with the identification and management of risks to which the Company is exposed. However they shall not be responsible to address risks which come under the purview of the Audit Committee, Nomination and Remuneration Committee or any other committee constituted by the Board to address any specific risk.
2. The Risk Management Committee shall ensure effective implementation of the Policy of the Company. This shall among others include :
 - i. putting in place risk management frameworks and processes;
 - ii. identifying risks and promoting a pro-active approach to treating such risks;
 - iii. conducting regular risk assessments;
 - iv. allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes;
 - v. striving towards strengthening the risk management system through continuous learning and improvement;
 - vi. delineating business continuity processes and disaster management plans for unforeseen exigencies and providing clear and strong basis for informed decision making at all levels of the organization;
 - vii. deploying strategies and methods to reduce the severity of risks;
 - viii. complying with all relevant laws and regulations across its areas of operation; and
 - ix. communicating the Policy to the required stakeholders through suitable means and periodically reviewing its relevance in a dynamic business environment.

A meeting of the Risk Management Committee was held on 30th March, 2018.

The full text of the Charter of the Risk Management Committee is available at the Company's website www.sudarshan.com

X. Corporate Social Responsibility (CSR) Committee:

Corporate Social Responsibility Committee has been constituted in accordance with the provisions of Section 135 of the Companies Act, 2013

Terms of Reference

The CSR Committee shall:

- i. Formulate CSR Policy and recommend the same to the Board of the Company for approval;
- ii. Recommend CSR Activities as specified in Schedule VII to the Act including any amendments or modification from time to time as applicable;
- iii. Approve to undertake CSR Activities in collaboration with group companies or other companies or non-governmental organizations and to separately report the same in accordance with the CSR Rules;
- iv. Recommend the amount of expenditure to be incurred on the CSR Activities;
- v. Spend the allocated CSR amount on the CSR Activities once it is approved by the Board of the Company in accordance with the Act and the CSR Rules;
- vi. Monitor the Corporate Social Responsibility Policy of the Company from time to time;
- vii. Monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company;
- viii. Formulate a transparent mechanism for ensuring implementation of the projects, programs or activities proposed to be undertaken by the Company or the end use of the amount spent towards CSR Activities;
- ix. Ensure that all the income accrued to the Company by way of CSR Activities is credited back to the CSR corpus;
- x. Approve the responsibility statement relating to implementation and monitoring of CSR Policy in compliance with CSR Objectives and CSR Policy of the Company and submit reports to the Board in respect of CSR Activities undertaken by the Company;
- xi. Review and ensure compliance with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements;
- xii. Authorise executives of the Company to attend the meetings of the CSR Committee.

The Committee reports regularly to the Board such matters as are relevant to the Company.

Composition

CSR Committee currently consists of following Members:

1. Mrs. Rati F. Forbes, Chairperson
2. Mr. P. R. Rathi, Member
3. Mr. R. B. Rathi, Member

During the Financial Year 2017-18, a meeting of the CSR Committee was held on 23rd February, 2018.

XI. Other Policies mandated under SEBI Listing Regulations, 2015**a. Archival Policy**

Pursuant to Regulation 30(8) of SEBI Listing Regulations, 2015, every listed company shall disclose on its website all such events or information which have been disclosed to the stock exchange(s) under Regulation 30. Such disclosures shall be posted on the website of the company for a minimum period of five years and thereafter as per the archival policy of the company. Accordingly, the Board of Directors have approved the 'Archival Policy'. The Policy can be accessed from the Company's website www.sudarshan.com

b. Policy for Preservation of Documents

Pursuant to Regulation 9 of SEBI Listing Regulations, 2015, The Board of Directors have adopted Policy on Preservation of Documents. This Policy envisages the procedure governing preservation of documents as required to be maintained under the various statutes viz. Companies Act, 1956, Companies Act, 2013 and Rules issued there under from time to time, applicable Secretarial Standards, Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and any other applicable regulations under SEBI Act, 1992. The Policy can be accessed from the company's website www.sudarshan.com

c. Policy for Determination of Material Events or Information

Pursuant to Regulation 30 of the SEBI Listing Regulation 2015, the Board of Directors has adopted the Policy for Determination of Material Events or Information. The objective of the Policy is to ensure timely and adequate disclosure of material events or information. The Policy can be accessed from the company's website www.sudarshan.com.

d. Dividend Distribution Policy

The Company's name has been included in the Top 500 list of companies for market capitalization as on 31st March, 2018 by the Stock Exchanges where the equity shares of the Company are listed. As such, as per SEBI circular, it is mandatory for the Company to declare and follow a Dividend Distribution Policy and the same is required to be disclosed the Annual Report / Website of companies.

SEBI has laid down broad parameters which should find a place in the Dividend policy as follows :

1. The circumstances under which their shareholders can or cannot expect dividend;
2. The financial parameters that will be considered while declaring dividends;
3. Internal and external factors that would be considered for declaration of dividend;
4. Policy as to how the retained earnings will be utilized;
5. Provisions in regard to various classes of shares.

As per Dividend Distribution Policy approved by the Board, 25% to 40% of distributable surplus of a particular year could be distributed as dividend to shareholders. For more details, shareholders are requested to view the website of the Company www.sudarshan.com

e. Investor Communication Policy

As a Listed Entity, the Company is duty bound to comply with certain obligations imposed by the Securities and Exchange board of India ("SEBI") under SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "SEBI Regulations"), regarding the disclosure of confidential and sensitive information to the public. Premature or otherwise unauthorized disclosure of internal information relating to the Company could adversely affect the Company's ability to meet its disclosure obligations under the SEBI Regulations. In addition, unauthorized disclosure could cause competitive harm to the Company and in some cases may result in liability for the Company.

The SEBI Regulations require the Company to formulate a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to the SEBI Regulations.

Schedule A of SEBI Regulations requires that, whenever the Company (or a person acting on its behalf) intentionally discloses material non-public information to certain specified persons (including broker-dealers, analysts and security holders), the Company must simultaneously disseminate the information to the public in a manner consistent with Schedule A.

Examples of activities affected by this Policy include:

- a) Earnings releases and related conference calls.
- b) Speeches, interviews and conferences.
- c) Responding to market rumors.
- d) Reviewing analyst reports.
- e) Referring to or distributing analyst reports on the Company.
- f) Analyst and investor visits.
- g) Postings on the Company's websites.
- h) Social media communications, including through corporate blogs, employee blogs, chat boards, Twitter, Facebook, LinkedIn, YouTube and any other non-traditional means of communication.

Further, any information, whether material or immaterial, provided to outsiders by the Company's employees and Directors (including any person acting on its behalf) must be accurate and consistent with these responsibilities.

The Company's Compliance Officer i.e Company Secretary in consultation with the Chief Financial Officer and / or the Managing Director / Dy. Managing Director shall have the authority to make materiality and distribution determinations covered by this Policy with respect to the information disclosed about the Company.

Also, information that would normally be regarded as "material and price sensitive" shall mainly include the following :

- a) Financial results, financial condition, projections or forecasts;
- b) Known but unannounced future earnings or losses;
- c) Significant corporate events, such as a pending or proposed acquisition or joint venture;
- d) Plans to launch new products or features or significant product defects;
- e) Significant developments involving business relationships with customers, suppliers or other business partners;
- f) The status of the Company's progress toward achieving significant goals;
- g) New investments or financings or developments regarding investments or financings;
- h) Changes in auditors or auditor notification that the issuer may no longer rely on an audit report;
- i) Events regarding the Company's securities (such as repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, public or private sales of additional securities or information related to any additional funding);

- j) Bankruptcies, receiverships or financial liquidity problems;
- k) Pricing changes;
- l) Positive or negative developments in outstanding litigation, investigations or regulatory matters; or
- m) Known but unannounced changes in the members of the Senior Management, Board of Directors or the Key Managerial Personnel.

The Board of Directors of the Company has approved the Investor Communication Policy in its meeting held on 10th February, 2017. For more details, shareholders are requested to visit the website of the Company www.sudarshan.com

XI. Other committees constituted by the Company:

1. **Finance Committee:** The scope of the Committee is to approve raising of short term finance within the overall limits set up by the Board.

Mrs. S. A. Panse , Mr. S. Padmanabhan, Mr. P. R. Rathi and Mr. R. B. Rathi constitute as members of the Committee. Mrs. S. A. Panse is the Chairperson of the Committee.

Meetings of the Committee are held on a need basis.

2. **Share Transfer Committee:** The scope is to approve / reject the transfers based on the report of the Company's Registrar and Transfer Agents, M/s. Link Intime India Private Limited.

Mr. K. L. Rathi, Mr. P. R. Rathi and Mr. N. J. Rathi, Directors constitute members of the Committee.

Meetings are held at convenient intervals to ensure transfer and dispatch of share certificates within the stipulated time limit prescribed by the stock exchanges.

3. **Issue of Share Certificates / Duplicate Shares Certificates Committee:** The scope of the committee is to approve issue of duplicate share certificates arising out of split / consolidation and loss of share certificates.

Mr. K. L. Rathi, Mr. N. J. Rathi and Mr. S. N. Inamdar, Directors constitute members of the committee.

Meetings are held at convenient intervals to ensure issue and dispatch of share certificates within the stipulated deadline prescribed by the stock exchanges.

XII. Related Party Transactions :

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and Listing Regulations [a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity].

The policy has been disclosed on the website of the Company at www.sudarshan.com.

All Related Party Transactions are approved by the Audit Committee prior to the transaction. The Audit Committee has, after obtaining approval of the Board of Directors, laid down the criteria for granting omnibus approval which forms part of the Policy on Related Party Transactions. Related Party Transactions of repetitive nature are approved by the Audit Committee on omnibus basis for one Financial Year at a time. The Audit Committee satisfies itself regarding the need for omnibus approval and ensures compliance with the requirements of Listing Regulations and the Companies Act, 2013.

There were no material significant transactions entered into by the Company with Independent Directors or relatives etc. that may have a potential conflict with the interest of the Company.

During the Financial Year 2017-18, there were no such Related Party Transactions, either as per Companies Act, 2013 or Listing Regulations which were required to be approved by the Board of Directors or the shareholders of the Company.

Subsidiary Companies - Monitoring Framework

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

- The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a quarterly basis.
- The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies.

XIII. General Body Meeting:

Details of last three Annual General Meetings are given below:

Financial Year	Date	Venue	No. of Directors present
2016-2017	10/08/2017	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	11
2015-2016	12/08/2016	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	11
2014-2015	14/08/2015	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	12

XIV. Details of Special Resolutions passed at the previous three Annual General Meetings:

Date of AGM	Details of Special / Resolution/s passed	Remarks
10/08/2017	Nil	Nil
12/08/2016	Nil	Nil
14/08/2015	Approval for payment of commission to Non-Executive Directors of the Company for FY 2014-15 and for future Financial Years.	Passed by three fourth's majority.

XV. Disclosures:

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years. The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during FY 2017-18.

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company. However, in the interest of good governance, an Independent Director was appointed on the Boards of Prescient Color Limited and RIECO Industries Limited. The Audit Committee also reviews presentation made on significant issues in audit, internal control, risk management, etc. relating to subsidiaries. The Policy for determining "Material" subsidiaries can be accessed from the company website: www.sudarshan.com.

The minutes of the meetings of the Board of Wholly Owned Subsidiary Companies i.e. Prescient Color Limited, RIECO Industries Limited, Sudarshan CSR Foundation, Sudarshan Europe B.V., Sudarshan (Shanghai) Trading Company Limited and Sudarshan North America Inc., wholly owned subsidiary of Sudarshan Europe B.V. and first level step down subsidiary of Sudarshan, India were tabled before the Board at respective Board meetings and noted.

Discretionary requirements as prescribed under the Listing Regulations, 2015 have not been adopted.

XVI. Secretarial Audit:

M/s. Rajesh Karunakaran & Co., Company Secretaries, Pune has been entrusted with the task of discharging the following :

- a. to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit report submitted to the Board confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- b. to carry out audit of secretarial records of the Company for the Financial Year 2017-18 pursuant to Section 204 of the Companies Act, 2013 and to issue certificate to that effect. Certificate issued by PCS vide Form No. MR-3 is annexed to the Report of the Board of Directors as **Annexure VIII**.

XVII. Means of Communication:

The Quarterly, Half-Yearly, Nine Monthly (Unaudited) and Yearly Consolidated Audited financial results of the Company are announced / published within the prescribed time period stipulated under the SEBI Listing Regulations. These financial results were published in The Economic Times - Pune and Mumbai Editions - English Newspaper and The Maharashtra Times - Pune and Mumbai Editions - Marathi Newspaper. The Notice of the Board Meetings pertaining to approval of Unaudited / Audited Financial Results were also published in The Indian Express - English Newspaper and The Loksatta - Marathi Newspaper, both Pune editions.

The Company also displays all unaudited / audited financial results, any major website **www.sudarshan.com**

In terms of SEBI Circular the Company has designated an e-mail address - **grievance.redressal@sudarshan.com** for enabling investors to post their grievances and to enable timely action on investor grievances, if any. Members are requested to forward their grievances, if any, at the designated e-mail address.

Shareholders / Investors are requested to access the updated version of the Shareholder Referencer - "Investor Guide" which has been sent to all the Members earlier. This will enable the Members to get an insight of how the system works and procedures involved.

XVIII. Shareholders Information:

Shareholders information is separately provided in the Annual Report.

CFO Certification:

The Chairman and Managing Director and the Acting CFO give an annual certification on financial reporting and internal controls to the Board in terms of Listing Regulations, 2015. The Chairman and Managing Director and the Acting CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 17(8) of the Listing Regulations, 2015. The annual certificate given by the Chairman and Managing Director and the Acting CFO is published as **Annexure I** to this Report.

Compliance Certificate of the Auditors

Certificate from B S R & Associates LLP, Statutory Auditors confirming compliance with conditions of Corporate Governance as stipulated under Listing Regulations, 2015 is attached as **Annexure II** to this Report.

XIX. Code of Conduct:

The Board has laid down a Code of Conduct for all members of the Board and Senior Management consisting of members of the Corporate Executive Committee and other Employees / Executives of the Company. The Code of Conduct is posted on the Company's website **www.sudarshan.com**

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the period from 1st April, 2017 to 31st March, 2018. The declaration dated 27th April, 2018 received from Mr. P. R. Rathi, Chairman and Managing Director in this regard is given below:

“I hereby declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the period from 1st April, 2017 to 31st March, 2018.”

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

PUNE : 24th May, 2018

P. R. RATHI
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE I

CERTIFICATE OF CHAIRMAN AND MANAGING DIRECTOR AND ACTING CFO

To,

The Board of Directors
Sudarshan Chemical Industries Limited
162, Wellesley Road
Pune 411 001

In respect of Audited Results of the Company for the Year ended 31st March, 2018, we hereby certify that:

- (A) We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (C) We have established and are maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee that there are no deficiencies in the design or operation of such internal controls of which we are aware.
- (D) We have indicated to the auditors and the Audit committee that:
- i. There are no significant changes in internal control over financial reporting during the year;
 - ii. The Company adopted Ind-AS from 1st April, 2017 and accordingly the transition was carried out, from the Accounting Principles generally accepted in India as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP). Subject to this transition, there are no significant changes in accounting policies during the year; and
 - iii. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

P. R. Rathi
Chairman and Managing Director

V. V. Thakur
Acting CFO

Pune : 24th May, 2018

ANNEXURE II

AUDITORS' CERTIFICATE

Independent Auditor's Certificate on Corporate Governance

To the Members of Sudarshan Chemical Industries Limited

- 1 This certificate is issued in accordance with the terms of our engagement letter dated 18 June 2018.
- 2 We have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited ("the Company"), for the year ended March 31, 2018, as per regulations 17 to 27, clauses (c) to (h) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Management's responsibility

- 3 The Company's management is responsible for compliance of conditions of corporate governance requirements as stipulated under the Listing Regulations.
- 4 The responsibility includes the design, implementation, maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring corporate governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's responsibility

- 5 Pursuant to the requirements of the above mentioned Listing regulations our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 6 We conducted our examination of the corporate governance compliance by the Company as per Guidance Note on Reports or Certificates for Special purposes, Guidance Note on Certification of Corporate Governance, both issued by Institute of Chartered Accountants of India ('ICAI') and the Standard on Auditing specified under the Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- 7 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

- 8 In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as per the Regulations 17 to 27, clause (c) to (h) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.
- 9 We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use

- 10 The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 116231W/W-100024

Shiraz Vastani

Partner

Membership No.103334

Pune : 27th June, 2018

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Day and Date	Thursday, 9th August, 2018
Time	11.30 A.M.
Venue	Sumant Moolgaokar Auditorium, A-Wing, Ground Floor, Mahratta Chamber of Commerce, Industries And Agriculture, ICC Complex, Senapati Bapat Marg, Pune 411 016

2. Financial Calendar (Tentative) :

April 2018 to March 2019

Sr. No.	Particulars & Meetings	Date
1	Audited Financial Results for the year ended 31 st March, 2018	24 th May, 2018
2	Unaudited Quarterly Results for the Quarter ended 30 th June, 2018	9 th August, 2018
3	67 th Annual General Meeting	9 th August, 2018
4	Unaudited Quarterly Results for the Quarter ended 30 th September, 2018	29 th October, 2018
5	Unaudited Quarterly Results for the Quarter ended 31 st December, 2018	8 th February, 2019
6	Audited Annual Results for the year ended on 31 st March, 2019	24 th May, 2019

3. Date of Book Closure :

23rd July, 2018 to 9th August, 2018 (both days inclusive).

4. Dividend payment date:

The dividend payment date for interim dividend declared by the Board on 8th February, 2018 was 5th March, 2018.

The Board of Directors at its meeting held on 24th May, 2018 has recommended final dividend of Rs. 1.00 per equity share (@ 50%) on a face value of Rs. 2.00 for the year Financial Year ended 31st March, 2018 subject to the approval of the shareholders in the Annual General Meeting. The final dividend, if approved by the shareholders at the Annual General Meeting, will be paid on or before 7th September, 2018 to those members whose names appear on the Register of Members of the Company / beneficial owners as on 9th August, 2018.

5. Dividend trend for past five years:

Sr. No	Dividend Year	Dividend %	Dividend per share
1	2017-18 (Interim Dividend) 2017-18 (Final Dividend)	175.00	Rs. 2.50 per share of Rs 2 each Rs. 1.00 per share of Rs 2 each
2	2016-17 (Interim Dividend) 2016-17 (Final Dividend)	175.00	Rs. 2.50 per share of Rs 2 each Rs. 1.00 per share of Rs 2 each
3	2015-16 (Interim Dividend) 2015-16 (Final Dividend)	150.00	Rs. 2.50 per share of Rs 2 each Rs. 0.50 per share of Rs 2 each
4	2014-15 (Final Dividend)	87.50	Rs. 1.75 per share of Rs 2 each
5	2013-14 (Final Dividend)	150.00	Rs. 15.00 per share of Rs 10 each

% of Dividend paid by the Company during past five years is shown above.

6. Listing on Stock Exchanges an Stock Code:

Name	Code
BSE Limited	506655
The National Stock Exchange of India Limited	SUDARSCHEM

The International Security Identification Number (ISIN) for Company's equity shares registered with NSDL and CDSL is INE659A01023.

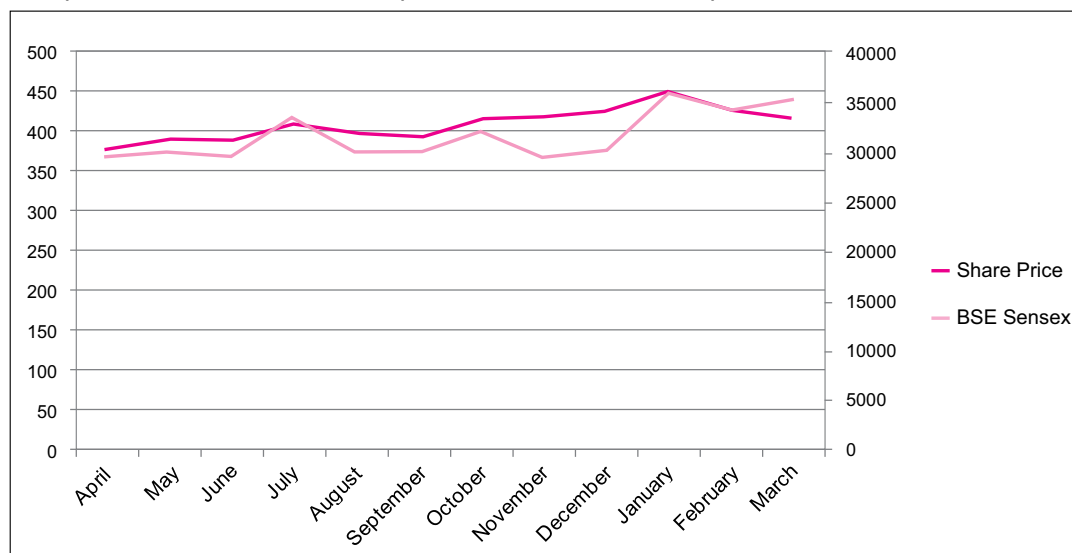
The Company has paid the Annual Listing fees in respect of BSE Limited and The National Stock Exchange of India Limited for the Financial Year 2018-19. The Company has also paid the Annual Custodian Fees in respect of CDSL for the Financial Year 2018-19. The Company is yet to receive the bill from NSDL for the payment of Annual Custodian Fees for Financial Year 2017-18. as and when received, the same will be paid by the Company.

7. Stock Prices:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2017	387.55	347.50	380.45	345.50
May, 2017	423.85	344.75	423.60	344.00
June, 2017	387.00	346.05	385.95	351.10
July, 2017	458.85	359.00	458.80	366.05
August, 2017	424.50	319.75	421.65	316.10
September, 2017	432.00	356.5	433.00	355.90
October, 2017	410.00	364.00	409.50	363.00
November, 2017	413.00	360.95	409.50	360.00
December, 2017	398.60	360.00	388.50	360.00
January, 2018	483.70	377.05	484.00	376.10
February, 2018	470.00	378.80	456.00	371.00
March, 2018	448.00	404.00	449.40	404.20

(Source: BSE and NSE - Websites)

Comparison of Sudarshan share price with BSE Sensex - April, 2017 to March, 2018:



8. Investor Relations

Investor Relations (IR) at the Company aims at proactively giving out timely information to the investors so that they can take a well-considered decision. This two way communication by periodically holding con-call / holding of annual Investor Meet helps keep the stakeholders updated with the quarterly financial performance and material business events. Feedback received from investors is given due consideration by the Company's Management.

In order to ensure timely and adequate information flow the Company provides updates on its performance to all investors immediately after the release of quarterly results.

Post the quarterly results, conference call is arranged to discuss highlights of the Company's performance. Members of the financial community are invited for the same and an opportunity is provided to them to participate in the Q & A. Conference calls are hosted by the Company in order to give a free and fair opportunity for all to participate.

The Investor section of the Company's website provides a more user friendly interface in order to provide complete and upto date information to the various stakeholders.

9. Registrar and Transfer Agents:

Link Intime India Private Limited, Pune is acting as Company's Registrar and Transfer Agents to take care of all share related work including giving electronic credit of dematerialized shares of the Company. All share related matters are handled under the supervision of Mr. P. S. Raghavan Company Secretary who is also the Compliance Officer under the Listing Regulations, 2015.

10. Share Transfer System:

The Board has constituted a Share Transfer Committee for expeditious transfer of shares. The shares lodged with the Company and complete in all respects are usually transferred within a period of three weeks from the date of lodgement.

11. Distribution of shareholding:

(As on 31st March, 2018)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	21,105	99.37	1,07,57,690	15.54
3001 – 5000	43	0.21	8,37,974	1.21
5001 & Above	90	0.42	5,76,31,586	83.25
Total	21,238	100.00	6,92,27,250	100.00

12. Shareholding pattern:

(As on 31st March, 2018)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	3,66,16,260	52.89
Foreign Companies / NRI's / Foreign Individuals	59,39,537	8.58
FII's / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	54,08,372	7.81
Corporate Bodies	17,80,422	2.57
Non Promoter Directors / Resident Individuals	1,94,82,659	28.15
Total	69,227,250	100.00

13. Unpaid / Unclaimed Dividend:

In terms of the provisions of Section 124 of the Companies Act, 2013 the Company is obliged to transfer dividends which remain unpaid or unclaimed for period of seven years from the date of transfer to Unpaid Dividend Account to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unclaimed dividend upto the Financial Year 2009-10 to the fund and no claim shall lie against the Company or the fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Members are hereby informed that the seven years period for payment of the dividend pertaining to Financial years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest.

Dates of transfer of Unclaimed Dividend to the fund:

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years
1.	2010-11	12/08/2011	17/09/2018
2.	2011-12	10/08/2012	15/09/2019
3.	2012-13	20/09/2013	26/10/2020
4.	2013-14	09/08/2014	14/09/2021
5.	2014-15	14/08/2015	19/09/2022
6.	2015-16 (Interim Dividend)	10/03/2016 *	15/04/2023
7.	2015-16 (Final Dividend)	12/08/2016	17/09/2023
8.	2016-17 (Interim Dividend)	10/02/2017 *	15/03/2024
9.	2016-17 (Final Dividend)	10/08/2017	16/09/2024
10.	2017-18 (Interim Dividend)	08/02/2018 *	13/03/2025
11.	2017-18 (Final Dividend)	09/08/2018	14/09/2025

*Declared by the Board of Directors

14. Details of Unclaimed shares:

Particulars	No of shareholders	No of shares outstanding
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	858	6,75,040
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	26	53,800
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	26	53,800
Number of Shares transferred to Demat Suspense Account on 1 st March, 2018	07	3,070
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	839	6,18,170

15. Transfer of Equity Shares of the Company to Investor Education and Protection Fund Suspense Account of the Central Government

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as notified by the Ministry of Corporate Affairs, where the dividend of any shareholder has remained unpaid or unclaimed for seven consecutive years, then in such an event, the Equity Shares pertaining to the said shareholder/s is required to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account of the Central Government.

The Company has informed the concerned shareholders to claim their unpaid dividends for the previous seven consecutive years, failing which their relevant Equity Shares will be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account of the Central Government. No claim shall lie against the Company in respect of unclaimed dividend amount/s once the Equity Shares are transferred to IEPF.

16. Dematerialization of shares and liquidity:

The Company's shares are presently traded on the BSE and NSE in dematerialized form.

Promoters share holding is held in dematerialized form.

As on 31st March, 2018, 97 % of the total shareholding in the Company is held in dematerialized form which includes the promoters shareholding of 52.89%.

17. Outstanding GDRs / ADRs / Warrants and other Convertible instruments, conversion dates and likely impact on equity:

Not applicable as not issued.

18. Plant locations:

Location	Address
Roha	46 MIDC Estate, Dhatav, Roha 402 116, Dist Raigad
Mahad	Plot No. A-19/1+2, MIDC Estate, Mahad 402 301, Dist. Raigad
Ambadvet (Sutarwadi)	R&D Laboratory, Ambadvet (Sutarwadi), Dist. Pune
Chikali, Dist. Pune	Gat No. 1559, Shelar Vasti, Chikali, Pune 411 062

19. Address for Correspondence:

- 1) The Company Secretary
Sudarshan Chemical Industries Limited
162, Wellesley Road
Pune 411 001
Tel No. : 020-26226200
Email: grievance.redressal@sudarshan.com
- 2) Link Intime India Private Limited
"Akshay Complex"
Block No. 202, 2nd Floor
Off Dhole Patil Road
Near Ganesh Temple
Pune 411 001
Tel.No.: 020-26160084, 020-26161629
Telefax : 020-26163503
E-mail : pune@linkintime.co.in

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Standalone Financial Statements for the Financial Year 2017-18

INDEPENDENT AUDITORS' REPORT

To the Members of Sudarshan Chemical Industries Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sudarshan Chemical Industries Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

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

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based

on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 26 May 2017 and 27 May 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer 41(b) to the standalone Ind AS financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There was one instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, the details of which are as follows:

Amount credited to the fund	Date of payment	Date by which amount should have been credited to the fund	Delay (no. of days)
Rs 6,635	26 December 2017	14 September 2017	103

- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.: 116231/W-100024

Shiraz Vastani
Partner
Membership No. 103334

Place: Pune
Date: 24 May 2018

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph (1) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a physical verification programme whereby items of fixed assets are physically verified according to a phased programme designed to cover all the items over a period of three years. In our opinion, the frequency of such physical verification programme is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, no physical verification was carried out by the Management during the year.
 - (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- (ii) The physical verification of inventory has been conducted at reasonable intervals during the year. In our opinion, the frequency of such physical verification is reasonable. Based on the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (iii) The Company had granted unsecured loans to two companies covered in the register maintained under Section 189 of the Act. Out of the above, the loan granted to one subsidiary company was squared off during the year.
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not, prima facie, prejudicial to the Company’s interest.
 - (b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
 - (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 with respect to loans, guarantees, investments and security, as applicable.
- (v) According to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of some of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)
 - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of professional tax and tax deducted at source, though there has been a slight delay in few cases, and is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income tax, sales tax, service tax, value added tax, duty of customs, duty of excise and other material statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

- (b) According to information and explanation given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service-tax which have not been deposited on account of any dispute. The particulars of dues of duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	3,835,224	2004-05 to 2010-11 and 2014-15 to 2016-17	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	26,803,331	2008-09 to 2013-14	Custom, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	109,864	2014-15, 2015-16	Commissioner Appeal Central Excise
Maharashtra VAT Act, 2002	VAT	18,404,869	2006-07 to 2008-09 and 2010-11 to 2013-14	Joint Commissioner of Sales Tax (Appeal 01)
Tamil Nadu VAT Act, 2006	VAT	623,691	2003-04	Assistant Commissioner, Commercial Tax Department Coimbatore
Andhra Pradesh VAT Act, 2005	VAT	826,015	2007-08	Assistant Commissioner, Commercial Tax Department (LTU)
Karnataka VAT Act, 2003	VAT	76,959	2008-09	The Commercial Tax Inspector, Commercial Tax Check Post
Customs Act, 1962	Custom duty	33,035,612	2006-07 to 2008-09, 2011-12 and 2012-13	Custom, Excise & Service Tax Appellate Tribunal

- (viii) Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the Balance Sheet date. Further, the Company did not have loans or borrowings from the government and has not issued any debentures as at the Balance Sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Further, based on the records examined by us and according to the information and explanations given to us, the moneys raised by way of term loans were applied for the purpose for which they were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company and on the Company by its officers or employees have been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration for the year ended March 31, 2018 in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

- (xii) As the Company is not a Nidhi Company, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.: 116231/W-100024

Shiraz Vastani
Partner
Membership No. 103334

Place: Pune
Date: 24 May 2018

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date

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

We have audited the internal financial controls with reference to financial statements of Sudarshan Chemical Industries Limited (“the Company”) as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) 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 company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Control with reference to Financial Statements

A Company’s internal financial controls with reference to 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 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.: 116231/W-100024

Shiraz Vastani
Partner
Membership No. 103334

Place: Pune

Date: 24 May 2018

STANDALONE BALANCE SHEET

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
ASSETS				
I. Non-Current Assets				
(a) Property, plant and equipment	3	44,953.1	40,439.7	31,478.7
(b) Capital work-in-progress	3	556.7	774.8	1,543.5
(c) Goodwill	4	287.7	287.7	287.7
(d) Other Intangible assets	4	1,272.0	1,112.4	1,066.9
(e) Intangible assets under development	4	-	27.5	-
(f) Investment in subsidiaries	5 (a)	5,283.3	5,439.8	4,705.7
(g) Financial assets				
i. Investments	6 (a)	48.9	47.5	230.7
ii. Loans	6 (b)	85.5	78.5	79.5
iii. Other financial assets	6 (c)	-	581.4	25.0
(h) Other non-current assets	7	2,119.8	3,299.5	4,928.6
(i) Non-current tax assets (net)	8 (a)	981.9	1,092.3	1,016.6
		55,588.9	53,181.1	45,362.9
II. Current Assets				
(a) Inventories	9	19,552.9	18,674.4	16,934.4
(b) Investment in subsidiary (held for sale)	5 (b)	634.1	-	-
(c) Financial assets				
i. Trade receivables	10 (a)	29,986.2	28,682.5	28,863.9
ii. Cash and cash equivalents	10 (b)	382.2	819.3	1,718.5
iii. Bank balances other than (ii) above	10 (c)	753.1	474.4	430.5
iv. Loans	10 (d)	300.0	648.0	1,492.2
v. Derivatives	10 (e)	3.7	335.9	144.6
vi. Other financial assets	10 (f)	239.4	237.8	60.5
(d) Other current assets	11	6,923.5	4,563.6	1,319.9
		58,775.1	54,435.9	50,964.5
Assets classified as held for disposal	31	2,252.4	-	-
		116,616.4	107,617.0	96,327.4
EQUITY & LIABILITIES				
I. Equity				
(a) Equity Share Capital	12	1,384.5	1,384.5	1,384.5
(b) Other Equity	13	43,853.6	38,026.8	31,653.1
		45,238.1	39,411.3	33,037.6
II. Liabilities				
Non-Current Liabilities				
(a) Financial liabilities				
i. Borrowings	14 (a)	18,198.1	13,524.9	20,602.1
ii. Other financial liabilities	14 (b)	173.2	342.2	283.5
(b) Provisions	15	1,627.1	1,656.1	1,368.6
(c) Deferred tax liabilities (net)	16	5,179.5	3,957.7	3,401.1
		25,177.9	19,480.9	25,655.3
Current Liabilities				
(a) Financial Liabilities				
i. Borrowings	17 (a)	11,331.7	13,661.6	10,472.4
ii. Trade payables	17 (b)	22,492.2	21,735.2	19,300.1
iii. Derivatives	17 (c)	184.8	64.7	251.5
iv. Other financial liabilities	17 (d)	9,572.2	11,247.7	5,152.8
(b) Other current liabilities	18	586.5	1,608.1	1,724.5
(c) Provisions	19	265.6	141.7	196.7
(d) Current tax liabilities (net)	8 (b)	372.0	265.8	536.5
		44,805.0	48,724.8	37,634.5
Liabilities associated with group of assets classified as held for disposal	31	1,395.4	-	-
		116,616.4	107,617.0	96,327.4
Summary of significant accounting policies and Key accounting estimates and judgments	2			

The accompanying notes form an integral part of the Standalone 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 Registration No.: 116231 W/W-100024

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

P.R.RATHI
Chairman &
Managing Director
DIN No. 00018577

V.V.THAKUR
Acting CFO

SHIRAZ VASTANI
Partner
Membership No.: 103334

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018Pune : 24th May, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Continuing Operations			
Income			
Revenue from operations	20	134,636.1	121,328.9
Other income	21	1,126.5	2,010.0
Total Income		135,762.6	123,338.9
Expenses			
Cost of materials consumed	22	76,908.8	64,754.1
Purchase of stock-in-trade	23	18.0	30.7
Changes in inventories of finished goods, work-in-progress and stock in trade	24	347.6	(1,292.8)
Excise duty on sale of goods		2,268.6	8,717.2
Employee benefits expense	25	8,003.4	7,177.2
Finance costs	26	2,377.6	2,302.2
Depreciation and amortisation expense	27	5,821.2	4,854.8
Other expenses	28	27,357.5	25,179.9
Total Expenses		123,102.7	111,723.3
Profit before tax from continuing operations		12,659.9	11,615.6
Tax Expense	30		
Current Tax		3,356.6	2,463.2
Deferred Tax		720.3	556.5
Total Tax Expense		4,076.9	3,019.7
Profit for the year from continuing operations		8,583.0	8,595.9
Discontinued Operations			
Profit before tax for the year from discontinued operations	31	336.0	507.0
Tax expense of discontinued operations		116.3	175.5
Profit for the year from discontinued operations		219.7	331.5
Profit for the year		8,802.7	8,927.4
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(91.2)	(82.6)
Income tax relating to above		31.6	28.6
Total other comprehensive income for the year (net of taxes)		(59.6)	(54.0)
Total comprehensive income for the year		8,743.1	8,873.4
Earnings per share [Nominal Value per share Rs. 2 (31st March 2017 - Rs. 2)]	29		
- From Continuing Operations			
Basic and Diluted per share		12.40	12.42
- From Discontinued Operations			
Basic and Diluted per share		0.32	0.48
- From Total Operations			
Basic and Diluted per share		12.72	12.90
Summary of significant accounting policies and Key accounting estimates and judgments	2		

The accompanying notes form an integral part of the Standalone 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
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P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

Pune : 24th May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs. 2 each subscribed and fully paid

	Number	Amount
Balance as at 1st April 2016	69,227,250	1,384.5
Changes in equity share capital during 2016-17	-	-
Balance as at 31st March 2017	69,227,250	1,384.5
Changes in equity share capital during 2017-18	-	-
Balance as at 31st March 2018	69,227,250	1,384.5

B. Other Equity

	Reserves and Surplus				Total
	Securities Premium Reserve	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss	
Balance as at 1st April, 2016	1,321.2	0.4	16,840.5	13,491.0	31,653.1
Total comprehensive income for the year ended 31st March 2017					
Profit for the year	-	-	-	8,927.4	8,927.4
Other comprehensive income (net of tax)	-	-	-	(54.0)	(54.0)
Total	1,321.2	0.4	16,840.5	22,364.4	40,526.5
Transfer to General Reserve	-	-	1,500.0	(1,500.0)	-
Transactions with owners, recorded directly in equity					
Final Equity Dividend	-	-	-	(346.1)	(346.1)
Interim Equity Dividend	-	-	-	(1,730.7)	(1,730.7)
Tax on interim and final equity dividend	-	-	-	(422.9)	(422.9)
Total distributions to owners	-	-	-	(2,499.7)	(2,499.7)
Balance as at 31st March, 2017	1,321.2	0.4	18,340.5	18,364.7	38,026.8
Total comprehensive income for the year ended 31st March 2018					
Profit for the year	-	-	-	8,802.7	8,802.7
Other Comprehensive Income (net of tax)	-	-	-	(59.6)	(59.6)
Total	1,321.2	0.4	18,340.5	27,107.8	46,769.9

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Reserves and Surplus				Total
	Securities Premium Reserve	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss	
Transfer to General Reserve	-	-	1,500.0	(1,500.0)	-
Transactions with owners, recorded directly in equity					
Final Equity Dividend	-	-	-	(692.3)	(692.3)
Interim Dividend	-	-	-	(1,730.7)	(1,730.7)
Tax on interim and final equity dividend	-	-	-	(493.3)	(493.3)
Total distributions to owners	-	-	-	(2,916.3)	(2,916.3)
Balance as at 31st March, 2018	1,321.2	0.4	19,840.5	22,691.5	43,853.6

Summary of significant accounting policies and Key accounting estimates and judgments

2

The accompanying notes form an integral part of the Standalone 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 Registration No.: 116231 W/W-100024

S.N.INAMDAR
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P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018Pune : 24th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Cash flow from operating activities		
Profit before tax from operations from continuing operations	12,659.9	11,615.6
Adjustment for		
Depreciation / amortization	5,821.2	4,854.8
Loss on sale or write off of fixed assets	224.3	253.6
Provision no longer required written back	(410.4)	(70.0)
Gain on mutual fund revaluation	(1.4)	(6.8)
Provision for inventory obsolescence	144.8	57.9
Fair value (Gain) / Loss on derivatives	452.3	(378.1)
Unrealized foreign exchange Loss / (Gain)	848.5	(408.2)
Provision for expected credit loss	(31.9)	4.7
Advance written-off	-	123.6
Bad Debts	16.2	272.9
Finance costs	2,377.6	2,302.2
Interest income	(217.7)	(255.3)
Operating profit before working capital changes	21,883.4	18,366.9
Working capital adjustments :		
Increase / (decrease) in trade payables	3,495.0	1,618.4
Increase / (decrease) in provisions	94.7	163.2
Increase / (decrease) in other current liabilities	(639.0)	(181.2)
Increase / (decrease) in other current financial liabilities	(65.4)	663.2
Decrease / (increase) in trade receivables	(3,784.9)	1,192.8
Decrease / (increase) in inventories	(4,133.0)	(697.6)
Decrease / (increase) in other current assets	(2,510.3)	(3,487.2)
Decrease / (increase) in other financial assets	909.3	143.3
Decrease / (increase) in other non-current assets	916.8	(291.8)
Decrease / (increase) in other bank balances	(278.7)	(43.9)
Cash generated from operations	15,887.9	17,446.1
Income taxes paid (net of refunds)	(2,704.7)	(2,956.5)
Net cash flow from operating activities from continuing operations	13,183.2	14,489.6
Net cash flow from / (used in) operating activities from discontinued operations	2,374.2	(86.8)
Net cash flow from operating activities from continuing and discontinued operations (A)	15,557.4	14,402.8
Cash flows from investing activities :		
Purchase of fixed assets, including intangible assets, CWIP and capital advances and capital liabilities	(8,526.4)	(13,028.2)
Proceeds from sale of fixed assets	12.9	135.2
Proceeds of non-current investments	-	190.0
Investment in subsidiaries	(411.3)	(66.3)
Interest received	229.2	223.5
Net cash flow used in investing activities from continuing operations	(8,695.6)	(12,545.8)
Net cash flow used in investing activities from discontinued operations	(134.4)	(277.7)
Net cash flow used in investing activities from continuing and discontinued operations (B)	(8,830.0)	(12,823.5)
Cash flows from financing activities :		
Proceeds from long-term borrowings	23,003.5	3,377.1
Repayment of long-term borrowings	(22,345.2)	(4,165.4)
Dividend and tax thereon	(2,876.8)	(2,480.7)
Proceeds from short-term borrowings (net)	(2,329.9)	3,189.2
Finance costs paid	(2,425.5)	(2,279.9)
Net cash flow used in financing activities from continuing operations	(6,973.9)	(2,359.7)
Net cash flow used in financing activities from discontinued operations	(93.5)	(118.8)
Net cash flow used in financing activities from continuing and discontinued operations (C)	(7,067.4)	(2,478.5)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(340.0)	(899.2)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Cash and cash equivalents at the beginning of the year for continued operations	632.0	1,528.6
Cash and cash equivalents at the beginning of the year for discontinued operations	187.3	189.9
Cash and cash equivalents at the beginning of the year	819.3	1,718.5
Cash and cash equivalents at the end of the year for continued operations	382.2	632.0
Cash and cash equivalents at the end of the year for discontinued operations	97.1	187.3
Cash and cash equivalents at the end of the year	479.3	819.3
Components of cash and cash equivalents		
Cash on hand	6.5	11.7
On current account	375.7	807.6
Total cash and cash equivalents	382.2	819.3

Following is the net debt movement for continuing operations for the year ended 31st March 2018

	Opening balance	Cash Flows	Foreign Exchange Movement	Closing balance
Short term borrowings	13,661.6	(2,329.9)	-	11,331.7
Long term borrowings	22,377.1	658.3	2,145.6	25,181.0

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 Standalone 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 Registration No.: 116231 W/W-100024

S.N.INAMDAR
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Deputy
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DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

Pune : 24th May, 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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 under the Companies Act, 1956. The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed at BSE 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 Company manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments and Agro Chemicals. The Company also manufactures Vessels and Agitators for industrial applications.

The financial statements of the Company for the year ended 31st March, 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 24th May, 2018.

2. Summary of significant accounting policies and Key accounting estimates and judgments:

2.1 Basis of preparation:

(i) Statement of Compliance:

These Standalone Financial Statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the act.

The Standalone Financial Statements up to and for the year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) ("Previous GAAP") and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's previously reported financial position, financial performance and cash flows is provided in Note 48.

(ii) Historical cost convention:

The Standalone Financial Statements have been prepared on the historical cost basis except for the following items

Items	Measurement basis
(a) Certain financial assets and liabilities (including derivatives instruments)	Fair value
(b) Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(iii) Current versus non-current classification:

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

2.2 Key Accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, 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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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 financial statements are included in following notes:

(a) Useful life of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets.

(b) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

(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.

(d) Impairment of non-financial assets:

In assessing impairment, management has estimated economic usefulness of the assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use of an interest rate to discount them. Estimation of uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

(e) Impairment of trade receivables:

The Company estimates the uncollectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

(f) Provision for inventory obsolescence:

The Company identifies slow and non-moving stock of all inventories on an ongoing basis. These materials are then classified based on their expected 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) Fair value of disposal group:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

- (i) decision has been made to sell.
- (ii) the assets are available for immediate sale in its present condition.
- (iii) the assets are being actively marketed and
- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortised. Significant estimates are involved in determining fair value less costs to sell of the disposal group on the basis of significant unobservable inputs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

2.3 Significant accounting policies:

(i) Foreign Currency Translation:

(a) Functional and Presentation Currency:

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 Financial Statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances:

- (1) Transactions in foreign currency are translated into the functional currency using the exchange rates 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 year end exchange rates are generally recognized in the Statement of Profit and Loss and reported within foreign exchange gains / (losses).
- (2) 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.
- (3) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.
- (4) 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. 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).

(ii) Property, Plant and Equipment:

(a) Recognition and measurement:

Items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, 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 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(b) Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment measured as per the Previous GAAP as at 1st April, 2016 and use those net carrying values as deemed cost of such property, plant and equipment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(c) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(d) Depreciation:

- (1) Depreciation on tangible assets 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	9.20	7.50
Plant and Machinery - SS Vessels / SS Equipments	15.00	7.50
Plant and Machinery - Other than SS Components	7.75	7.50
Vehicles	6.00	8.00

* 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.

(iii) Goodwill and Other Intangible Assets:

(a) Goodwill:

The excess of the cost of an acquisition over the Company'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, a bargain purchase gain is recognized in other comprehensive income and accumulated in equity 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, and is carried at cost less accumulated impairment losses.

(b) Other intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. 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. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and the expenditure attributable to the said assets during its development can be measured reliably.

(c) Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(d) Amortisation:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer softwares and technical knowhow are amortized on a straight line basis over the period of expected future benefits. 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	10.00
Computer Software, Technical Know-How and Right to Use	9.20

- (3) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(iv) Investment in Subsidiaries:

- (a) Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognized in the Statement of Profit and Loss
- (b) Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e. 1st April, 2016, except for adjustments consequential and arising because of application of transition requirements of Ind AS 101 in respect of financial guarantees provided by the Company.

(v) 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.

(a) 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.

(b) Work-in-process and Finished goods:

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

(c) 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.

(d) 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 basis.

- (e) Provision is made for obsolete and non-moving items.

(vi) Cash and Cash Equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks and 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 as they are considered as integral part of the Company's cash management.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(vii) Non-current assets held for sale and discontinued operations:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

- (i) decision has been made to sell.
- (ii) the assets are available for immediate sale in its present condition.
- (iii) the assets are being actively marketed and
- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortised.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is a part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

(viii) Financial Instruments

(a) 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 Company 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 Company 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(4) Derivatives:

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss

(5) Derecognition:

The Company 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 Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company 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 Company 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.

(b) 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 Company'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 Statement of Profit and Loss.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) 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.

(d) Financial guarantee contracts:

Financial guarantee contracts issued by the Company 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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.

(ix) Provisions and Contingent Liabilities:

- (a) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (b) 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.
- (c) 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 Company 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.

(x) Revenue Recognition:

(a) Sale of goods:

- (1) Revenue from the sale of goods in the course of ordinary activities is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.
- (2) Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.
- (b) Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.
- (c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (d) Income from export incentives such as duty drawback and MEIS are accrued upon completion of export when there is a reasonable certainty of fulfilment of obligations as stipulated under respective export promotion schemes.

(xi) Employee Benefits:

(a) 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(b) Post-Employment Benefits:

(1) Defined contribution plans:

The contributions to provident fund and superannuation schemes are recognised in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

(2) Defined benefit plans:

The Company operates two defined benefit plans for its employees, viz. gratuity and pension. The present value of the obligation under such defined benefit plans is determined based on the 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.

(3) Compensated absences:

The employees of the Company 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 Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

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.

(xii) 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. 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.

(xiii) 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.

(a) 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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.

(b) 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 Company 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 Company 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).

(xiv) 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. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset / cash generating unit is made. Asset / cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment.

(xv) Leases:

- (a) Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.
- (b) Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(xvi) Earnings Per Share:

- (a) Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period 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.
- (b) 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.

(xvii) Dividends:

Provision is made for the amount of any dividend declared, once appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(xviii) Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

(xix) Recent Accounting Pronouncements:

Standards issued but not yet effective

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") had notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment has come into force from 1st April, 2018. The company is evaluating the requirements of the amendments and the impact on the financial statements is being evaluated.

(b) Ind AS 115-Revenue from Contract with Customers:

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") had notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1st April, 2018.

The Company will adopt the standard on 1st April, 2018. The Company is evaluating the requirements of the amendments and the impact on the financial statements is being evaluated.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR 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		
Deemed cost - gross carrying amount													
Balance at 1 st April, 2016	1,012.2	136.3	5,437.5	22,114.6	392.7	355.3	70.5	797.3	1,151.5	10.8	-	31,478.7	1,543.5
Additions	-	-	481.8	13,523.6	68.3	19.4	28.9	153.0	30.1	503.9	37.9	14,846.9	13,251.4
Disposals	1.4	-	10.0	386.6	2.8	0.9	0.1	-	27.0	-	-	428.8	-
Exchange difference on external commercial borrowings	-	-	(83.0)	(863.0)	-	-	-	(5.1)	(10.5)	-	-	(961.6)	150.3
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	14,170.4
Gross carrying amount as at 31 st March, 2017	1,010.8	136.3	5,826.3	34,388.6	458.2	373.8	99.3	945.2	1,144.1	514.7	37.9	44,935.2	774.8
Accumulated Depreciation													
Depreciation for the year	-	1.7	191.0	4,005.9	101.2	46.4	23.1	14.0	149.6	2.5	0.1	4,535.5	-
Disposals	-	-	0.4	33.5	1.0	-	-	-	5.1	-	-	40.0	-
Closing accumulated depreciation as at 31 st March, 2017	-	1.7	190.6	3,972.4	100.2	46.4	23.1	14.0	144.5	2.5	0.1	4,495.5	-
Net carrying amount as at 31 st March, 2017	1,010.8	134.6	5,635.7	30,416.2	358.0	327.4	76.2	931.2	999.6	512.2	37.8	40,439.7	774.8

	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 carrying amount as at 1 st April, 2017	1,010.8	136.3	5,826.3	34,388.6	458.2	373.8	99.3	945.2	1,144.1	514.7	37.9	44,935.2	774.8
Additions	124.9	-	972.3	7,175.9	85.4	96.4	19.5	170.9	441.2	67.1	-	9,153.6	8,576.5
Disposals	-	-	-	186.7	6.7	2.7	0.1	37.7	20.8	1.7	-	256.4	-
Exchange difference on external commercial borrowings	-	-	85.7	1,216.9	-	-	-	5.2	10.9	-	-	1,318.7	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	8,794.6
Gross carrying amount as at 31 st March, 2018	1,135.7	136.3	6,884.3	42,594.7	536.9	467.5	118.7	1,083.6	1,575.4	580.1	37.9	55,151.1	556.7
Accumulated depreciation as at 1 st April, 2017	-	1.7	190.6	3,972.4	100.2	46.4	23.1	14.0	144.5	2.5	0.1	4,495.5	-
Depreciation for the year	-	1.9	205.2	5,115.9	99.0	44.4	21.8	16.4	154.0	49.5	7.2	5,715.3	-
Disposals	-	-	-	15.3	1.3	0.1	-	0.8	1.7	-	-	19.2	-
Closing accumulated depreciation as at 31 st March, 2018	-	3.6	395.8	9,073.0	197.9	90.7	44.9	29.6	296.8	52.0	7.3	10,191.6	-
Net carrying amount as at 31 st March, 2018	1,135.7	132.7	6,488.5	33,521.7	339.0	376.8	73.8	1,054.0	1,278.6	528.1	30.6	44,959.5	556.7
Less: Assets held for sale	-	-	-	4.3	-	1.4	0.7	-	-	-	-	6.4	-

B. Capital work-in-progress: Capital Work in progress consists of plants 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 No. 33.

D. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is Rs. 14.4 Lakhs as at 31st March, 2018 (Rs. 621.3 Lakhs as at 31st March, 2017, Rs. 224.7 Lakhs as at 31st March, 2016).

E. Above depreciation is inclusive of depreciation on assets held for sale. Refer Note No.31.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

4 GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares (Acquired)	Technical Knowhow (Acquired)	Registrations (Acquired)	Right to use (Acquired)	Total	Intangible assets under development	Goodwill on acquisition of Business
Deemed cost - gross carrying amount							
Balance at 1 st April, 2016	376.6	198.5	491.8	-	1,066.9	-	287.7
Additions	35.7	59.0	320.9	-	415.6	27.5	-
Disposals	-	-	-	-	-	-	-
Gross carrying amount as at 31st March, 2017	412.3	257.5	812.7	-	1,482.5	27.5	287.7
Accumulated Amortisation							
Amortisation for the year	62.2	188.0	119.9	-	370.1	-	-
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31st March, 2017	62.2	188.0	119.9	-	370.1	-	-
Net carrying amount as at 31st March, 2017	350.1	69.5	692.8	-	1,112.4	27.5	287.7
Reconciliation for the year ended 31st March, 2018							
	Computer Softwares (Acquired)	Technical Knowhow (Acquired)	Registrations (Acquired)	Right to use (Acquired)	Total	Intangible assets under development	Goodwill on acquisition of Business
Gross carrying amount as at 1 st April, 2017	412.3	257.5	812.7	-	1,482.5	27.5	287.7
Additions	10.4	-	185.7	150.0	346.1	91.9	-
Disposals	-	-	-	-	-	-	-
Gross carrying amount as at 31st March, 2018	422.7	257.5	998.4	150.0	1,828.6	119.4	287.7
Accumulated amortisation as at 1st April, 2017	62.2	188.0	119.9	-	370.1	-	-
Amortisation for the year	65.6	10.8	94.6	15.5	186.5	-	-
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31st March, 2018	127.8	198.8	214.5	15.5	556.6	-	-
Net carrying amount as at 31st March, 2018	294.9	58.7	783.9	134.5	1,272.0	119.4	287.7
Less: Asset held for sale	-	-	-	-	-	119.4	-
Net carrying amount as at 31st March, 2018	294.9	58.7	783.9	134.5	1,272.0	-	287.7

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

B. Impairment tests for goodwill:

Goodwill represents goodwill recognised on acquisition of Industrial Mixing Solutions Division ("IMSD") business amounting to Rs. 287.7 Lakhs. IMSD designs and manufactures industrial mixers & agitators.

The recoverable amount of the IMSD cash-generating unit (CGU) is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU, the recoverable amount is estimated to be higher than the carrying amount, and consequently, no impairment is required.

The calculation of the value in use is based on the following key assumptions:

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Discount rate	14.5 %	14.5 %	14.5 %
Terminal value growth rate	5.0 %	5.0 %	5.0 %
Budgeted EBITDA growth rate	8.5 %	8.5 %	8.5 %

The discount rate is the weighted average cost of capital (WACC) of the Company, while calculation of WACC, each category of capital is proportionately weighted.

Five years of cash flows have been included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined and the long-term compound annual EBITDA growth rate estimated by the management.

Budgeted EBITDA has been based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth has been projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It has been assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
5 INVESTMENT IN SUBSIDIARIES			
Unquoted, Fully paid up			
Carried at cost			
(a) Investments in Equity Instruments			
Prescient Color Limited			
6,000,000 (Previous Year : 6,000,000; 1 st April, 2016 : 6,000,000) Equity shares of Rs. 10 each	-	634.1	600.0
(During F.Y. 2017-18 this investment has been classified under investment in subsidiary (held for sale). Refer Note No. 31 of the Consolidated Financial Statements)			
Sudarshan Europe B.V.			
28,100 (Previous Year : 28,100; 1 st April, 2016 : 28,100) Equity shares of Euro 100 each	1,916.4	1,916.4	1,916.4
RIECO Industries Limited			
12,500,000 (Previous Year : 12,500,000; 1 st April, 2016 : 5,500,000) Equity shares of Rs. 10 each	2,889.3	2,889.3	2,189.3
Sudarshan (Shanghai) Trading Company Limited	477.6	-	-
USD 739,990 (Previous Year : Nil) fully paid-up Equity share capital			
	5,283.3	5,439.8	4,705.7
(b) Investments in Subsidiary (Held for Sale)			
Prescient Color Limited			
6,000,000 (Previous Year : 6,000,000; 1 st April, 2016 : 6,000,000) Equity shares of Rs. 10 each	634.1	-	-
(During F.Y. 2017-18 this investment has been classified under investment in subsidiary (held for sale). Refer Note No. 31 of the Consolidated Financial Statements)			
	634.1	-	-
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	5,283.3	5,439.8	4,705.7
Aggregate amount of unquoted investments held for sale	634.1	-	-
Aggregate amount of impairment in the value of investments	-	-	-
Note:			
As per the Company's policy, investments in subsidiaries include the fair value of financial guarantees issued as security for loans taken by subsidiaries. The details of such fair values included in the investments above is as shown below:			
Prescient Color Limited	34.1	34.1	-
Sudarshan Europe B.V.	7.4	7.4	7.4
RIECO Industries Limited	89.3	89.3	89.3
	130.8	130.8	96.7

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
6 FINANCIAL ASSETS : NON-CURRENT			
(a) INVESTMENTS			
Investments in mutual funds - Unquoted and carried at Fair value through Profit and Loss (FVTPL)			
202,715.67 (Previous Year : 202,715.67 ; 1 st April, 2016 : 202,715.67) Units of Rs. 10 each in UTI Gilt Advantage-LTP-Dividend Payout Fund.	47.9	46.5	39.7
Investments in preference shares - Unquoted and carried at amortised cost			
Prescient Color Limited			
Nil (Previous Year : Nil ; 1 st April, 2016 : 190,000) 10% Non-cumulative, redeemable preference shares of Rs. 100 each fully paid-up	-	-	190.0
Investment in Section 8 Company carried at cost			
Sudarshan CSR Foundation			
10,000 (Previous Year : 10,000; 1 st April, 2016 : 10,000) Equity shares of Rs. 10 each	1.0	1.0	1.0
	<u>48.9</u>	<u>47.5</u>	<u>230.7</u>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	48.9	47.5	230.7
Aggregate amount of impairment in the value of investments	-	-	-
(b) LOANS			
(Unsecured considered good unless stated otherwise)			
Security Deposits	85.5	78.5	79.5
	<u>85.5</u>	<u>78.5</u>	<u>79.5</u>
(c) OTHER FINANCIAL ASSETS			
Bank deposits with remaining maturity exceeding 12 months kept as security against borrowings	-	581.4	25.0
	<u>-</u>	<u>581.4</u>	<u>25.0</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
7 OTHER NON-CURRENT ASSETS			
Capital advances:			
Considered good	81.8	278.4	1,565.6
Considered doubtful	90.0	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)	(90.0)
	<u>81.8</u>	<u>278.4</u>	<u>1,565.6</u>
Advances other than capital advances:			
Balances with Government authorities	1,354.1	2,315.9	2,078.1
Prepaid expenses	2.0	5.1	7.3
Statutory receivables	276.1	276.1	276.1
Others	405.8	357.7	301.5
Share Application Money towards Equity Shares in Sudarshan (Shanghai) Trading Company Limited	-	66.3	-
Share Application Money towards Equity Shares in RIECO Industries Limited	-	-	700.0
	<u>2,119.8</u>	<u>3,299.5</u>	<u>4,928.6</u>
8 TAX ASSETS / LIABILITIES (NET)			
(a) Non-current tax assets (net)			
Income tax assets	7,827.1	11,295.4	6,507.0
Income tax liabilities	6,845.2	10,203.1	5,490.4
Net income tax assets	<u>981.9</u>	<u>1,092.3</u>	<u>1,016.6</u>
(b) Current tax liabilities (net)			
Income tax liabilities	3,083.8	6,480.0	8,592.9
Income tax assets	2,711.8	6,214.2	8,056.4
Net income tax liabilities	<u>372.0</u>	<u>265.8</u>	<u>536.5</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
9 INVENTORIES			
(Valued at lower of cost or net realisable value)			
(a) Raw Materials	6,019.7	4,206.3	3,537.8
Raw materials in transit	1,555.3	1,248.8	1,937.4
	7,575.0	5,455.1	5,475.2
(b) Work-in-progress	3,547.4	4,013.4	2,336.1
(c) Finished Goods	6,354.4	7,507.2	7,622.1
Finished Goods in transit	157.9	88.1	40.5
	6,512.3	7,595.3	7,662.6
(d) Stores and Spares	1,745.3	1,102.1	890.7
(e) Stock-in-trade	42.6	421.1	473.8
(f) Packing Materials	130.3	87.4	96.0
	19,552.9	18,674.4	16,934.4

During FY 2017-18 an amount of Rs. 144.8 Lakhs (Previous Year : Rs. 57.9 Lakhs) was charged to the Statement of Profit and Loss on account of slow-moving / non-moving inventory.

For details of inventory pledged as security Refer Note No. 33.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
10 FINANCIAL ASSETS : CURRENT			
(a) TRADE RECEIVABLES			
(Unsecured, considered good unless otherwise stated)			
(Refer Note No. 42 for details of related party balances)			
Considered good	29,986.2	28,682.5	28,863.9
Considered doubtful (Refer Note No. 43)	522.2	554.1	549.4
	<u>30,508.4</u>	<u>29,236.6</u>	<u>29,413.3</u>
Less: Allowance for expected credit loss	522.2	554.1	549.4
	<u>29,986.2</u>	<u>28,682.5</u>	<u>28,863.9</u>
(b) CASH AND CASH EQUIVALENTS			
Cash on hand	6.5	11.7	17.0
Balance with banks			
In Current Accounts	375.7	807.6	1,701.2
Deposits with maturity less than 3 months	-	-	0.3
	<u>382.2</u>	<u>819.3</u>	<u>1,718.5</u>
(c) BANK BALANCES OTHER THAN ABOVE			
Balances in unclaimed dividend accounts	168.8	129.1	110.1
(including dividend on unclaimed shares)			
Margin Money Deposits	584.3	345.3	320.4
	<u>753.1</u>	<u>474.4</u>	<u>430.5</u>
(d) LOANS			
(Unsecured and considered good unless otherwise stated)			
Loans to related parties (Refer Note No. 42)	300.0	648.0	1,492.2
	<u>300.0</u>	<u>648.0</u>	<u>1,492.2</u>
(e) DERIVATIVE ASSETS			
Foreign exchange forward contracts	3.7	335.9	144.6
	<u>3.7</u>	<u>335.9</u>	<u>144.6</u>
(f) OTHER FINANCIAL ASSETS			
Receivable from subsidiaries (Refer Note No. 42)	84.7	91.3	-
Other Receivables (includes interest accrued on deposits)	154.7	146.5	60.5
	<u>239.4</u>	<u>237.8</u>	<u>60.5</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
11 OTHER CURRENT ASSETS			
Advances other than capital advances:			
Prepaid expenses	161.9	179.8	172.8
Net defined benefit asset - Gratuity fund (Refer Note No. 32)	-	15.5	-
Export benefits receivable	1,229.8	2,262.6	147.4
Balances with Government authorities	5,083.3	1,493.5	420.3
Other advances (includes advances for materials)	448.5	612.2	579.4
	<u>6,923.5</u>	<u>4,563.6</u>	<u>1,319.9</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
12 EQUITY SHARE CAPITAL			
AUTHORISED :			
75,000,000 (Previous Year : 75,000,000; 1 st April, 2016 : 75,000,000) Equity Shares of Rs. 2 each.	1,500.0	1,500.0	1,500.0
ISSUED :			
*69,227,750 (Previous Year : 69,227,750; 1 st April, 2016 : 69,227,750) Equity Shares of Rs. 2 each.	1,384.5	1,384.5	1,384.5
SUBSCRIBED AND PAID-UP :			
*69,227,250 (Previous Year : 69,227,250; 1 st April, 2016 : 69,227,250) Equity Shares of Rs. 2 each fully paid-up	1,384.5	1,384.5	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 shares outstanding at the beginning and at the end of the year :

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No.	Rs.	No.	Rs.	No.	Rs.
At the beginning of the year	69,227,250	1,384.5	69,227,250	1,384.5	69,227,250	1,384.5
Add : Issued during the year	-	-	-	-	-	-
Less : Shares bought back during the year	-	-	-	-	-	-
Outstanding at the end of the year	69,227,250	1,384.5	69,227,250	1,384.5	69,227,250	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; 1st April, 2016 : 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.

During March, 2018 an Interim Dividend of Rs. 2.50 per share was paid. Also, a Final Dividend of Rs. 1.00 per share was proposed to be paid for the Financial Year ended 31st March, 2018, subject to approval of shareholders. In view of this, the amount of dividend per share aggregates to Rs. 3.50 (Previous Year : Rs. 3.50) on a face value of Rs. 2 per share.

(c) Details of shareholders holding more than 5% shares in the company :

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No.	% of total shares in class	No.	% of total shares in class	No.	% of total shares in class
Mr. Pradeep R. Rathi	3,823,450	5.52	3,823,450	5.52	3,823,450	5.52
Mr. Rahul P. Rathi	4,754,540	6.87	4,754,540	6.87	4,754,540	6.87
Mr. Anuj N. Rathi	5,447,620	7.87	3,827,620	5.53	3,827,620	5.53
Mr. Rohit K. Rathi	4,651,600	6.72	2,175,950	3.14	2,175,950	3.14
DIC Corporation, Japan	5,579,890	8.06	5,579,890	8.06	5,579,890	8.06

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(d) For a period of five years immediately preceeding 31st March, 2018 :

- 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 - 34,613,625 Equity Shares of Rs. 2 each issued in the ratio of 1:1 during the year ended 31st March, 2015
- aggregate number of shares bought back - Nil

(e) Other disclosures mandated by Schedule III are not applicable to the Company and hence have not been made.

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
13 OTHER EQUITY			
(a) Capital Reserve	0.4	0.4	0.4
(b) Securities Premium Reserve	1,321.2	1,321.2	1,321.2
(c) General Reserve	19,840.5	18,340.5	16,840.5
(d) Retaining Earnings	22,691.5	18,364.7	13,491.0
	<u>43,853.6</u>	<u>38,026.8</u>	<u>31,653.1</u>

	As at 31 st March, 2018	As at 31 st March, 2017
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	<u>0.4</u>	<u>0.4</u>
(b) Securities Premium Reserve		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	<u>1,321.2</u>	<u>1,321.2</u>
(c) General Reserve		
Balance at the beginning of the year	18,340.5	16,840.5
Additions during the year	1,500.0	1,500.0
Deductions during the year	-	-
Balance at the end of the year	<u>19,840.5</u>	<u>18,340.5</u>
(d) Retaining Earnings		
Balance at the beginning of the year	18,364.7	13,491.0
Add : Profit after tax for the year	8,802.7	8,927.4
Other comprehensive income recognised directly in retained earnings	(59.6)	(54.0)
Less : Appropriations		
Final dividend	692.3	346.1
Interim Equity Dividend	1,730.7	1,730.7
Tax on Interim and Final Equity Dividend	493.3	422.9
Amount transferred to General Reserve	1,500.0	1,500.0
	<u>22,691.5</u>	<u>18,364.7</u>
	<u>43,853.6</u>	<u>38,026.8</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

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 reissue of shares in the financial year 1996-97 Rs 0.4 Lakhs.
- 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 component of equity to another and is not an item of other comprehensive income.

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
14 FINANCIAL LIABILITIES : NON-CURRENT			
(a) BORROWINGS			
Secured			
Term loans from Banks			
Rupee Loans	374.0	1,351.9	2,320.6
Foreign Currency Loans	16,294.4	9,570.1	11,790.1
Unsecured			
Loans from Related Parties (Refer Note No. 42)			
Intercompany Deposits	1,529.7	1,051.9	865.7
Fixed Deposits	-	-	729.8
Loans from Others			
Intercompany Deposits	-	238.6	279.5
Fixed Deposits	-	1,312.4	4,616.4
(Refer Note No. 33 for details of security and terms of repayment)			
	18,198.1	13,524.9	20,602.1
(b) OTHER FINANCIAL LIABILITIES			
Deferred financial guarantee commission	17.8	51.4	-
Security Deposits	155.4	290.8	283.5
	173.2	342.2	283.5

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
15 PROVISIONS : NON-CURRENT			
PROVISION FOR EMPLOYEE BENEFITS :			
Provision for pension	832.7	780.6	672.2
Provision for compensated absences (Refer Note No. 32)	512.5	499.4	425.9
OTHERS :			
Provision for Ex-Gratia payments	281.9	376.1	270.5
	1,627.1	1,656.1	1,368.6
16 DEFERRED TAX LIABILITIES (NET)			
The major components of the deferred tax liabilities are :			
Property, plant and equipment	5,875.7	5,025.1	3,867.4
Others	43.7	82.4	79.1
	5,919.4	5,107.5	3,946.5
The major components of the deferred tax assets are :			
Minimum Alternate Tax Credit	-	519.9	-
Allowance for expected credit loss	180.7	191.8	186.7
Indexed value investment in subsidiary classified as held for sale	153.5	-	-
Expenditure accrued, allowable on actual payment	405.7	438.1	358.7
	739.9	1,149.8	545.4
	5,179.5	3,957.7	3,401.1

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 No. 30.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
17 FINANCIAL LIABILITIES : CURRENT			
(a) BORROWINGS			
Secured			
Loans repayable on demand			
From banks:			
Rupee Loans	3,482.0	6,586.5	6,950.7
Foreign Currency Loans	3,345.6	3,067.7	745.9
Unsecured			
Loans repayable on demand			
From banks:			
Rupee Loans	4,504.1	2,700.0	2,775.8
Foreign Currency Loans	-	567.3	-
Bills Discounted	-	740.1	-
(Refer Note No. 33 for details of security and terms of repayment)			
	11,331.7	13,661.6	10,472.4
(b) TRADE PAYABLES			
Due towards Micro and Small Enterprises	396.2	336.4	111.5
(Refer Note No. 34)			
Other than Micro and Small Enterprises	22,096.0	21,398.8	19,188.6
	22,492.2	21,735.2	19,300.1
(c) DERIVATIVE LIABILITIES			
Foreign exchange forward contracts	71.6	1.8	146.6
Interest rate / currency swap contracts	113.2	62.9	104.9
	184.8	64.7	251.5
(d) OTHER FINANCIAL LIABILITIES			
Current maturities of long-term debt (including interest accrued thereon) (Refer Note No. 33)	6,976.2	8,845.5	3,477.1
Unclaimed Dividend	168.5	129.0	110.0
Unpaid matured deposits including interest thereon	6.7	6.7	6.7
Capital creditors	640.4	124.3	196.1
Deferred financial guarantee commission	56.6	41.2	96.8
Employee dues	1,056.9	1,206.6	638.9
Other Liabilities (includes commission payable to directors and commission payable on sales)	666.9	894.4	627.2
	9,572.2	11,247.7	5,152.8

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
18 OTHER CURRENT LIABILITIES			
Statutory Dues	242.4	1,026.4	1,156.5
Other Liabilities (includes advances from customers)	344.1	581.7	568.0
	<u>586.5</u>	<u>1,608.1</u>	<u>1,724.5</u>
19 PROVISIONS : CURRENT			
PROVISION FOR EMPLOYEE BENEFITS :			
Provision for pension (Refer Note No. 32)	69.4	65.9	59.9
Provision for gratuity (Refer Note No. 32)	145.8	-	66.8
Provision for compensated absences (Refer Note No. 32)	50.4	75.8	70.0
	<u>265.6</u>	<u>141.7</u>	<u>196.7</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
20 REVENUE FROM OPERATIONS		
Sale of products	132,183.6	118,159.7
Sale of services	0.4	1.6
Other operating revenues		
Export Incentives	2,052.3	2,849.1
Miscellaneous Operating Income	399.8	318.5
(Refer Note No. 44 for Goods and Service Tax transition impact)		
	134,636.1	121,328.9
21 OTHER INCOME		
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	41.6	68.1
Others	176.1	187.2
Net gains / (losses) on fair value changes :		
Change in fair value of investments measured at FVTPL - mutual fund units	1.4	6.8
Fair value gain / (loss) on derivatives not designated as hedges (net)	(90.1)	321.9
Other Non-Operating Income :		
Liabilities no longer required, written back	410.4	70.0
Allowance for expected credit loss, written back	31.9	-
Foreign Exchange Gain / (Loss) (net)	371.4	1,094.1
Income on Financial Guarantees	90.8	129.7
Miscellaneous Income	93.0	132.2
	1,126.5	2,010.0
22 COST OF MATERIALS CONSUMED		
Inventory of materials at the beginning of the year	4,355.7	5,113.2
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Add : Purchases	80,128.1	63,996.6
	84,483.8	69,109.8
Less : Inventory of materials at the end of the year	7,575.0	4,355.7
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
	76,908.8	64,754.1
23 PURCHASE OF STOCK-IN-TRADE		
	18.0	30.7
	18.0	30.7

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventory at the end of the year		
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Finished Products	6,512.3	6,463.9
Work-in-progress / Semi-finished Products	3,547.4	3,929.9
Stock-in-Trade	42.6	56.1
	10,102.3	10,449.9
Inventory at the beginning of the year		
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Finished Products	6,463.9	6,758.0
Work-in-progress / Semi-finished Products	3,929.9	2,325.7
Stock-in-Trade	56.1	73.4
(Refer Note No. 44 for Goods and Service Tax transition impact)		
	10,449.9	9,157.1
	347.6	(1,292.8)
25 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	7,231.3	6,470.2
Contribution to Provident and Other Funds	400.4	352.3
Staff Welfare Expenses	371.7	354.7
	8,003.4	7,177.2
26 FINANCE COSTS		
Interest expenses on financial liabilities measured at amortised cost	2,264.3	2,201.6
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	113.3	100.6
	2,377.6	2,302.2
27 DEPRECIATION AND AMORTISATION		
Depreciation of property, plant & equipment	5,634.7	4,484.7
Amortisation of other intangible assets	186.5	370.1
(Excludes depreciation on assets subsequently classified as held for sale)		
	5,821.2	4,854.8

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
28 OTHER EXPENSES		
Consumption of stores and spares	2,413.2	2,441.3
Consumption of packing material	1,639.0	1,470.4
Power and fuel	7,403.1	6,532.6
Water charges	1,209.0	1,112.9
Labour charges	3,260.8	3,098.4
Rent (Refer Note No. 41)	132.5	125.9
Repairs and maintenance	2,321.0	1,978.4
Insurance	254.1	230.1
Rates and taxes (excluding taxes on income)	211.4	262.0
Advertisement	81.7	111.6
Auditors' remuneration (Refer Note No. 35)	26.8	26.7
Bad debts written off	16.2	268.2
Provision for expected credit loss allowance	-	4.7
Advance written off	-	123.6
Bank charges	105.4	110.2
Commission to selling agents	1,226.1	1,186.3
Directors' sitting fees	17.9	19.7
ERP / Computer related expenses	264.1	235.5
Legal, professional and consultancy charges	3,118.0	2,013.8
Loss on sale / disposal / retirement of assets	224.3	253.6
Printing, stationery and communication expenses	286.1	269.1
Travelling and conveyance	1,315.3	1,235.6
Miscellaneous expenses (Refer Note No. 39)	2,304.8	2,134.9
Excise duty variation on opening and closing stock (Refer Note No. 44)	(662.3)	(208.7)
Expenditure towards Corporate Social Responsibility (Refer Note No. 38)	189.0	143.1
	27,357.5	25,179.9
29 EARNINGS PER SHARE		
Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted Average number of equity shares used to compute basic and diluted earnings per share	69,227,250	69,227,250
From Continuing Operations		
Net Profit After Tax	8,583.0	8,595.9
Basic and Diluted earnings per share	12.40	12.42
From Discontinued Operations		
Net Profit After Tax	219.7	331.5
Basic and Diluted earnings per share	0.32	0.48
From Total Operations		
Net Profit After Tax	8,802.7	8,927.4
Basic and Diluted earnings per share	12.72	12.90

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

30. Income Tax

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A. Income tax recognised in Statement of profit and loss		
Current tax		
Current tax for the year for continuing operations	3,131.4	2,463.2
Adjustment of current tax relating to earlier years	225.2	-
	<u>3,356.6</u>	<u>2,463.2</u>
Current tax for the year for discontinued operations	116.3	175.5
	<u>3,472.9</u>	<u>2,638.7</u>
Deferred tax		
Relating to origination and reversal of temporary differences	893.2	739.5
Adjustment of deferred tax relating to earlier years	(172.9)	(183.0)
	<u>720.3</u>	<u>556.5</u>
Total tax expenses (A+B)	<u>4,193.2</u>	<u>3,195.2</u>
B. Reconciliation of effective tax rate		
Profit before tax from continuing operations	12,659.9	11,615.6
Profit before tax from discontinued operations	336.0	507.0
	<u>12,995.9</u>	<u>12,122.6</u>
Tax using Statutory tax rate @ 34.608% (Previous year @ 34.608%)	4,497.6	4,195.4
Tax effect of:		
- non deductible expenses	71.8	149.0
- incremental deduction on account of research and development costs	(275.1)	(509.5)
- investment allowance	-	(435.5)
- income tax relating to prior years	52.3	(183.0)
- indexation benefit on investment held for sale	(153.4)	-
- others	-	(21.2)
Income tax expenses	<u>4,193.2</u>	<u>3,195.2</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

30. Income Tax (contd.)

C. Movement in deferred tax liabilities and assets

Deferred tax liabilities

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
As at 1st April, 2016	3,867.4	79.1	3,946.5
Charged / (credited)			
- to statement of profit and loss	1,157.7	3.3	1,161.0
- to other comprehensive income	-	-	-
As at 31st March, 2017	5,025.1	82.4	5,107.5
Charged / (credited)			
- to statement of profit and loss	850.6	(38.7)	811.9
- to other comprehensive income	-	-	-
As at 31st March, 2018	5,875.7	43.7	5,919.4

Deferred tax assets

	Allowance for Expected Credit Loss	Indexation benefit on investment held for sale	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1st April, 2016	186.7	-	358.7	-	545.4
(Charged) / credited					
- to statement of profit and loss	5.1	-	79.4	519.9	604.4
- to other comprehensive income	-	-	-	-	-
As at 31st March, 2017	191.8	-	438.1	519.9	1,149.8
(Charged) / credited					
- to statement of profit and loss	(11.1)	153.5	(32.4)	(18.4)	91.6
- to other comprehensive income	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	(501.5)	(501.5)
As at 31st March, 2018	180.7	153.5	405.7	-	739.9

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

31. Disclosure as Required by Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations:

(a) Description

Agro Chemical Division

The Agro Chemical Division deals in insecticides, fungicides, herbicides and plant growth regulators. The Company manufactures these products at its facilities at Roha and is also engaged in trading of generic products. During the year the Company decided to discontinue its Agro Chemical manufacturing business and sell its trading business on a going concern basis. The Company is in the process of identifying prospective buyers. While the business continues to operate its existing operations, pursuant to the requirements of Ind AS 105 – “Non current Assets Held for Sale and Discontinued Operations”, this has been classified as held for sale / discontinued operations as on 31st March, 2018. Consequently the profit / (loss) of this business has been presented separately and the assets and liabilities associated with this business have been presented as held for disposal as at 31st March, 2018.

(b) The Assets and Liabilities of disposal groups classified held for sale as on 31st March, 2018 are as under:

Particulars	As at 31 st March, 2018
Assets	
(a) Property, plant and equipment	6.4
(b) Intangible assets under development	119.4
(c) Inventories	989.5
(d) Current financial assets	
i. Trade receivables	1,028.5
ii. Cash and cash equivalents	97.1
(e) Other current assets	11.5
Total assets	2,252.4
Liabilities	
(a) Non-current financial liabilities	
i. Other financial liabilities	143.8
(b) Non-current provisions	104.8
(c) Current financial liabilities	
i. Trade payables	736.1
ii. Other financial liabilities	40.6
(d) Other current liabilities	370.1
Total liabilities	1,395.4

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

31. Disclosure as Required by Ind AS 105 - (Contd.)

(c) Statement of Profit and Loss for Discontinued Operations

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Income		
Revenue from operations	11,676.6	15,136.4
Other income	65.6	34.1
Total revenue	11,742.2	15,170.5
Expenses		
Cost of raw materials consumed	4,786.9	6,756.8
Cost of Goods Traded	3,556.6	4,880.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade	703.6	(264.6)
Excise duty on sale of goods	292.3	1,048.2
Employee benefit expense	635.3	614.2
Finance Costs	93.5	118.8
Depreciation and amortisation expense	80.6	50.8
Other expenses	1,257.4	1,458.9
Total expenses	11,406.2	14,663.5
Profit before tax	336.0	507.0
Tax expense	116.3	175.5
Profit after tax	219.7	331.5

(d) Net Cash Flows attributable to the operating, investing and financing activities of Discontinued Operations

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Operating Activities	2,374.2	(86.8)
Investing Activities	(134.4)	(277.7)
Financing Activities	(93.5)	(118.8)

The fair value measurement of the disposal group has been categorised as level 3 fair value based on inputs to the valuation technique used. The fair value has been determined using the discounted cash flows method which takes into account the EBITDA growth rate (~8%) and budgeted capital expenditure growth rate (~4%). The expected net cash flows have been discounted using a risk adjusted discount rate (~14.5%).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans

As per Indian Accounting Standard - 19 Employee Benefits, the disclosures as defined are given below:

A. Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Employer's Contribution to Provident Fund	350.4	311.9
Employer's Contribution to Superannuation Fund	50.0	40.4

Company's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss.

The Company makes contributions to the Superannuation Scheme, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation to the scheme beyond its annual contributions.

B. Defined Benefit Plans

I. Gratuity

The Company has 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.

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long-term obligations to make future benefit payments.

1) Investment risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period

2) Market Risk (Discount Rate)

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/ government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date

3) Longevity Risk

The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

4) Actuarial Risk

a. Salary Increase Assumption

Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the Obligation at a rate that is higher than expected

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

b. Attrition / Withdrawal Assumption

If actual withdrawal rates are higher than assumed withdrawal rate assumption, then the benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation 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 gratuity recognised in employee benefit expenses.

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Current service cost	122.5	92.3
Net interest (income) / expense	(4.9)	0.7
Net benefit expense	117.6	93.0

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Defined benefit obligation as at the beginning of the year	1,888.5	1,695.5
Interest cost	136.0	129.4
Current service cost	122.5	92.3
Benefit payments from plan assets	(88.9)	(115.6)
Re-measurement (gain) / loss in other comprehensive income		
Actuarial (gain) / loss - Experience	90.5	3.2
Actuarial (gain) / loss - Financial	(49.0)	83.7
Defined benefit obligation as at the end of the year	2,099.6	1,888.5

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Fair value of plan assets at at the beginning of the year	1,904.0	1,628.7
Expected returns on plan assets	140.9	128.7
Employer contributions	7.2	266.0
Mortality charges and taxes	-	(8.1)
Benefits paid	(88.9)	(115.6)
Re-measurement gain / (loss) in other comprehensive income		
Actuarial gain / (loss) - Experience	(9.4)	4.3
Fair value of plan assets at the end of year	1,953.8	1,904.0

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
(Gain) / loss on defined benefit obligation - Experience	90.5	3.2
(Gain) / loss on defined benefit obligation - Financial	(49.0)	83.7
(Gain) / loss on plan assets - Experience	9.4	(4.3)
Amount recognised in the statement of OCI	50.9	82.6

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Defined Benefit Obligation	2,099.6	1,888.5	1,695.5
Fair value of plan assets	1,953.8	1,904.0	1,628.7
Closing net defined benefit liability / (asset)	145.8	(15.5)	66.8

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Nature of plan assets	31 st March, 2018	31 st March, 2017	1 st April, 2016
Investments with insurer	100%	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2006-08) ultimate.

Attrition:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Employee turnover			
age upto 30 years	3.0%	3.0%	3.0%
age 31-45 years	2.0%	2.0%	2.0%
age above 45 years	1.0%	1.0%	1.0%
Retirement Age	58-80 years	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Discount rate	7.7%	7.4%	7.9%
Expected rate of increment in compensation levels	7.0%	7.0%	7.0%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2018		As at 31 st March, 2017	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(151.2)	170.8	(151.0)	171.5
Expected rate of increment in compensation levels	159.7	(144.3)	160.9	(144.7)

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 an significant actuarial assumption for the purpose of sensitivity ananlysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Within the next 12 months (next annual reporting period)	156.2	100.3
Between 2 and 5 years	644.5	517.9
Beyond 5 years	1,331.8	1,117.2

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 14.3 years (Previous Year : 13.5 years).

The following payments are expected contributions to the defined benefit plan in the next year:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Within the next 12 months (next annual reporting period)	156.2	100.3
Total expected payments	156.2	100.3

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

II. Pension

The 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 Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of pension recognised in employee benefit expenses

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Current service cost	5.1	4.2
Net interest (income) / expense	60.4	47.1
Past service cost	15.8	123.0
Net benefit expense	81.3	174.3

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Defined benefit obligation as at the beginning of the year	846.5	732.1
Interest cost	60.4	47.1
Current service cost	5.1	4.2
Benefit payments directly by employer	(66.0)	(59.9)
Plan Amendments	15.8	123.0
Re-measurement (gain) / loss in other comprehensive income		
Actuarial (gain) / loss - Experience	65.0	-
Actuarial (gain) / loss - Financial	(24.7)	-
Defined benefit obligation as at the end of the year	902.1	846.5

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
(Gain) / loss on defined benefit obligation - Experience	65.0	-
(Gain) / loss on defined benefit obligation - Financial	(24.7)	-
Amount recognised in the statement of OCI	40.3	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Defined Benefit Obligation	902.1	846.5	732.1
Fair value of plan assets	-	-	-
Closing net defined benefit liability / (asset)	902.1	846.5	732.1

The principal assumptions used in determining pension obligations for the Company's plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2006-08) ultimate.

Financial assumptions

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Discount rate	7.7%	7.4%	7.4%
Pension increase rate	10.0%	10.0%	10.0%
Retirement Age	80 years	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2018		As at 31 st March, 2017	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(69.0)	81.7	(64.8)	47.9
Pension increase rate	24.1	(23.7)	22.6	(22.3)

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, 2018	As at 31 st March, 2017
Within the next 12 months (next annual reporting period)	69.4	65.9
Between 2 and 5 years	331.0	322.7
Beyond 5 years	512.1	511.5

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

III. Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of 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 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Current leave obligations expected to be settled within the next 12 months	50.4	75.8	70.0
Leave obligations expected to be settled beyond 12 months	512.5	499.4	425.9

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of unutilised compensated absences and utilise it in the future periods or receive cash in lieu thereof as per Company policy. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The measurement of such obligation is based on actuarial valuation as at the Balance Sheet date carried out by qualified actuary.

The principal assumptions used in determining Leave obligation for the Company are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2006-08) ultimate.

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
Discount rate	7.7%	7.4%	7.9%
Expected rate of increment in compensation levels	7.0%	7.0%	7.0%
Employee turnover			
age upto 30 years	3.0%	3.0%	3.0%
age 31-45 years	2.0%	2.0%	2.0%
age above 45 years	1.0%	1.0%	1.0%
Leave availment	5.0%	5.0%	5.0%
Retirement age	58-80	58-80	58-80

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

33. Details of Borrowings

	Security	Maturity date	Terms of repayment	Effective Interest Rate p.a.	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
					Current maturity	Non-current maturity	Current maturity	Non-current maturity	Current maturity	Non-current maturity
a)	Secured									
i)	Rupee term loan from banks									
	Secured by a First Pari Passu Charge by way of hypothecation of the entire movable fixed assets both present and future situated at Roha, Mahad, Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune and further to be secured by way of mortgage by First Pari Passu Charge over the entire fixed assets including immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune	31-Mar-20	16 equal quarterly instalments	9.75%	476.0	374.0	375.0	751.9	390.7	1,120.6
	Secured a First Pari Passu Charge on the movable fixed assets and current assets of the Company. Also the said Corporate Loan is secured by a mortgage charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune.	31-Mar-19	20 equal quarterly instalments	9.90%	606.4	-	600.0	600.0	615.5	1,200.0
ii)	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 Supplemental Deed 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	30-Apr-20	11 equal quarterly instalments	3 months EURIBOR + 1.55%	2,128.0	2,631.5	-	-	-	-
		30-Dec-21	18 equal quarterly instalments	3 months EURIBOR + 1.55%	1,742.4	4,763.8	-	-	-	-
		26-Mar-23	16 equal quarterly instalments	3 months EURIBOR + 1.00%	-	5,619.5	-	-	-	-
		31-Jan-23	20 equal quarterly instalments	1 months LIBOR + 1.25%	821.8	3,279.6	-	-	-	-
			20 equal quarterly instalments	3.20%	-	-	1,896.6	3,960.6	1,991.0	6,320.1
			20 equal quarterly instalments	3 months EURIBOR + 2.00%	-	-	1,495.9	5,609.5	14.2	5,470.0
			12 equal quarterly instalments	3 months LIBOR + 4.75%	-	-	-	-	218.5	-
iii)	Working capital loans repayable on demand from banks									
	Working Capital Borrowings from Bank of Maharashtra led Consortium Banks consisting of Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured 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 creation of a joint registered mortgage.	1-3months	Repayable on demand	0.50% to 11.90%	6,827.6	-	9,654.2	-	7,696.6	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

33. Details of Borrowings (contd.)

	Security	Maturity date	Terms of repayment	Effective Interest Rate p.a.	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
					Current maturity	Non-current maturity	Current maturity	Non-current maturity	Current maturity	Non-current maturity
b)	Unsecured									
i)	Working capital loans repayable on demand from banks	1 month	Repayable on demand	8.06% to 8.40%	4,504.1	-	3,267.3	-	2,775.8	-
ii)	Loans and Advances from Related Parties									
	Intercompany Deposits	Various	Repayable on demand	7.85% to 10.25%	-	1,529.7	-	1,051.9	61.1	865.7
	Fixed Deposits	Various	Repayable on demand	10.25%	-	-	737.5	-	-	729.8
iii)	Loans and Advances from Others									
	Intercompany Deposits	Various	Repayable on demand	7.85% to 10.25%	684.5	-	440.7	238.6	186.1	279.5
	Fixed Deposits	Various	Repayable on demand	10.25%	523.8	-	3,306.5	1,312.4	6.7	4,616.4
iv)	Bills discounted	Various	Repayable on demand	1.00%	-	-	740.1	-	-	-
					18,314.6	18,198.1	22,513.8	13,524.9	13,956.2	20,602.1
	The bifurcation of total borrowings is as follows:									
	Non current borrowings	Note 14(a)			-	18,198.1	-	13,524.9	-	20,602.1
	current borrowings	Note 17(a)			11,331.7	-	13,661.6	-	10,472.4	-
	Amount disclosed under the head 'Other financial Liabilities'	Note 17(d)			6,982.9	-	8,852.2	-	3,483.8	-
					18,314.6	18,198.1	22,513.8	13,524.9	13,956.2	20,602.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

34. Disclosure for Micro, Small and Medium Enterprise Creditors

Outstanding to Micro, Small and Medium Enterprise : **Rs. 396.2 Lakhs** (Previous Year : Rs. 336.4 Lakhs ; 1st April, 2016 : Rs. 111.5 Lakhs). The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company. Total outstanding dues of Micro and Small Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
(a) Principal amount due	-	-	-
(b) Interest paid under MSMED Act, 2006	-	-	-
(c) Interest due	41.0	31.8	21.9
(d) Interest accrued and due	-	-	-
(e) Interest due and payable till actual payment	41.0	31.8	21.9

35. Auditor's Remuneration

Particulars	31 st March, 2018	31 st March, 2017
(a) Audit Fees	14.0	8.0
(b) Tax Audit Fees	2.0	3.0
(c) Other services -		
Certification and Limited Review	10.6	13.4
Stock Verification	-	2.0
(d) Reimbursement of Expenses	0.2	0.3
	26.8	26.7

36. Fixed Deposits

(Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
(a) Fixed Deposits with Maturity less than 12 months	517.1	4,037.3	-
(b) Fixed Deposits with Maturity more than 12 months	-	1,312.4	5,346.2
(c) Unclaimed Matured Fixed Deposits	6.7	6.7	6.7
	523.8	5,356.4	5,352.9

37. Research and Development Expenditure

This includes expenditure incurred by the Company on in-house research and development in respect of eligible facilities at Roha and Pune, approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	31 st March, 2018	31 st March, 2017
(a) Revenue Expenditure		
Roha Unit	460.7	301.1
Pune Unit	613.2	510.5
	1,073.9	811.6
(b) Capital Expenditure		
Roha Unit	334.0	15.9
Pune Unit	442.1	797.9
	776.1	813.8

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

38. Amount spent towards Corporate Social Responsibility:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was Rs. 188.9 Lakhs.

During the year the Company has incurred CSR expenses of **Rs. 189.0 Lakhs** (Previous Year : Rs. 143.1 Lakhs) which includes contribution / donation of **Rs. 30.0 Lakhs** (Previous Year : Rs. 21.4 Lakhs to trusts (related party) which are engaged in activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto and other expenses of **Rs. 159.0 Lakhs** (Previous Year : Rs. 121.7 Lakhs) directly incurred by the Company.

In addition to the above, a contribution of **Rs. 0.9 Lakhs** (Previous Year : Rs. 1.1 Lakhs) is made to its subsidiary Sudarshan CSR Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of (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.

39. Donations

Miscellaneous expenses include donation to Political Party (Nationalist Congress Party) **Rs. 17.0 Lakhs** (Previous Year : Rs. 20.0 Lakhs)

40. Disclosure required under Sec. 186 (4) of Companies Act, 2013:

For details of loans and guarantees given to related party Refer Note No. 42.

For details of Investments made Refer Note No. 5.

41. Commitments and Contingencies:

a. Leases

Operating leases : Company as lessee

The Company has taken residential accommodation, office premises and warehouses on lease / rental basis. Lease period varies from one month to twelve months. These leases are cancellable in nature. Lease / rentals recognised in the Statement of Profit and Loss is **Rs. 132.5 Lakhs** (Previous Year : Rs. 125.9 Lakhs).

b. Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
Excise duty	307.5	281.4	275.8
VAT / CST	199.3	198.1	212.3
Custom duty	330.4	322.8	322.8
Income tax	-	170.2	379.9

- It is not practicable for the Company 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 Company does not expect any reimbursements in respect of the above contingent liabilities.
- The Company's pending litigations comprise of claims against the Company pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

42. 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 & Managing Director (Chairman w.e.f. 1 st June, 2018)
		Mr. R. B. Rath	Dy. Managing Director (Managing Director w.e.f. 1 st June, 2018)
		Mr. A. V. Vij	COO (Wholetime Director w.e.f. 24 th May, 2018)
		Mr. S. N. Inamdar	Non-Executive - 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. P. P. Chhabria	Non-Executive - Independent Director (Expired on 6 th May, 2016)
		Mr. N. Raisinghani	Non-Executive - Non-Independent Director
		Mrs. S. A. Panse	Non-Executive - Independent Director
		Mr. K. L. Rath	Non-Executive - Non-Independent Director
		Mr. N. J. Rath	Non-Executive - Non-Independent Director
		Mr. Ajoy B. Rath	Non-Executive - Non-Independent Director
		Mr. P. S. Raghavan	Company Secretary
		Mr. Vivek V. Thakur	Acting CFO
(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. K. B. Rath	– Mother of Mr. R. B. Rath
		Mrs. K. R. Rath	– Mother of Mr. P. R. Rath
		Mr. A. B. Rath	– Brother of Mr. R. B. Rath
		Mrs. S. P. Rath	– Wife of Mr. P. R. Rath
		Mrs. R. R. Agarwal	– Daughter of Mr. P. R. Rath
		Mrs. A. N. Rath	– Wife of Mr. N. J. Rath
		Mrs. A. K. Rath	– Wife of Mr. K. L. Rath
		Mr. Dhruv R. Rath	– Son of Mr. R. P. Rath
		Ms. Anushka R. Rath	– Daughter of Mr. R. P. Rath
		Mrs. Archana A. Rath	– Wife of Mr. A. N. Rath
		Mrs. Deepika R. Rath	– Wife of Mr. Rohit K. Rath
		Mrs. Nisha A. Rath	– Wife of Mr. A. B. Rath
		Mr. Rohit K. Rath	– Son of Mr. K. L. Rath

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

42. Related Party Transaction (contd.)

(c) Subsidiary Companies :

Prescient Color Limited
Sudarshan Europe B.V.
Sudarshan North America, Inc.
(Step-down subsidiary of Sudarshan Chemical Industries Limited, India)
Sudarshan (Shanghai) Trading Co. Limited
Sudarshan Mexico S. de R.L. de C.V. (incorporated on 24th January, 2017)
(Step-down subsidiary of Sudarshan Chemical Industries Limited, India)
RIECO Industries Limited
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. Main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.)

(d) Others :

Entities in which Key Management Personnel and / or their relatives exercise significant influence (SIKMP) :

Rathi Brothers Poona Limited
Rathi Brothers Madras Limited
Rathi Brothers Calcutta Limited
Rathi Brothers Delhi Limited
Manan Rathi Trust
Balkrishna Rathi Finance Private Limited
PRR Finance Private Limited
Marathwada Chemical Industries Private Limited
Rathi Vessels & Systems Private Limited
NJR Finance Pvt. Ltd.
Rathi Brothers Pvt. Ltd.
Rathi Enterprises Pvt. Ltd.
Rabro Speciality Chemicals Pvt. Ltd.
Laxminarayan Finance Pvt. Ltd.
Mr. Ajoy B. Rathi HUF
Anahita Trust
Mr. Anuj N. Rathi HUF
Natasha Trust
Mr. R.B.Rathi HUF
Rathi Mixers Pvt. Ltd.
Breakthrough Management Group
Shri Jagannath Rathi Trust
Crawford Bayley & Co.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

42. Related Party Transaction (contd.)

B. Transactions with Related Parties:

Nature of Transactions	For the year ended 31 st March, 2018				For the year ended 31 st March, 2017			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others
• Salary, Pension, Reimbursement of expenses etc. :								
Mr. P.R.Rathi	171.1	-	-	-	184.3	-	-	-
Mr. R.B.Rathi	222.2	-	-	-	166.8	-	-	-
Mr. A.V.Vij	130.2	-	-	-	116.7	-	-	-
Mr. R.P.Rathi	-	45.0	-	-	-	38.2	-	-
Mrs. K.B.Rathi	-	18.3	-	-	-	18.7	-	-
Mr. A.N. Rathi	-	43.9	-	-	-	36.3	-	-
Mr. K.L. Rathi	26.3	-	-	-	26.0	-	-	-
Mr. N.J. Rathi	26.7	-	-	-	26.4	-	-	-
Mr. P.S. Raghavan	22.3	-	-	-	21.1	-	-	-
Mr. Vivek V. Thakur	41.4	-	-	-	34.6	-	-	-
• Commission (Subject to Shareholders' approval) :								
Mr. P.R.Rathi	70.0	-	-	-	60.0	-	-	-
Mr. R.B.Rathi	70.0	-	-	-	60.0	-	-	-
Mr. S.K.Asher	3.6	-	-	-	4.5	-	-	-
Mr. S.N.Inamdar	7.4	-	-	-	6.5	-	-	-
Mr. S.Padmanabhan	5.4	-	-	-	4.5	-	-	-
Mr. K.L.Rathi	5.4	-	-	-	4.5	-	-	-
Mr. N.J.Rathi	4.5	-	-	-	4.5	-	-	-
Mr. D.N.Damania	5.4	-	-	-	4.5	-	-	-
Mr. N. Raisinghani	4.5	-	-	-	4.5	-	-	-
Mrs. R.F.Forbes	3.6	-	-	-	4.5	-	-	-
Mrs. S.A.Panse	5.4	-	-	-	4.5	-	-	-
Mr. Ajoy B. Rathi	2.7	-	-	-	2.0	-	-	-
• Sitting fees :								
Mr.S.K.Asher	2.2	-	-	-	3.4	-	-	-
Mr.S.N.Inamdar	3.1	-	-	-	2.9	-	-	-
Mr.S.Padmanabhan	1.6	-	-	-	1.4	-	-	-
Mr.D.N.Damania	3.0	-	-	-	2.4	-	-	-
Mr. N. Raisinghani	1.2	-	-	-	1.2	-	-	-
Mrs.R.F.Forbes	1.2	-	-	-	1.4	-	-	-
Mrs.S.A.Panse	1.6	-	-	-	1.2	-	-	-
Mr. Ajoy B. Rathi	0.6	-	-	-	-	-	-	-
Mr.K.L.Rathi	1.2	-	-	-	1.0	-	-	-
Mr.N.J.Rathi	1.6	-	-	-	2.2	-	-	-
• Interest paid / payable :								
Mr. P.R.Rathi	-	-	-	-	9.5	-	-	-
Mr. R.B.Rathi	-	-	-	-	10.6	-	-	-
Mrs. K.R.Rathi	-	-	-	-	-	17.1	-	-
Mr. R.P.Rathi	-	-	-	-	-	11.0	-	-
Mr. A.B.Rathi	-	-	-	-	4.7	-	-	-
Mrs. S.P.Rathi	-	-	-	-	-	2.8	-	-
Mrs. A.N. Rathi	-	1.5	-	-	-	1.64	-	-
Mrs. R.R.Agarwal	-	-	-	-	-	3.7	-	-
Mrs. Nisha A Rathi	-	-	-	-	-	0.3	-	-
Mrs. Deepika Rohit Rathi	-	-	-	-	-	1.1	-	-
Mrs. Archana A Rathi	-	-	-	-	-	6.2	-	-
Mr.Anuj N. Rathi	-	-	-	-	-	17.1	-	-
Ms. Anushka Rahul Rathi	-	-	-	-	-	1	-	-
Mrs. Aruna Kishor Rathi	-	-	-	-	-	6.7	-	-
Mr. Dhruv Rahul Rathi	-	-	-	-	-	0.7	-	-
Mr.K.L.Rathi	-	-	-	-	13.8	-	-	-
Smt Kusum.B. Rathi	-	-	-	-	-	0.3	-	-
Mr.N.J.Rathi	-	-	-	-	0.7	-	-	-
Mr.P S Raghavan	-	-	-	-	0.3	-	-	-
Mrs.Rachna Rajesh Rathi	-	-	-	-	-	0.2	-	-
Mr.R.B.Rathi HUF	-	-	-	-	-	-	-	3.5
Mr. Rohit Kishor Rathi	-	-	-	-	-	8.1	-	-
Rathi Brothers Delhi Ltd.	-	-	-	11.2	-	-	-	14.8
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	41.9	-	-	-	37.4
PRR Finance Pvt. Ltd.	-	-	-	14.5	-	-	-	10.6
Rathi Vessels & Systems Pvt .Ltd.	-	-	-	27.8	-	-	-	25.9
Laxminarayan Finance Pvt. Ltd.	-	-	-	8.5	-	-	-	9.2
NJR Finance Pvt. Ltd.	-	-	-	14.1	-	-	-	22.8

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

42. Related Party Transaction (contd.)

Nature of Transactions	For the year ended 31 st March, 2018				For the year ended 31 st March, 2017			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	36.4	-	-	-	0.1
Mr. Ajoy B. Rath HUF	-	-	-	-	-	-	-	2.3
Anahita Trust	-	-	-	-	-	-	-	2.1
Natasha Trust	-	-	-	-	-	-	-	2.1
Shri Jagannath Rath HUF	-	-	-	-	-	-	-	8.1
Others (Less than Rs. 0.5 Lakhs)	-	-	-	1.1	-	-	-	1.3
• Acceptance of Deposits :								
Rathi Brothers Poona Ltd.	-	-	-	139.0	-	-	-	248.0
Mr.P.R.Rathi	1.0	-	-	-	-	-	-	-
Rathi Brothers Madras Ltd.	-	-	-	20.5	-	-	-	32.8
Rathi Brothers Delhi Ltd.	-	-	-	121.0	-	-	-	150.5
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	63.0	-	-	-	53.0
Rathi Vessels & Systems Pvt. Ltd.	-	-	-	20.0	-	-	-	33.5
Rathi Brothers Calcutta Ltd.	-	-	-	38.5	-	-	-	10.0
PRR Finance Pvt. Ltd.	-	-	-	120.0	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	238.0	-	-	-	-
NJR Finance Pvt. Ltd.	-	-	-	43.0	-	-	-	82.0
Laxminarayan Finance Pvt. Ltd.	-	-	-	17.0	-	-	-	4.5
• Repayments of Deposits :								
Rathi Brothers Poona Ltd.	-	-	-	22.0	-	-	-	76.0
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	-	38.0
Rathi Brothers Madras Ltd.	-	-	-	-	-	-	-	8.5
PRR Finance Pvt. Ltd.	-	-	-	10.0	-	-	-	95.0
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	-	-	-	-	33.0
Rathi Vessels & Systems Pvt. Ltd.	-	-	-	4.0	-	-	-	0.5
NJR Finance Pvt. Ltd.	-	-	-	136.0	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	-	-	4.5
Mr. Ajoy B. Rath	45.8	-	-	-	-	-	-	-
Mr. Ajoy B. Rath HUF	-	-	-	22.6	-	-	-	-
Mr. A.V. Vij	8.0	-	-	-	-	-	-	-
Mrs. Nisha A Rath	-	3.2	-	-	-	-	-	-
Mrs. Deepika Rohit Rath	-	10.9	-	-	-	-	-	-
Mrs. Archana A Rath	-	60.3	-	-	-	-	-	-
Mr. Anuj N. Rath	-	166.8	-	-	-	-	-	-
Mr. Anuj N. Rath HUF	-	-	-	0.4	-	-	-	-
Ms. Anushka Rahul Rath Minor	-	9.5	-	-	-	-	-	-
Mrs. Aruna Kishor Rath	-	65.8	-	-	-	-	-	-
Mr. Dhruv Rahul Rath Minor	-	6.5	-	-	-	-	-	-
Smt Kusum.B. Rath	-	3.3	-	-	-	-	-	-
Smt Kusum.R. Rath	-	166.9	-	-	-	-	-	-
Mrs. Rachna R. Rath	-	2.3	-	-	-	-	-	-
Mrs. R.R.Agarwal	-	36.2	-	-	-	-	-	-
Mrs. Aruna N. Rath	-	16.0	-	-	-	-	-	-
Mr. Rohit K. Rath	-	78.6	-	-	-	5.8	-	-
Mrs. S.P.Rathi	-	27.7	-	-	-	-	-	-
Anahita Trust	-	-	-	20.7	-	-	-	-
Manan Rath HUF	-	-	-	95.6	-	-	-	-
Natasha Trust	-	-	-	20.7	-	-	-	-
Mr.R.B.Rathi HUF	-	-	-	34.0	-	-	-	-
Mr.K.L.Rathi	134.3	-	-	-	-	-	-	-
Mr.N.J.Rathi	6.4	-	-	-	-	-	-	-
Mr.P S Raghavan	2.5	-	-	-	-	-	-	-
Mr.P.R.Rathi	93.9	-	-	-	-	-	-	-
Mr.R.B.Rathi	103.0	-	-	-	-	-	-	-
Mr.R.P. Rath	-	107.4	-	-	-	-	-	-
• Sale of Fixed Asset:								
Mr. A.V.Vij	7.6	-	-	-	-	-	-	-
• Sale of Chemicals :								
Sudarshan Europe B.V.	-	-	18,516.8	-	-	-	16,251.6	-
Prescient Color Ltd.	-	-	334.4	-	-	-	271.2	-
Sudarshan North America, Inc.	-	-	4,239.4	-	-	-	3,657.6	-
RIECO Industries Ltd.	-	-	6.4	-	-	-	5.8	-
Sudarshan Mexico S. de R.L. de C.V.	-	-	1,646.4	-	-	-	-	-
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	6.5	-	-	-	9.1

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

42. Related Party Transaction (contd.)

Nature of Transactions	For the year ended 31 st March, 2018				For the year ended 31 st March, 2017			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others
• Purchase of Goods / Services :								
Sudarshan Europe B. V.	-	-	198.6	-	-	-	1.7	-
Prescient Color Ltd.	-	-	1.5	-	-	-	3.9	-
Sudarshan North America, Inc.	-	-	-	-	-	-	43.3	-
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	164.8	-	-	-	-	-
RIECO Industries Ltd.	-	-	171.4	-	-	-	281.1	-
• Professional Fees Paid :								
Break through Management Group	-	-	-	132.2	-	-	-	484.9
Crawford Bayley and Company	-	-	-	10.6	-	-	-	3.6
Mr. S.N. Inamdar	10.5	-	-	-	9.5	-	-	-
• Subscription to Share Capital / Share Application Money :								
Sudarshan (Shanghai) Trading Co. Ltd	-	-	411.2	-	-	-	66.3	-
• Proceeds from Redemption of Preference Share Capital :								
Prescient Color Ltd.	-	-	-	-	-	-	190.0	-
• Unsecured Loans given :								
Sudarshan Europe B.V.	-	-	-	-	-	-	348.0	-
RIECO Industries Ltd.	-	-	-	-	-	-	300.0	-
• Unsecured Loans repayments received :								
Sudarshan Europe B.V.	-	-	348.0	-	-	-	1,492.2	-
• Interest received / accrued :								
Sudarshan Europe B.V.	-	-	17.1	-	-	-	26.9	-
RIECO Industries Ltd.	-	-	29.3	-	-	-	14.4	-
• Commission on Sales (Incl. Taxes):								
Rathi Brothers Calcutta Ltd.	-	-	-	45.8	-	-	-	63.4
Rathi Brothers Delhi Ltd.	-	-	-	147.3	-	-	-	238.3
Rathi Brothers Madras Ltd.	-	-	-	30.0	-	-	-	48.7
Rathi Brothers Poona Ltd.	-	-	-	317.7	-	-	-	558.3
Rabro Speciality Chemicals Pvt Ltd	-	-	-	513.9	-	-	-	-
• Management Consultancy fees received (Incl. Taxes) :								
Prescient Color Ltd.	-	-	0.5	-	-	-	1.8	-
• Rent received (Incl. Taxes) :								
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	5.4	-	-	-	-
RIECO Industries Ltd.	-	-	16.0	-	-	-	15.6	-
Rathi Brothers Madras Ltd.	-	-	-	-	-	-	-	1.3
Rathi Brothers Poona Ltd.	-	-	-	-	-	-	-	4.4
Prescient Color Ltd.	-	-	5.3	-	-	-	5.2	-
• Rent Paid :								
RIECO Industries Ltd.	-	-	11.5	-	-	-	11.3	-
Rathi Brothers Calcutta Ltd.	-	-	-	-	-	-	-	1.5
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	-	4.0
• Donation Paid :								
Sudarshan CSR Foundation	-	-	0.1	-	-	-	1.1	-
Shri Jagannath Rathi Charity Trust	-	-	-	40.0	-	-	-	41.4
• Reimbursement of Expenses (Net) :								
Sudarshan Europe B.V.	-	-	4.0	-	-	-	64.0	-
Prescient Color Ltd.	-	-	18.5	-	-	-	12.7	-
Sudarshan North America, Inc.	-	-	4.0	-	-	-	2.9	-
RIECO Industries Ltd.	-	-	14.9	-	-	-	12.0	-
Rathi Brothers Calcutta Ltd.	-	-	-	-	-	-	-	0.2
Rathi Brothers Madras Ltd.	-	-	-	-	-	-	-	0.4
Rathi Brothers Poona Ltd.	-	-	-	4.8	-	-	-	3.3
Rabro Speciality Chemicals Pvt Ltd	-	-	-	0.6	-	-	-	-
Rathi Mixers Pvt. Ltd.	-	-	-	4.2	-	-	-	0.7
• Corporate guarantee issued / renewed :								
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	-	-	-	-
Sudarshan Europe B.V. (in INR)	-	-	4,592.5	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd. (in USD)	-	-	10.0	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd. (in INR)	-	-	643.7	-	-	-	-	-
Prescient Color Ltd.	-	-	-	-	-	-	3,782.0	-
• Interest on corporate guarantee received:								
Prescient Color Limited	-	-	34.39	-	-	-	-	-
RIECO Industries Ltd.	-	-	44.81	-	-	-	-	-
Sudarshan Europe B.V.	-	-	6.97	-	-	-	-	-
Sudarshan North America Inc.	-	-	4.62	-	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

42. Related Party Transaction (contd.)

Nature of Transactions	For the year ended 31 st March, 2018				For the year ended 31 st March, 2017			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others
• Compensation of Key Management Personnel								
Short-term employee benefits (compensation)	587.2	-	-	-	523.5	-	-	-
Pension	53.0	-	-	-	52.4	-	-	-
Post - employment gratuity benefits	8.6	-	-	-	6.8	-	-	-
Leave benefits	3.7	-	-	-	5.5	-	-	-
Sitting fees	17.3	-	-	-	17.1	-	-	-
Professional fees	10.5	-	-	-	9.5	-	-	-
Commission	187.9	-	-	-	164.5	-	-	-
Total compensation paid to key management personnel	850.9	-	-	-	779.3	-	-	-

C. Balances due from / to related parties :

Nature of Transactions	As at 31 st March, 2018				As at 31 st March, 2017				As at 1 st April, 2016			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others
• Balance outstanding at year end :												
• Customer / (Vendor) Account												
Prescient Color Ltd.	-	-	63.7	-	-	-	24.0	-	-	-	22.8	-
Sudarshan Europe B.V.	-	-	3,794.6	-	-	-	4,192.6	-	-	-	4,187.2	-
Sudarshan North America, Inc.	-	-	625.9	-	-	-	310.2	-	-	-	1,452.9	-
Sudarshan (Shanghai) Trading Co. Ltd	-	-	116.2	-	-	-	53.3	-	-	-	-	-
RIECO Industries Ltd.	-	-	28.7	-	-	-	11.3	-	-	-	(76.6)	-
Sudarshan Mexico S. de R.L. de C.V.	-	-	877.3	-	-	-	-	-	-	-	-	-
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	0.8	-	-	-	1.3	-	-	-	2.0
• Loan given												
Sudarshan Europe B.V.	-	-	-	-	-	-	348.0	-	-	-	1,492.2	-
RIECO Industries Ltd.	-	-	300.0	-	-	-	300.0	-	-	-	-	-
• Corporate guarantee given												
Sudarshan North America Inc. (in USD)	-	-	30.0	-	-	-	30.0	-	-	-	30.0	-
Sudarshan North America Inc. (in INR)	-	-	1,951.3	-	-	-	1,945.2	-	-	-	2,000.4	-
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	-	-	30.0	-	-	-	30.0	-
Sudarshan Europe B.V. (in INR)	-	-	4,837.3	-	-	-	2,077.4	-	-	-	2,270.7	-
Prescient Color Ltd.	-	-	3,782.0	-	-	-	3,782.0	-	-	-	-	-
RIECO Industries Ltd.	-	-	10,000.0	-	-	-	10,000.0	-	-	-	10,000.0	-
Sudarshan (Shanghai) Trading Co. Ltd. (in USD)	-	-	10.0	-	-	-	-	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd. (in INR)	-	-	650.4	-	-	-	-	-	-	-	-	-
• Deposits Payable												
Mr. P.R.Rathi	-	-	-	-	92.9	-	-	-	92.9	-	-	-
Mr. R.B.Rathi	-	-	-	-	103.0	-	-	-	103.0	-	-	-
Mr. R.P.Rathi	-	-	-	-	-	107.4	-	-	-	107.4	-	-
Mrs. K.R.Rathi	-	-	-	-	-	166.9	-	-	-	166.9	-	-
PRR Finance Pvt. Ltd.	-	-	-	183.3	-	-	-	73.3	-	-	-	168.3
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	459.7	-	-	-	396.7	-	-	-	376.7
Rathi Vessels & Systems LLP	-	-	-	290.8	-	-	-	274.8	-	-	-	241.8
NJR Finance Pvt.Ltd.	-	-	-	179.9	-	-	-	272.9	-	-	-	190.9
Rathi Brothers Pvt.Ltd.	-	-	-	4.0	-	-	-	4.0	-	-	-	4.0
Laxminarayan Finance Pvt.Ltd.	-	-	-	106.7	-	-	-	89.7	-	-	-	89.7
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	981.0	-	-	-	-	-	-	-	-
Rathi Enterprises Pvt. Ltd.	-	-	-	8.9	-	-	-	8.9	-	-	-	8.85
Rathi Brothers Calcutta Ltd.	-	-	-	-	-	-	-	15.0	-	-	-	5.0
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	-	197.0	-	-	-	84.5
Rathi Brothers Madras Ltd.	-	-	-	-	-	-	-	52.0	-	-	-	27.8
Rathi Brothers Poona Ltd.	-	-	-	-	-	-	-	182.0	-	-	-	10.0
Others	-	16.0	-	-	188.9	486.9	-	193.9	188.9	486.9	-	193.9
• Guarantee Fee Receivable												
Prescient Color Ltd.	-	-	34.1	-	-	-	34.1	-	-	-	34.1	-
RIECO Industries Ltd.	-	-	89.3	-	-	-	89.3	-	-	-	89.3	-
Sudarshan Europe B.V.	-	-	7.4	-	-	-	7.4	-	-	-	7.4	-
Sudarshan North America	-	-	4.6	-	-	-	4.6	-	-	-	4.6	-
• Salary and Commission Payable												
Mr. P.R.Rathi	70.0	-	-	-	60.0	-	-	-	60.0	-	-	-
Mr. R.B.Rathi	70.0	-	-	-	60.0	-	-	-	60.0	-	-	-
Mr. P.P.Chhabria	-	-	-	-	-	-	-	-	3.0	-	-	-
Mr. S.K.Asher	3.6	-	-	-	4.5	-	-	-	3.0	-	-	-
Mr. S.N.Inamdar	7.4	-	-	-	6.5	-	-	-	5.0	-	-	-
Mr. S.Padmanabhan	5.4	-	-	-	4.5	-	-	-	3.0	-	-	-
Mr. K.L.Rathi	5.4	-	-	-	4.5	-	-	-	3.0	-	-	-
Mr. N.J.Rathi	4.5	-	-	-	4.5	-	-	-	3.0	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Nature of Transactions	As at 31 st March, 2018				As at 31 st March, 2017				As at 1 st April, 2016			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others
Mr. D.N.Damania	5.4	-	-	-	4.5	-	-	-	3.0	-	-	-
Mr. N. Raisinghani	4.5	-	-	-	4.5	-	-	-	3.0	-	-	-
Mrs. R.F.Forbes	3.6	-	-	-	4.5	-	-	-	3.0	-	-	-
Mrs. S.A.Panse	5.4	-	-	-	4.5	-	-	-	3.0	-	-	-
Mr. Ajoy B. Rathi	2.7	-	-	-	2.0	-	-	-	-	-	-	-

43. Risk Management and Capital Management

(A) Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, trade and other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Company. The ERM team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The ERM 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 analyses in the following sections relate to the position as at 31st March, 2018, 31st March, 2017 and 1st April, 2016.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
The Company is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.	In order to manage its interest rate risk arising from variable interest rate borrowings, the Company uses Interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates would have led to approximately an additional Rs. 91 Lakhs (2016-17: Rs. 90 Lakhs) gain in statement of profit and loss. A 25 bps decrease in interest rates would have led to an equal but opposite effect.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Potential impact of risk	Management policy	Sensitivity to risk
ii) Foreign exchange risk		
The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk also includes highly probable foreign currency cash flows.	The Company has exposure arising out of export, import, loans and other transactions. The Company hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Company's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the Company has calculated the impact on the statement of profit and loss. The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional Rs. 474.3 Lakhs Loss in Other Comprehensive Income (2016-17: loss of Rs. 383.1 Lakhs). A 2% decrease would have led to an increase in additional Rs. 474.3 Lakhs Gain in Other Comprehensive Income (2016-17: gain of Rs. 383.1 Lakhs).

Foreign currency exposure and sensitivity	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	USD	EURO	USD	EURO	USD	EURO
Trade receivable	11,325.6	4,055.7	7,474.9	4,499.7	9,066.3	3,814.0
Loans and other receivable	-	-	208.1	234.7	685.3	806.8
Cash and bank balances	-	-	-	-	-	-
Forward contracts for Trade receivable	(7,860.5)	(2,792.7)	(7,341.1)	(3,123.9)	(6,280.0)	(3,757.6)
Foreign currency borrowings	(5,898.3)	(18,544.5)	(3,635.0)	(13,752.0)	(882.4)	(14,006.0)
Trade payable	(3,918.4)	(80.4)	(3,695.2)	(26.4)	(3,485.2)	(9.0)
Other payable	-	(4,109.1)	-	-	-	-
Currency Swaps	4,109.1	-	-	-	-	-
Forward contracts for Trade payable	-	-	-	-	181.9	-
Total	(2,242.5)	(21,471.0)	(6,988.3)	(12,167.9)	(714.1)	(13,151.8)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(b) Credit risk

Potential impact of risk	Management policy	Sensitivity to risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, i.e. trade receivables.	Customer credit risk is managed subject to the Company's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. An impairment analysis based on Expected Credit Loss (ECL) model is performed at each reporting date.	The Company considers the probability of default upon initial recognition and whether there have been significant increase in the credit risk on ongoing basis throughout each reporting period, to assess increase in the credit risk, the Company compares the rate of default on the date of reporting and initial recognition. The maximum amount to which the Company is exposed is Rs. 29,986.2 Lakhs, Rs. 28,682.5 Lakhs and Rs. 28,863.9 Lakhs for 31 st March 2018, 31 st March 2017 and 1 st April 2016 respectively. Against these receivable, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss

Balance as at 1 st April, 2016	549.4
Provision recognised for expected credit loss	4.7
Balance as at 31 st March, 2017	554.1
Provision reversed for expected credit loss	(31.9)
Balance as at 31 st March, 2018	522.2

(c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time or at a reasonable price or there could be excessive concentrations of risks. The Company's treasury department is responsible for liquidity, funding as well as settlement management. 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.	The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low. The Company assessed the concentration of risk and concluded it to be low. The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	6 months or less	6-12 months	1 year to 5 years	more than 5 years	Total
Year ended 31st March, 2018					
Interest bearing borrowings - Current	11,331.7	-	-	-	11,331.7
Interest bearing borrowings - Non Current	-	-	18,198.1	-	18,198.1
Other financial liabilities - Debt Current Maturity	3,053.4	3,922.8	-	-	6,976.2
Other financial liabilities	2,539.4	56.6	173.2	-	2,769.2
Trade payables	22,492.2	-	-	-	22,492.2
Derivatives	184.8	-	-	-	184.8
	39,601.5	3,979.4	18,371.3	-	61,952.2
Year ended 31st March, 2017					
Interest bearing borrowings - Current	13,661.6	-	-	-	13,661.6
Interest bearing borrowings - Non Current	-	-	13,524.9	-	13,524.9
Other financial liabilities - Debt Current Maturity	6,529.1	2,316.4	-	-	8,845.5
Other financial liabilities	2,361.0	41.2	342.2	-	2,744.4
Trade payables	21,735.2	-	-	-	21,735.2
Derivatives	64.7	-	-	-	64.7
	44,351.6	2,357.6	13,867.1	-	60,576.3
Year ended 1st April, 2016					
Interest bearing borrowings - Current	10,472.4	-	-	-	10,472.4
Interest bearing borrowings - Non Current	-	-	20,602.1	-	20,602.1
Other financial liabilities - Debt Current Maturity	1,773.1	1,704.0	-	-	3,477.1
Other financial liabilities	1,578.9	96.8	283.5	-	1,959.2
Trade payables	19,300.1	-	-	-	19,300.1
Derivatives	251.5	-	-	-	251.5
	33,376.0	1,800.8	20,885.6	-	56,062.4

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(B) Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

	31 st March, 2018	31 st March, 2017	1 st April, 2016
Total Debt	36,512.7	36,038.7	34,558.3
Total Equity	45,238.1	39,411.3	33,037.6
Debt-Equity ratio	0.81	0.91	1.05

44. Impact on transition to Goods and Service Tax:

(a) Revenue

In accordance with the requirements of Ind AS, revenue for the year ended 31st March, 2018 is net of Goods and Service Tax (GST). However, revenue for the year ended 31st March, 2017 is inclusive of excise duty. Hence revenue and excise duty on sale of goods for the year ended 31st March, 2018 are not comparable with corresponding figures for the previous year. Comparable revenue (net of excise duty and GST) is as follows:

	31 st March, 2018	31 st March, 2017
Sale of products and services as per Note No. 20	132,184.0	118,161.3
Less: Excise duty collected on revenue	2,268.6	8,717.2
Comparable Revenue from Operations	129,915.4	109,444.1

(b) Cost of goods sold and other expenses

Similarly, post applicability of GST, the inventory of finished goods as at 31st March, 2018 is net of provision for excise duty and similarly, Changes in inventories of finished goods, work-in-progress and stock-in-trade and Other expenses for the aforementioned period is not comparable with the corresponding figures for the previous year. Comparable Change in inventories and Other Expenses (net of excise duty provision) is as follows:

	31 st March, 2018	31 st March, 2017
Cost of materials consumed as per Note No. 22	76,908.8	64,754.1
Purchase of Stock-in-trade as per Note No. 23	18.0	30.7
Changes in inventories as per Note No. 24	347.6	(1,292.8)
Cost of goods sold	77,274.4	63,492.0
Less: Increase / (decrease) in Excise duty provision on finished goods	(662.3)	(208.7)
Comparable cost of goods sold	76,612.1	63,283.3
Other Expenses as per Note No. 28	27,357.5	25,179.9
Less: Increase / (decrease) in Excise duty provision on finished goods	(662.3)	(208.7)
Comparable other expenses	28,019.8	25,388.6

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

45. Operating Segments :

The disclosures under Ind AS 108 - Operating Segments have been included in the Consolidated Financial Statements and accordingly, not included in these Financial Statements. Refer Note No. 41 of the Consolidated Financial Statements.

46. Financial Instruments - Fair Values:

Set out below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 31st March, 2018.

	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	47.9	-	48.9
Loans	385.5	-	-	385.5
Trade receivables	29,986.2	-	-	29,986.2
Cash and cash equivalents	382.2	-	-	382.2
Bank balances other than cash and cash equivalents	753.1	-	-	753.1
Derivatives-Forward Contracts Receivable	-	3.7	-	3.7
Other financial assets	239.4	-	-	239.4
Total	31,747.4	51.6	-	31,799.0
Financial liabilities				
Borrowings	29,529.8	-	-	29,529.8
Trade payables	22,492.2	-	-	22,492.2
Derivative-Forward Contracts Payable	-	71.6	-	71.6
Derivative-Interest Rate Swap	-	113.2	-	113.2
Other financial liabilities	9,745.4	-	-	9,745.4
Total	61,767.4	184.8	-	61,952.2

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Set out below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 31st March, 2017.

	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	46.5	-	47.5
Loans	726.5	-	-	726.5
Trade receivables	28,682.5	-	-	28,682.5
Cash and cash equivalents	819.3	-	-	819.3
Bank balances other than cash and cash equivalents	474.4	-	-	474.4
Derivatives-Forward Contracts Receivable	-	335.9	-	335.9
Other financial assets	819.2	-	-	819.2
Total	31,522.9	382.4	-	31,905.3
Financial liabilities				
Borrowings	27,186.5	-	-	27,186.5
Trade payables	21,735.2	-	-	21,735.2
Derivative-Forward Contracts Payable	-	1.8	-	1.8
Derivative-Interest Rate Swap	-	62.9	-	62.9
Other financial liabilities	11,589.9	-	-	11,589.9
Total	60,511.6	64.7	-	60,576.3

Set out below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 1st April, 2016.

	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	191.0	39.7	-	230.7
Loans	1,571.7	-	-	1,571.7
Trade receivables	28,863.9	-	-	28,863.9
Cash and cash equivalents	1,718.5	-	-	1,718.5
Bank balances other than cash and cash equivalents	430.5	-	-	430.5
Derivatives-Forward Contracts Receivable	-	144.6	-	144.6
Other financial assets	85.5	-	-	85.5
Total	32,861.1	184.3	-	33,045.4
Financial liabilities				
Borrowings	31,074.5	-	-	31,074.5
Trade payables	19,300.1	-	-	19,300.1
Derivative-Forward Contracts Payable	-	146.6	-	146.6
Derivative-Interest Rate Swap	-	104.9	-	104.9
Other financial liabilities	5,436.3	-	-	5,436.3
Total	55,810.9	251.5	-	56,062.4

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The following method and assumptions were used to estimate the fair value:

- (i) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the 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.
- (ii) Fair value of the mutual fund is based on the price at reporting date.
- (iii) 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.
- (iv) The Company enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employs 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.
- (v) The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

47. Fair Value hierarchy :

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31st March, 2018, 31st March, 2017 and 1st April, 2016.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets -

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					
Mutual fund investments					
As at 31 st March, 2018	31 st March, 2018	47.9	47.9	-	-
As at 31 st March, 2017	31 st March 2017	46.5	46.5	-	-
As at 1 st April, 2016	31 st March 2016	39.7	39.7	-	-
Foreign exchange forward contracts					
As at 31 st March, 2018	31 st March, 2018	3.7	-	3.7	-
As at 31 st March, 2017	31 st March 2017	335.9	-	335.9	-
As at 1 st April, 2016	31 st March 2016	144.6	-	144.6	-
Financial Assets measured at amortised cost					
Loans					
As at 31 st March, 2018	31 st March, 2018	38.5	-	38.5	-
As at 31 st March, 2017	31 st March 2017	726.5	-	726.5	-
As at 1 st April, 2016	31 st March 2016	1,571.1	-	1,571.1	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2018	31 st March, 2018	71.6	-	71.6	-
As at 31 st March, 2017	31 st March 2017	1.8	-	1.8	-
As at 1 st April, 2016	31 st March 2016	146.6	-	146.6	-
Interest Rate Swap					
As at 31 st March, 2018	31 st March, 2018	113.2	-	113.2	-
As at 31 st March, 2017	31 st March 2017	62.9	-	62.9	-
As at 1 st April, 2016	31 st March 2016	104.9	-	104.9	-
Financial Liabilities measured at amortised cost					
Borrowings					
As at 31 st March, 2018	31 st March, 2018	29,529.8	-	29,529.8	-
As at 31 st March, 2017	31 st March 2017	27,186.5	-	27,186.5	-
As at 1 st April, 2016	31 st March 2016	31,074.5	-	31,074.5	-

The following 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

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 Swap	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 bond prices.	Not applicable	Not applicable
Borrowings	The valuation model considers the present value of expected payment, discounted using a current risk-adjusted discount rate. They are classified as level 2 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 period			

48. First time adoption of Ind AS:

As stated in note 2, these are the Company's first standalone financial statements prepared in accordance with Ind AS. For the year ended 31st March, 2017, the Company had prepared its Standalone Financial Statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the then Act ('previous GAAP').

The accounting policies set out in note 2 have been applied in preparing the Standalone Financial Statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and the opening Ind AS Balance Sheet as at 1st April, 2016 (the Company's date of transition)

In preparing its opening Standalone Ind AS Balance Sheet as at 1st April, 2016 and in presenting the comparative information for the year ended 31st March, 2017, the Company has adjusted amounts reported previously in Standalone Financial Statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its Standalone Financial Statements prepared in accordance with previous GAAP and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Explanation of transition to Ind AS

Optional exemptions availed and mandatory exceptions

In preparing these Standalone Financial Statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions:

A. Optional exemptions availed

1. Property, plant and equipment and other intangible assets

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meet the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

2. Business Combination

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Company has opted not to restate business combinations occurring before 1st April, 2016. For these business combinations goodwill represents the amount recognised under the previous GAAP.

3. Investment in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its investments in subsidiaries at their previous GAAP carrying value.

4. Determining whether an arrangement contains a lease

Ind AS 101 permits an entity to apply the relevant requirements of Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

circumstances existing at the date of transition (rather than at the inception of the arrangement)

The Company has elected to avail this exemption.

5. Long-term foreign currency monetary item

Under previous GAAP, paragraph 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Under AS 11, exchange differences on account of depreciable assets could be added / deducted from the cost of the depreciable asset, which would then be depreciated over the balance life of the asset. Ind AS 101 permits an entity to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

The Company has elected to avail this exemption.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS should be consistent with estimates made for the same date in accordance with the previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS Balance Sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS)

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the Standalone Financial Statements that were not required under the previous GAAP are listed below:

- Investment in mutual funds carried at FVPL;
- Impairment of financial assets based on expected credit loss model;
- Determination of the discounted value for financial instruments carried at amortised cost;
- Fair valuation of derivatives;

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3. De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

C. Reconciliations between previous GAAP and Ind AS

C.1 - The reconciliation of other equity reported in accordance with the previous GAAP to other equity as per Ind AS, as at 31st March, 2016 and 31st March, 2017 is as follows:

	Notes to reconciliations	31 st March, 2016	31 st March, 2017
Other Equity as per previous GAAP		31,304.5	38,162.4
Ind AS Adjustments:			
Goodwill amortisation written back	(i)	-	82.2
Proposed dividend	(ii)	416.6	-
Effect of measuring financial liabilities initially at fair value and subsequently at amortised cost	(iii)	228.3	155.6
Amortisation of financial guarantee, initially measured at fair value	(iv)	-	129.7
Effect of measuring investments in mutual funds at fair value through profit and loss	(v)	11.0	17.8
Effect of fair valuation of derivatives	(vi)	1.7	(116.2)
Provision for expected credit loss on trade receivables	(vii)	(80.4)	(145.4)
Provision for constructive obligations	(viii)	(270.5)	(376.1)
Tax effects of above Ind AS adjustments	(ix)	41.9	116.8
Total adjustments		348.6	(135.6)
Other Equity as per Ind AS		31,653.1	38,026.8

C.2 -The reconciliation of net profit reported in accordance with the previous GAAP to total comprehensive income as per Ind AS, for the year ended 31st March, 2017 is as follows:

	Notes to reconciliations	31 st March, 2017
Net Profit as per previous GAAP		8,941.0
Ind AS Adjustments:		
Goodwill amortisation written back	(i)	82.2
Effect of measuring financial liabilities initially at fair value and subsequently at amortised cost	(iii)	(72.7)
Amortisation of financial guarantee, initially measured at fair value	(iv)	129.7
Effect of measuring investments in mutual funds at fair value through profit and loss	(v)	6.8
Effect of fair valuation of derivatives	(vi)	(117.9)
Provision for expected credit loss on trade receivables	(vii)	(65.0)
Provision for constructive obligations	(viii)	(105.6)
Re-measurement (gains) / losses on post employment benefit obligations recognized in Other Comprehensive Income	(x)	82.6
Others		0.1
Tax effects of above Ind AS adjustments	(ix)	46.2
Total adjustments		(13.6)
Net Profit as per Ind AS		8,927.4
Other Comprehensive Income (net of tax)	(x)	(54.0)
Total Comprehensive Income as per Ind AS		8,873.4

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

C.3 - Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March 2017:

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

C.4 - Notes to reconciliations:

(i) Goodwill amortisation:

Under the previous GAAP, goodwill arising on business combinations was capitalised on the Balance Sheet and amortised over its expected useful life. Under Ind AS 103, Business Combinations, the amortisation of goodwill is prohibited and goodwill is held at cost with impairment reviews carried out annually or at other times if there are indications that the carrying value is not recoverable.

The goodwill amortisation charge recognised under previous GAAP has therefore been reversed, resulting in an increase in profit for the year ended 31st March, 2017 by Rs. 82.2 Lakhs.

(ii) Proposed dividend:

Under the previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the Financial Statements were considered as adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend (including dividend distribution tax thereon) of Rs. Nil as at 31st March, 2017 (1st April, 2016 : Rs. 416.6 Lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

(iii) Borrowings at amortised cost:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31st March, 2017 have been reduced by Rs. 155.6 Lakhs (1st April, 2016 : Rs. 228.3 Lakhs) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended 31st March, 2017 reduced by Rs. 72.7 Lakhs as a result of the additional interest expense

(iv) Financial guarantees:

The Company has given financial guarantees on behalf of subsidiaries which were disclosed as contingent liabilities under Indian GAAP. Under Ind AS, financial guarantee contracts are accounted as financial liabilities and measured initially at fair value. Subsequently, the guarantee income is recognised over the period of the guarantee on a straight line basis. The guarantee income recognized on this basis amounted to Rs. 129.7 Lakhs for the year ended 31st March, 2017.

(v) Fair valuation of investments:

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31st March, 2017. This increased the retained earnings by Rs. 17.8 Lakhs as at 31st March, 2017 (1st April, 2016 : Rs. 11.0 Lakhs).

Consequent to the above, the total profit for the year ended 31st March, 2017 increased by Rs. 6.8 Lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(vi) Derivatives not designated as hedges:

Under the previous GAAP, the Company applied the requirements of Accounting Standard 11 The Effects of Changes in Foreign Exchange Rates to account for foreign currency forward contracts entered for hedging foreign exchange risk related to foreign currency receivables / payables. At the inception of the contract, the forward premium / discount was separated and amortised as income / expense over the tenure of the contract. The underlying receivable / payable and the forward contract were restated at the closing spot exchange rate. Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. Consequently, the total equity as at 31st March, 2017 decreased by Rs. 116.2 Lakhs (1st April, 2016 increased by Rs. 1.7 Lakhs). The profit for the year ended 31st March, 2017 decreased by Rs. 117.9 Lakhs as a result of the above adjustments.

(vii) Loss allowance:

On transition to Ind AS, the Company has recognized impairment loss on trade receivables based on expected credit loss model as required by Ind AS 109. As a result, the allowance for doubtful debts increased by Rs. 145.4 Lakhs as at 31st March, 2017 (1st April, 2016 : Rs. 80.4 Lakhs). Consequently, the total equity as at 31st March, 2017 decreased by Rs. 145.4 Lakhs (1st April, 2016 : Rs. 80.4 Lakhs) and profit for the year ended 31st March, 2017 decreased by Rs. 65.0 Lakhs.

(viii) Provision for constructive obligations:

Under Ind AS, provisions are recognized even when there is constructive obligation to transfer economic benefits as a result of past events. Accordingly, on transition to Ind AS, the Company has recognized provisions for constructive obligations as at transition date as well as on 31st March, 2017. Consequently, the total equity as at 31st March, 2017 decreased by Rs. 376.1 Lakhs (1st April, 2016 : Rs. 270.5 Lakhs) and profit for the year ended 31st March, 2017 decreased by Rs. 105.6 Lakhs.

(ix) Income Tax:

Indian GAAP requires deferred tax accounting using the Income Statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of the Balance Sheet approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Consequently the net deferred tax liability as at 31st March, 2017 decreased by Rs. 116.8 Lakhs (1st April, 2016 : Rs. 41.8 Lakhs) while the profit and total comprehensive income for the year ended 31st March, 2017 increased by Rs. 46.2 Lakhs.

(x) Other Comprehensive Income:

Both under Indian GAAP and Ind AS the Company recognised costs related to post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, actuarial gains and losses are charged to profit or loss, however in Ind AS the actuarial gains and losses are recognised through other comprehensive income.

49. The previous years Financial Statements were audited by a firm other than B S R & Associates LLP.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231 W/W-100024

SHIRAZ VASTANI
Partner
Membership No.: 103334

Pune : 24th May, 2018

For and on behalf of the Board of Directors

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

P.R.RATHI
Chairman &
Managing Director
DIN No. 00018577

V.V.THAKUR
Acting CFO

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Consolidated Financial Statements for the Financial Year 2017-18

INDEPENDENT AUDITORS' REPORT

To the Members of Sudarshan Chemical Industries Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

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"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss 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 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 the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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.

Auditor's Responsibility

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

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

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

We are also responsible to 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 the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2018, its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Other Matter

The comparative consolidated financial information of the Group for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 26 May 2017 and 27 May 2016 respectively expressed an unmodified opinion on those Consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were 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.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 2018 taken on record by the Board of Directors of the Holding Company and the directors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 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 companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 38(b) to the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There was one instance of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, the details of which are as follows:

Amount credited to the fund	Date of payment	Date by which amount should have been credited to the fund	Delay (no. of days)
Rs. 6,635	26 December 2017	14 September 2017	103

- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.: 116231/W-100024

Shiraz Vastani
Partner
Membership No. 103334

Place: Pune

Date: 24 May 2018

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls with reference to financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are the companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) 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 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Control with reference to Financial Statements

A Company’s internal financial controls with reference to 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 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.: 116231/W-100024

Shiraz Vastani
Partner
Membership No. 103334

Place: Pune

Date: 24 May 2018

CONSOLIDATED BALANCE SHEET

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
ASSETS				
I. Non-Current Assets				
(a) Property, plant and equipment	3	45,269.6	43,032.3	33,689.5
(b) Capital work-in-progress	3	556.7	775.4	1,543.5
(c) Goodwill	4	972.1	972.1	972.1
(d) Other Intangible assets	4	1,295.7	1,168.0	1,116.7
(e) Intangible assets under development	4	-	27.5	-
(f) Financial assets				
i. Investments	5 (a)	48.9	47.5	40.7
ii. Loans	5 (b)	93.9	86.9	88.1
iii. Other financial assets	5 (c)	-	581.4	25.0
(g) Deferred tax assets (net)	6	703.9	855.2	1,013.2
(h) Other non-current assets	7	2,119.9	3,249.8	4,372.0
(i) Non-current tax assets (net)	8 (a)	1,049.0	1,162.5	1,126.7
		52,109.7	51,958.6	43,987.5
II. Current Assets				
(a) Inventories	9	27,291.7	26,068.2	24,655.3
(b) Financial assets				
i. Trade receivables	10 (a)	33,329.9	34,291.5	34,030.1
ii. Cash and cash equivalents	10 (b)	666.1	1,015.8	2,035.4
iii. Bank balances other than (ii) above	10 (c)	753.1	510.3	464.1
iv. Derivatives	10 (d)	3.7	335.9	144.6
v. Other financial assets	10 (e)	943.4	203.3	101.5
(c) Other current assets	11	8,289.0	5,777.7	2,884.1
		71,276.9	68,202.7	64,315.1
Assets classified as held for disposal	31	7,684.0	-	-
		131,070.6	120,161.3	108,302.6
EQUITY & LIABILITIES				
I. Equity				
(a) Equity Share Capital	12	1,384.5	1,384.5	1,384.5
(b) Other Equity	13	42,612.2	36,721.1	29,394.2
		43,996.7	38,105.6	30,778.7
II. Liabilities				
Non-Current Liabilities				
(a) Financial liabilities				
i. Borrowings	14 (a)	18,198.5	14,239.7	21,609.3
ii. Other financial liabilities	14 (b)	183.0	320.3	283.5
(b) Provisions	15	1,742.7	1,839.9	1,523.5
(c) Deferred tax liabilities (net)	16	5,179.5	3,957.7	3,401.1
		25,303.7	20,357.6	26,817.4
Current Liabilities				
(a) Financial Liabilities				
i. Borrowings	17 (a)	17,915.3	19,852.1	17,414.1
ii. Trade payables	17 (b)	26,441.1	26,993.0	24,235.5
iii. Derivatives	17 (c)	184.8	64.7	251.5
iv. Other financial liabilities	17 (d)	9,929.8	11,798.4	5,719.4
(b) Other current liabilities	18	2,570.1	2,457.2	2,242.4
(c) Provisions	19	293.4	246.9	283.6
(d) Current tax liabilities (net)	8 (b)	403.3	285.8	560.0
		57,737.8	61,698.1	50,706.5
Liabilities associated with group of assets classified as held for disposal	31	4,032.4	-	-
		131,070.6	120,161.3	108,302.6
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 B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231 W/W-100024

For and on behalf of the Board of Directors

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

P.R.RATHI
Chairman &
Managing Director
DIN No. 00018577

V.V.THAKUR
Acting CFO

SHIRAZ VASTANI
Partner
Membership No.: 103334

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

Pune : 24th May, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Continuing Operations			
Income			
Revenue from operations	20	147,882.0	137,852.2
Other income	21	1,025.1	1,810.1
Total Income		148,907.1	139,662.3
Expenses			
Cost of materials consumed	22	83,349.7	70,865.5
Purchase of stock-in-trade	23	1,603.6	986.3
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,073.0)	(830.1)
Excise duty on sale of goods		2,338.9	9,691.3
Employee benefits expense	25	10,926.7	9,737.4
Finance costs	26	2,721.5	2,708.3
Depreciation and amortisation expense	27	5,863.1	4,898.1
Other expenses	28	31,402.8	28,993.7
Total Expenses		137,133.3	127,050.5
Profit before tax from continuing operations		11,773.8	12,611.8
Tax Expense	30		
Current Tax		3,583.6	2,738.1
Deferred Tax		371.1	697.2
Total Tax Expense		3,954.7	3,435.3
Profit for the year from continuing operations		7,819.1	9,176.5
Discontinued Operations			
Profit before tax for the year from discontinued operations	31	900.3	1,182.9
Tax expense of discontinued operations		246.9	223.9
Profit for the year from discontinued operations		653.4	959.0
Profit for the year		8,472.5	10,135.5
Other Comprehensive Income (OCI)			
A. Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(9.4)	(179.4)
Income tax relating to above		10.3	62.1
		0.9	(117.3)
B. Items that will be reclassified to profit or loss			
Gain / (loss) on translation of foreign operations		333.9	(191.6)
Total other comprehensive income for the year (net of taxes)		334.8	(308.9)
Total comprehensive income for the year		8,807.3	9,826.6
Earnings per share [Nominal Value of share Rs 2 (31st March 2017 - Rs.2)]	29		
- From Continuing Operations			
Basic and Diluted per share		11.29	13.26
- From Discontinued Operations			
Basic and Diluted per share		0.94	1.39
- From Total Operations			
Basic and Diluted per share		12.24	14.64
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 Registration No.: 116231 W/W-100024

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

P.R.RATHI
Chairman &
Managing Director
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V.V.THAKUR
Acting CFO

SHIRAZ VASTANI
Partner
Membership No.: 103334

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

Pune : 24th May, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs. 2 each subscribed and fully paid

	Number	Amount
Balance as at 1st April 2016	69,227,250	1,384.5
Changes in equity share capital during 2016-17	-	-
Balance as at 31st March 2017	69,227,250	1,384.5
Changes in equity share capital during 2017-18	-	-
Balance as at 31st March 2018	69,227,250	1,384.5

B. Other Equity

	Reserves and Surplus					Foreign Currency Translation Reserve	Total
	Securities Premium Reserve	Capital Reserve	Capital Redem- ption Reserve	General Reserve	Surplus in the Statement of Profit and Loss		
Balance as at 1st April 2016	1,321.2	0.4	220.0	16,840.5	11,012.1	-	29,394.2
Total comprehensive income for the year ended 31st March 2017							
Profit for the year	-	-	-	-	10,135.5	-	10,135.5
Other comprehensive income (net of tax)	-	-	-	-	(117.3)	(191.6)	(308.9)
Total	1,321.2	0.4	220.0	16,840.5	21,030.3	(191.6)	39,220.8
Transferred to General Reserve	-	-	-	1,500.0	(1,500.0)	-	-
Transferred pursuant to redemption of Preference Share Capital	-	-	190.0	-	(190.0)	-	-
Transactions with owners, recorded directly in equity							
Final Equity Dividend	-	-	-	-	(346.1)	-	(346.1)
Interim Equity Dividend	-	-	-	-	(1,730.7)	-	(1,730.7)
Tax on interim and final equity dividend	-	-	-	-	(422.9)	-	(422.9)
Total distributions to owners	-	-	-	-	(2,499.7)	-	(2,499.7)
Balance as at 31st March 2017	1,321.2	0.4	410.0	18,340.5	16,840.6	(191.6)	36,721.1
Total comprehensive income for the year ended 31st March 2018							-
Profit for the year	-	-	-	-	8,472.5	-	8,472.5
Other comprehensive income (net of tax)	-	-	-	-	0.9	333.9	334.8
Total	1,321.2	0.4	410.0	18,340.5	25,314.0	142.3	45,528.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Reserves and Surplus					Foreign Currency Translation Reserve	Total
	Securities Premium Reserve	Capital Reserve	Capital Redem- ption Reserve	General Reserve	Surplus in the Statement of Profit and Loss		
Transferred to General Reserve	-	-	-	1,500.0	(1,500.0)	-	-
Transactions with owners, recorded directly in equity							
Final Equity Dividend	-	-	-	-	(692.3)	-	(692.3)
Interim Equity Dividend	-	-	-	-	(1,730.7)	-	(1,730.7)
Tax on interim and final equity dividend	-	-	-	-	(493.3)	-	(493.3)
Other	-	-	-	-	0.1	-	0.1
Total distributions to owners	-	-	-	-	(2,916.2)	-	(2,916.2)
Balance as at 31st March 2018	1,321.2	0.4	410.0	19,840.5	20,897.8	142.3	42,612.2
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 B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231 W/W-100024

SHIRAZ VASTANI
Partner
Membership No.: 103334

Pune : 24th May, 2018

For and on behalf of the Board of Directors

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

P.R.RATHI
Chairman &
Managing Director
DIN No. 00018577

V.V.THAKUR
Acting CFO

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Cash flow from operating activities		
Profit before tax from operations from continuing operations	11,773.8	12,611.8
Adjustment for		
Depreciation / amortization	5,863.1	4,898.1
Loss on sale or write off of fixed assets	196.7	253.5
Provision no longer required written back	(429.0)	(70.0)
Gain on mutual fund revaluation	(1.4)	(6.8)
Provision for inventory obsolescence	355.1	226.7
Unrealized foreign exchange Loss / (Gain)	845.5	(420.3)
Fair Value (Gain) / Loss on derivatives	452.3	(378.1)
Provision for expected credit loss	71.6	(275.0)
Bad Debts	16.2	766.5
Advance written-off	31.6	123.6
Finance costs	2,721.5	2,708.3
Interest income	(191.7)	(232.0)
Operating profit before working capital changes	21,705.3	20,206.3
Change in operating assets and liabilities:		
Increase / (decrease) in trade payables	2,718.9	2,349.9
Increase / (decrease) in provisions	203.7	138.8
Increase / (decrease) in other current liabilities	537.6	196.6
Increase / (decrease) in other financial liabilities	199.5	701.1
Decrease / (increase) in trade receivables	(2,406.0)	(75.7)
Decrease / (increase) in inventories	(5,495.2)	(580.6)
Decrease / (increase) in other current assets	(2,820.3)	(3,186.9)
Decrease / (increase) in other financial assets	(1,005.4)	(116.5)
Decrease / (increase) in other non-current assets	875.0	(351.3)
Decrease / (increase) in other bank balances	545.5	(553.8)
Cash generated from operations	15,058.6	18,727.9
Income taxes paid (net of refunds)	(2,807.1)	(3,168.5)
Net cash flow from operating activities from continuing operations	12,251.5	15,559.4
Net cash flow from operating activities from discontinued operations	2,504.0	771.0
Net cash flow from operating activities from continuing and discontinued operations (A)	14,755.5	16,330.4
Cash flows from investing activities :		
Purchase of fixed assets, including intangible assets, CWIP and capital advances and capital liabilities	(8,881.1)	(13,564.2)
Proceeds from sale of fixed assets	70.1	143.1
Interest received	205.2	200.9
Net cash flow used in investing activities from continuing operations	(8,605.8)	(13,220.2)
Net cash flow used in investing activities from discontinued operations	(126.4)	(298.0)
Net cash flow used in investing activities from continuing and discontinued operations (B)	(8,732.2)	(13,518.2)
Cash flows from financing activities :		
Proceeds from long-term borrowings	23,003.5	3,377.1
Repayment of long-term borrowings	(22,344.8)	(4,165.4)
Dividend and tax thereon	(2,876.7)	(2,480.7)
Proceeds from short-term borrowings (net)	(1,187.1)	2,686.5
Finance costs paid	(2,673.6)	(2,730.6)
Net cash flow used in financing activities from continuing operations	(6,078.7)	(3,313.1)
Net cash flow used in financing activities from discontinued operations	(168.7)	(518.7)
Net cash flow used in financing activities from continuing and discontinued operations (C)	(6,247.4)	(3,831.8)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(224.1)	(1,019.6)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Cash and cash equivalents at the beginning of the year for continued operations	794.1	1,797.5
Cash and cash equivalents at the beginning of the year for discontinued operations	221.7	237.9
Cash and cash equivalents at the beginning of the year	1,015.8	2,035.4
Cash and cash equivalents at the end of the year for continued operations	666.1	794.1
Cash and cash equivalents at the end of the year for discontinued operations	125.6	221.7
Cash and cash equivalents at the end of the year	791.7	1,015.8
Components of cash and cash equivalents		
Cash on hand	8.7	12.6
On current account	783.0	1,003.2
Total cash and cash equivalents	791.7	1,015.8

Following is the net debt movement for continuing operation for the year ended 31st March 2018

	Opening balance	Cash Flows	Foreign Exchange Movement	Closing balance
Short term borrowings	19,102.4	(1,187.1)	-	17,915.3
Long term borrowings	22,377.1	658.7	2,145.6	25,181.4

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 B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231 W/W-100024

SHIRAZ VASTANI
Partner
Membership No.: 103334

Pune : 24th May, 2018

For and on behalf of the Board of Directors

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

Pune : 24th May, 2018

P.R.RATHI
Chairman &
Managing Director
DIN No. 00018577

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

V.V.THAKUR
Acting CFO

P.S.RAGHAVAN
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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 under the Companies Act, 1956. The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed at BSE 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. Prescient Color Limited, RIECO Industries Limited, Sudarshan Europe B.V. (The Netherlands), Sudarshan (Shanghai) Trading Company Limited (China); and the step-down subsidiaries viz. Sudarshan North America Inc. (U.S.A.), and 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, Masterbatches and Agro Chemicals. The Group also manufactures Vessels, Agitators, Pollution Control Equipment, Size Reduction Equipment and Grinding Equipments for industrial applications.

The financial statements of the Group for the year ended 31st March, 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 24th May, 2018.

2. Summary of significant accounting policies and Key accounting estimates and judgments:

2.1 Basis of preparation:

(i) Statement of Compliance:

These Consolidated Financial Statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the act.

The Consolidated Financial Statements up to and for the year ended 31st March, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) ("Previous GAAP") and other relevant provisions of the Act.

As these are the Group's first Consolidated Financial Statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's previously reported financial position, financial performance and cash flows is provided in Note 45.

(ii) Historical cost convention:

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following items

Items	Measurement basis
(a) Certain financial assets and liabilities (including derivatives instruments)	Fair value
(b) Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(iii) Current versus non-current classification:

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

2.2 Basis of Consolidation:

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 over 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 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.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries are aligned to ensure consistency with the policies adopted by the Group.

2.3 Key Accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, 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. 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 financial statements are included in following notes:

(a) Useful life of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets.

(b) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

(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.

(d) Impairment of non-financial assets:

In assessing impairment, management has estimated economic usefulness of the assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use of an interest rate to discount them. Estimation of uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

(e) Impairment of trade receivables:

The Group estimates the uncollectability of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(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) Fair value of disposal group:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

- (i) decision has been made to sell.
- (ii) the assets are available for immediate sale in its present condition.
- (iii) the assets are being actively marketed and
- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortised. Significant estimates are involved in determining fair value less costs to sell of the disposal group on the basis of significant unobservable inputs.

2.4 Significant accounting policies:

(i) Foreign Currency Translation:

(a) Functional and Presentation Currency:

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 Company's functional and presentation currency.

Items included in the financial statements of each of the Group's entities 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 Company's functional and presentation currency.

(b) Transactions and balances:

- (1) Transactions in foreign currency are translated into the functional currency using the exchange rates 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 year end exchange rates are generally recognized in the Statement of Profit and Loss and reported within foreign exchange gains / (losses).
- (2) 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.
- (3) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.
- (4) 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. 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(c) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) the assets and liabilities are translated at the rate on the date of that Balance Sheet.
- (2) the income and expenses are translated at the monthly average exchange rates.
- (3) Resulting foreign currency differences are recognized in other comprehensive income and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is reclassified to the Consolidated Statement of Profit and Loss as a part of gain or loss on disposal.

(d) 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.

(ii) Property, Plant and Equipment:

(a) Recognition and measurement:

Items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, 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 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(b) Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the Previous GAAP as at 1st April, 2016 and use those net carrying values as deemed cost of such property, plant and equipment.

(c) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(d) Depreciation:

- (1) Depreciation on tangible assets 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	9.20	7.50
Plant and Machinery - SS Vessels / SS Equipments	15.00	7.50
Plant and Machinery - Other than SS Components	7.75	7.50
Vehicles	6.00	8.00

* 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.

(iii) Goodwill and Other Intangible Assets:

(a) Goodwill:

The excess of the cost of an acquisition over the Company'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, a bargain purchase gain is recognized in other comprehensive income and accumulated in equity 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, and is carried at cost less accumulated impairment losses.

(b) Other intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. 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. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Group to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and the expenditure attributable to the said assets during its development can be measured reliably.

(c) Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

(d) Amortisation:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer softwares and technical knowhow are amortized on a straight line basis over the period of expected future benefits. 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	10.00
Computer Software, Technical Know-How and Right to Use	9.20

- (3) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(iv) 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.

(a) 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.

(b) Work-in-process and Finished goods:

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

(c) 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.

(d) 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 basis.

(e) Provision is made for obsolete and non-moving items.

(v) Cash and Cash Equivalents:

Cash and cash equivalent in the Consolidated Balance Sheet comprise cash at banks and 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 Consolidated Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above as they are considered as integral part of the Group's cash management.

(vi) Non-current assets held for sale and discontinued operations:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

- (i) decision has been made to sell.
- (ii) the assets are available for immediate sale in its present condition.
- (iii) the assets are being actively marketed and
- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortised.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is a part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(vii) Financial Instruments

(a) 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:

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss

(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 12-24 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(b) 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 Statement of Profit and Loss.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) 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.

(d) 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.

(viii) Provisions and Contingent Liabilities:

- (a) 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.
- (b) 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.
- (c) A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.
- (d) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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.

(ix) Revenue Recognition:

(a) Sale of goods:

- (1) Revenue from the sale of goods in the course of ordinary activities is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.
- (2) Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.

(b) Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Income from export incentives such as duty drawback and MEIS are accrued upon completion of export when there is a reasonable certainty of fulfilment of obligations as stipulated under respective export promotion schemes.

(e) Construction contracts:

Construction contract revenue arises from designing and setting up of pollution control equipment, grinding equipment etc. These equipment are based on specifically negotiated contracts with customers.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

(x) Employee Benefits:

(a) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(b) 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 the 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.

(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.

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.

(xi) 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. 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.

(xii) 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.

(a) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(b) 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).

(xiii) 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. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. 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 synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset / cash generating unit is made. Asset / cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment.

(xiv) Leases:

- (a) Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.
- (b) Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

(xv) Earnings Per Share:

- (a) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

- (b) 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.

(xvi) Dividends:

Provision is made for the amount of any dividend declared, once appropriately authorised and no longer at the discretion of the Entity or the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(xvii) Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

(xviii) Recent Accounting Pronouncements:

Standards issued but not yet effective

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") had notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment has come into force from 1st April, 2018. The Group is evaluating the requirements of the amendments and the impact on the financial statements is being evaluated.

(b) Ind AS 115-Revenue from Contract with Customers:

On 28th March, 2018, Ministry of Corporate Affairs ("MCA") had notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1st April, 2018.

The Group will adopt the standard on 1st April, 2018. The Group is evaluating the requirements of the amendments and the impact on the financial statements is being evaluated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR 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
Deemed cost - gross carrying amount													
Balance at 1 st April, 2016	1,207.0	136.3	5,954.6	22,637.8	453.1	408.5	81.4	1,091.4	1,671.3	47.3	0.8	33,689.5	1,543.5
Additions	77.3	-	498.1	13,591.0	156.3	40.2	33.9	172.7	397.7	509.5	38.4	15,515.1	13,252.0
Disposals	1.4	-	10.0	391.1	10.7	0.9	0.1	-	27.0	-	-	441.2	-
Exchange difference on external commercial borrowings	-	-	(83.0)	(863.0)	-	-	-	(5.1)	(10.5)	-	-	(961.6)	150.3
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	14,170.4
Gross carrying amount as at 31 st March, 2017	1,282.9	136.3	6,359.7	34,974.7	598.7	447.8	115.2	1,259.0	2,031.5	556.8	39.2	47,801.8	775.4
Accumulated Depreciation													
Depreciation for the year	-	1.7	209.6	4,130.9	118.4	54.3	27.6	23.8	240.8	6.3	0.3	4,813.7	-
Disposals	-	-	0.4	37.7	1.0	-	-	-	5.1	-	-	44.2	-
Closing accumulated depreciation as at 31 st March, 2017	-	1.7	209.2	4,093.2	117.4	54.3	27.6	23.8	235.7	6.3	0.3	4,769.5	-
Net carrying amount as at 31 st March, 2017	1,282.9	134.6	6,150.5	30,881.5	481.3	393.5	87.6	1,235.2	1,795.8	550.5	38.9	43,032.3	775.4

	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 carrying amount as at 1 st April, 2017	1,282.9	136.3	6,359.7	34,974.7	598.7	447.8	115.2	1,259.0	2,031.5	556.8	39.2	47,801.8	775.4
Additions	124.9	-	980.5	7,305.9	193.8	100.1	21.0	170.9	477.5	68.6	0.1	9,443.3	8,577.2
Disposals	-	-	-	190.8	12.5	3.1	0.2	37.7	20.8	1.7	-	266.8	-
Exchange difference on external commercial borrowings	-	-	85.7	1,216.9	-	-	-	5.2	10.9	-	-	1,318.7	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	8,794.6
Gross carrying amount as at 31 st March, 2018	1,407.8	136.3	7,425.9	43,306.7	780.0	544.8	136.0	1,397.4	2,499.1	623.7	39.3	58,297.0	558.0
Accumulated depreciation as at 1 st April, 2017	-	1.7	209.2	4,093.2	117.4	54.3	27.6	23.8	235.7	6.3	0.3	4,769.5	-
Depreciation for the year	-	1.9	224.0	5,200.6	125.0	53.3	25.0	26.4	264.6	53.7	7.5	5,982.0	-
Disposals	-	-	-	16.3	1.3	0.2	-	0.8	1.7	-	-	20.3	-
Closing accumulated depreciation as at 31 st March, 2018	-	3.6	433.2	9,277.5	241.1	107.4	52.6	49.4	498.6	60.0	7.8	10,731.2	-
Net carrying amount as at 31 st March, 2018	1,407.8	132.7	6,992.7	34,029.2	538.9	437.4	83.4	1,348.0	2,000.5	563.7	31.5	47,565.8	558.0
Less: Assets held for sale	271.5	-	398.0	382.2	105.5	58.9	7.0	293.9	742.9	35.5	0.8	2,296.2	1.3
Net carrying amount as at 31 st March, 2018	1,136.3	132.7	6,594.7	33,647.0	433.4	378.5	76.4	1,054.1	1,257.6	528.2	30.7	45,269.6	556.7

B. Capital work-in-progress: Capital Work in progress consists of plants 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 No. 33.

D. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is Rs. 52.0 Lakhs as at 31st March, 2018 (Rs. 649.5 Lakhs as at 31st March, 2017, Rs. 284.6 Lakhs as at 31st March, 2016).

E. Above depreciation is inclusive of depreciation on assets held for sale. Refer Note No.31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

4 GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares (Acquired)	Technical Knowhow (Acquired)	Registrations (Acquired)	Right to use (Acquired)	Total	Intangible assets under development	Goodwill on acquisition of Business / Consolidation
Deemed cost - gross carrying amount							
Balance at 1 st April, 2016	291.8	333.1	491.8	-	1,116.7	-	972.1
Additions	55.3	59.0	320.9	-	435.2	27.5	-
Disposals	-	-	-	-	-	-	-
Gross carrying amount as at 31st March, 2017	347.1	392.1	812.7	-	1,551.9	27.5	972.1
Accumulated Amortisation							
Amortisation for the year	78.6	185.4	119.9	-	383.9	-	-
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31st March, 2017	78.6	185.4	119.9	-	383.9	-	-
Net carrying amount as at 31st March, 2017	268.5	206.7	692.8	-	1,168.0	27.5	972.1

	Computer Softwares (Acquired)	Technical Knowhow (Acquired)	Registrations (Acquired)	Right to use (Acquired)	Total	Intangible assets under development	Goodwill on acquisition of Business / Consolidation
Gross carrying amount as at 1st April, 2017	347.1	392.1	812.7	-	1,551.9	27.5	972.1
Additions	46.2	-	185.7	150.0	381.9	91.9	-
Disposals	-	-	-	-	-	-	-
Gross carrying amount as at 31st March, 2018	393.3	392.1	998.4	150.0	1,933.8	119.4	972.1
Accumulated amortisation as at 1st April, 2017	78.6	185.4	119.9	-	383.9	-	-
Amortisation for the year	82.5	10.8	94.6	15.5	203.4	-	-
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31st March, 2018	161.1	196.2	214.5	15.5	587.3	-	-
Net carrying amount as at 31st March, 2018	232.2	195.9	783.9	134.5	1,346.5	119.4	972.1
Less: Asset held for sale	50.8	-	-	-	50.8	119.4	-
Net carrying amount as at 31st March, 2018	181.4	195.9	783.9	134.5	1,295.7	-	972.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

B. Impairment tests for goodwill:

The aggregate carrying amounts of goodwill represents goodwill recognised on acquisition of Industrial Mixing Solutions Division ("IMSD") business and goodwill on consolidation of RIECO Industries Limited ("RIECO"). IMSD designs and manufactures industrial mixers & agitators and RIECO deals in Air Pollution Control System, Size Reduction Equipments and Pneumatic Conveying System. Below are the details of goodwill.

Industrial Mixing Solutions Division	287.7
RIECO Industries Limited	684.4
	<u>972.1</u>

The recoverable amount of the RIECO and IMSD cash-generating unit (CGU) is based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU, the recoverable amount is estimated to be higher than the carrying amount, and consequently, no impairment is required.

The calculation of the value in use is based on the following key assumptions:

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Discount rate	14.5 %	14.5 %	14.5 %
Terminal value growth rate	5.0 %	5.0 %	5.0 %
Budgeted EBITDA growth rate	8.5 %	8.5 %	8.5 %

The discount rate is the weighted average cost of capital (WACC) of the Company, while calculation of WACC, each category of capital is proportionately weighted.

Five years of cash flows have been included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined and the long-term compound annual EBITDA growth rate estimated by the management.

Budgeted EBITDA has been based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth has been projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It has been assumed that sales prices would grow at a constant margin above forecast inflation over the next five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
5 FINANCIAL ASSETS : NON-CURRENT			
(a) INVESTMENTS			
Investments in mutual funds - Unquoted and carried at Fair value through Profit and Loss (FVTPL)			
202,715.67 (Previous Year : 202,715.67 ; 1 st April, 2016 : 202,715.67) Units of Rs. 10 each in UTI Gilt Advantage-LTP-Dividend Payout Fund.	47.9	46.5	39.7
Investment in Section 8 Company carried at cost			
Sudarshan CSR Foundation			
10,000 (Previous Year : 10,000 ; 1 st April, 2016 : 10,000) Equity shares of Rs. 10 each	1.0	1.0	1.0
	<u>48.9</u>	<u>47.5</u>	<u>40.7</u>
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	48.9	47.5	40.7
Aggregate amount of impairment in the value of investments	-	-	-
(b) LOANS			
(Unsecured considered good unless stated otherwise)			
Security Deposits	93.9	86.9	88.1
	<u>93.9</u>	<u>86.9</u>	<u>88.1</u>
(c) OTHER FINANCIAL ASSETS			
Bank deposits with remaining maturity exceeding 12 months kept as security against borrowings	-	581.4	25.0
	<u>-</u>	<u>581.4</u>	<u>25.0</u>
6 DEFERRED TAX ASSETS (NET)			
Major components of deferred tax assets are :			
Accumulated tax losses	-	375.8	351.6
Unrealised profit on intra-group transfer of inventories	308.0	69.5	137.6
Minimum Alternate Tax (MAT) Credit	-	446.8	308.9
Allowance for expected credit loss	360.4	302.6	413.8
Others	68.5	50.1	31.7
	<u>736.9</u>	<u>1,244.8</u>	<u>1,243.6</u>
Major components of deferred tax liabilities are :			
Property, plant and equipment	33.0	389.6	230.4
	<u>33.0</u>	<u>389.6</u>	<u>230.4</u>
Refer Note No. 30 for movement in Deferred Tax Assets / Liabilities	<u>703.9</u>	<u>855.2</u>	<u>1,013.2</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
7 OTHER NON-CURRENT ASSETS			
Capital advances:			
Considered good	81.8	278.4	1,697.8
Considered doubtful	90.0	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)	(90.0)
	<u>81.8</u>	<u>278.4</u>	<u>1,697.8</u>
Advances other than capital advances:			
Balances with Government authorities	1,354.2	2,332.5	2,089.3
Prepaid expenses	2.0	5.1	7.3
Statutory receivables	276.1	276.1	276.1
Others	405.8	357.7	301.5
	<u>2,119.9</u>	<u>3,249.8</u>	<u>4,372.0</u>
8 TAX ASSETS / LIABILITIES (NET)			
(a) Non-current tax assets (net)			
Income tax assets	7,967.9	11,861.9	6,828.5
Income tax liabilities	6,918.9	10,699.4	5,701.8
Net income tax assets	<u>1,049.0</u>	<u>1,162.5</u>	<u>1,126.7</u>
(b) Current tax liabilities (net)			
Income tax liabilities	3,083.8	6,480.0	8,592.9
Income tax assets	2,680.5	6,194.2	8,032.9
Net income tax liabilities	<u>403.3</u>	<u>285.8</u>	<u>560.0</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
9 INVENTORIES			
(Valued at lower of cost or net realisable value)			
(a) Raw Materials	6,495.4	5,446.5	4,778.7
Raw materials in transit	1,555.3	1,385.5	1,939.9
	8,050.7	6,832.0	6,718.6
(b) Work-in-progress	5,339.8	5,903.5	3,812.4
(c) Finished Goods	11,743.5	11,092.4	10,963.5
Finished goods in transit	157.9	443.3	1,519.1
	11,901.4	11,535.7	12,482.6
(d) Stores and Spares	1,826.9	1,292.4	1,061.4
(e) Stock-in-trade	42.6	408.9	473.8
(f) Packing Materials	130.3	95.7	106.5
	27,291.7	26,068.2	24,655.3

During FY 2017-18 an amount of Rs. 355.1 Lakhs (Previous Year : Rs. 226.7 Lakhs) was charged to the Statement of Profit and Loss on account of slow-moving / non-moving inventory.

For details of inventory pledged as security Refer Note No. 33.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
10 FINANCIAL ASSETS : CURRENT			
(a) TRADE RECEIVABLES			
(Unsecured, considered good unless otherwise stated)			
(Refer Note No. 39 for details of related party balances)			
Considered good	33,329.9	34,291.5	34,030.1
Considered doubtful (Refer Note No. 42)	1,599.2	1,527.6	1,802.6
	34,929.1	35,819.1	35,832.7
Less: Allowance for expected credit loss	1,599.2	1,527.6	1,802.6
	33,329.9	34,291.5	34,030.1
(b) CASH AND CASH EQUIVALENTS			
Cash on hand	7.7	12.6	20.2
Balance with banks			
In Current Accounts	658.4	1,003.2	2,014.9
Deposits with maturity less than 3 months	-	-	0.3
	666.1	1,015.8	2,035.4
(c) BANK BALANCES OTHER THAN ABOVE			
Balances in unclaimed dividend accounts	168.8	129.1	110.1
(including dividend on unclaimed shares)			
Margin Money Deposits	584.3	381.2	354.0
	753.1	510.3	464.1
(d) DERIVATIVE ASSETS			
Foreign exchange forward contracts	3.7	335.9	144.6
	3.7	335.9	144.6
(e) OTHER FINANCIAL ASSETS			
Other receivables (includes interest accrued on deposits)	154.7	148.4	63.2
Unbilled revenue	774.0	35.2	19.7
Deposits	19.7	19.7	18.6
Less: allowance for expected credit loss	5.0	-	-
	14.7	19.7	18.6
	943.4	203.3	101.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
11 OTHER CURRENT ASSETS			
Advances other than capital advances:			
Prepaid expenses	200.6	312.9	289.0
Net defined benefit asset - Gratuity fund (Refer Note No. 32)	16.3	40.2	-
Export benefits receivable	1,229.8	2,262.6	147.4
Balances with Government authorities	5,351.3	2,230.8	1,191.7
Other advances (includes advances for materials)	1,491.0	931.2	1,256.0
	8,289.0	5,777.7	2,884.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
12 EQUITY SHARE CAPITAL			
AUTHORISED :			
75,000,000 (Previous Year : 75,000,000; 1 st April, 2016 : 75,000,000) Equity Shares of Rs. 2 each.	1,500.0	1,500.0	1,500.0
ISSUED :			
*69,227,750 (Previous Year : 69,227,750; 1 st April, 2016 : 69,227,750) Equity Shares of Rs. 2 each.	1,384.5	1,384.5	1,384.5
SUBSCRIBED AND PAID-UP :			
*69,227,250 (Previous Year : 69,227,250; 1 st April, 2016 : 69,227,250) Equity Shares of Rs. 2 each fully paid-up	1,384.5	1,384.5	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 shares outstanding at the beginning and at the end of the year :

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No.	Rs.	No.	Rs.	No.	Rs.
At the beginning of the year	69,227,250	1,384.5	69,227,250	1,384.5	69,227,250	1,384.5
Add : Issued during the year	-	-	-	-	-	-
Less : Shares bought back during the year	-	-	-	-	-	-
Outstanding at the end of the year	69,227,250	1,384.5	69,227,250	1,384.5	69,227,250	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; 1st April, 2016 : 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.

During March, 2018 an Interim Dividend of Rs. 2.50 per share was paid. Also, a Final Dividend of Rs. 1.00 per share was proposed to be paid for the Financial Year ended 31st March, 2018, subject to approval of shareholders. In view of this, the amount of dividend per share aggregates to Rs. 3.50 (Previous Year : Rs. 3.50) on a face value of Rs. 2 per share.

(c) Details of shareholders holding more than 5% shares in the company :

	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	No.	% of total shares in class	No.	% of total shares in class	No.	% of total shares in class
Mr. Pradeep R. Rathi	3,823,450	5.52	3,823,450	5.52	3,823,450	5.52
Mr. Rahul P. Rathi	4,754,540	6.87	4,754,540	6.87	4,754,540	6.87
Mr. Anuj N. Rathi	5,447,620	7.87	3,827,620	5.53	3,827,620	5.53
Mr. Rohit K. Rathi	4,651,600	6.72	2,175,950	3.14	2,175,950	3.14
DIC Corporation, Japan	5,579,890	8.06	5,579,890	8.06	5,579,890	8.06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(d) For a period of five years immediately preceeding 31st March, 2018 :

- 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 - 34,613,625 Equity Shares of Rs. 2 each issued in the ratio of 1:1 during the year ended 31st March, 2015
- aggregate number of shares bought back - Nil

(e) Other disclosures mandated by Schedule III are not applicable to the Company and hence have not been made.

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
13 OTHER EQUITY			
(a) Capital Reserve	0.4	0.4	0.4
(b) Capital Redemption Reserve	410.0	410.0	220.0
(c) Securities Premium Reserve	1,321.2	1,321.2	1,321.2
(d) General Reserve	19,840.5	18,340.5	16,840.5
(e) Foreign Currency Translation Reserve	142.3	(191.6)	-
(f) Retaining Earnings	20,897.8	16,840.6	11,012.1
	42,612.2	36,721.1	29,394.2

	As at 31 st March, 2018	As at 31 st March, 2017
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	220.0
Transferred pursuant to redemption of Preference Share Capital	-	190.0
Balance at the end of the year	410.0	410.0
(c) Securities Premium Reserve		
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	18,340.5	16,840.5
Transferred from Profit and Loss Account (Surplus)	1,500.0	1,500.0
Balance at the end of the year	19,840.5	18,340.5
(e) Foreign Currency Translation Reserve		
Balance at the beginning of the year	(191.6)	-
Add : Other comprehensive income not recognised directly in retained earnings	333.9	(191.6)
Balance at the end of the year	142.3	(191.6)
(f) Retaining Earnings		
Surplus at the beginning of the year	16,840.6	11,012.1
Add : Profit After Tax for the year	8,472.5	10,135.5
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of post employment benefit obligation, net of tax	0.9	(117.3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017
Others	0.1	-
Less : Appropriations		
Final dividend	692.3	346.1
Interim Equity Dividend	1,730.7	1,730.7
Tax on Interim and Final Equity Dividend	493.3	422.9
Amount transferred to Capital Redemption Reserve	-	190.0
Amount transferred to General Reserve	1,500.0	1,500.0
	20,897.8	16,840.6
	42,612.2	36,721.1

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 reissue of shares in the financial year 1996-97 Rs 0.4 Lakhs.
- Capital Redemption Reserve is created pursuant to redemption of Preference Share Capital (Rs. 400.0 Lakhs) and buy-back of Equity Shares (Rs. 10.0 Lakhs).
- 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 component of equity to another and is not an item of other comprehensive income.

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
14 FINANCIAL LIABILITIES : NON-CURRENT			
(a) BORROWINGS			
Secured			
Term loans from Banks			
Rupee Loans	374.4	2,062.7	3,327.8
Foreign Currency Loans	16,294.4	9,574.1	11,790.1
Unsecured			
Loans from Related Parties (Refer Note No. 39)			
Intercompany Deposits	1,529.7	1,051.9	865.7
Fixed Deposits	-	-	729.8
Loans from Others			
Intercompany Deposits	-	238.6	279.5
Fixed Deposits	-	1,312.4	4,616.4
(Refer Note No. 33 for details of security and terms of repayment)			
	18,198.5	14,239.7	21,609.3
(b) OTHER FINANCIAL LIABILITIES			
Security Deposits	183.0	320.3	283.5
	183.0	320.3	283.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
15 PROVISIONS : NON-CURRENT			
PROVISION FOR EMPLOYEE BENEFITS :			
Provision for pension	895.2	841.6	722.4
Provision for compensated absences (Refer Note No. 32)	565.7	622.2	530.6
OTHERS :			
Provision for Ex-Gratia payments	281.8	376.1	270.5
	1,742.7	1,839.9	1,523.5
16 DEFERRED TAX LIABILITIES (NET)			
The major components of the deferred tax liabilities are :			
Property, plant and equipment	5,875.7	5,025.1	3,867.4
Others	43.7	82.4	79.1
	5,919.4	5,107.5	3,946.5
The major components of the deferred tax assets are :			
Minimum Alternate Tax Credit	-	519.9	-
Allowance for expected credit loss	180.7	191.8	186.7
Indexed value investment in subsidiary classified as held for sale	153.5	-	-
Expenditure accrued, allowable on actual payment	405.7	438.1	358.7
	739.9	1,149.8	545.4
	5,179.5	3,957.7	3,401.1

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 No. 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
17 FINANCIAL LIABILITIES : CURRENT			
(a) BORROWINGS			
Secured			
Loans repayable on demand			
From banks:			
Rupee Loans	5,117.3	10,008.3	10,738.4
Foreign Currency Loans	8,294.0	5,836.4	3,900.7
Unsecured			
Loans repayable on demand			
From banks:			
Rupee Loans	4,504.0	2,700.0	2,775.0
Foreign Currency Loans	-	567.3	-
Bills Discounted	-	740.1	-
(Refer Note No. 33 for details of security and terms of repayment)			
	17,915.3	19,852.1	17,414.1
(b) TRADE PAYABLES			
Due towards Micro and Small Enterprises	407.8	1,158.0	758.1
Other than Micro and Small Enterprises	26,033.3	25,835.0	23,477.4
	26,441.1	26,993.0	24,235.5
(c) DERIVATIVE LIABILITIES			
Foreign exchange forward contracts	71.6	1.8	146.6
Interest rate / currency swap contracts	113.2	62.9	104.9
	184.8	64.7	251.5
(d) OTHER FINANCIAL LIABILITIES			
Current maturities of long-term debt (including interest accrued thereon) (Refer Note No. 33)	6,976.2	9,166.0	3,775.4
Unclaimed Dividend	168.5	129.0	110.0
Unpaid matured deposits including interest thereon	6.7	6.7	6.7
Capital creditors	640.4	124.3	196.1
Employee dues	1,366.8	1,400.4	933.6
Other Liabilities (includes commission payable to directors and commission payable on sales)	771.2	972.0	697.6
	9,929.8	11,798.4	5,719.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
18 OTHER CURRENT LIABILITIES			
Statutory Dues	377.1	1,156.6	1,309.0
Deferred revenue	183.0	46.1	34.3
Other Liabilities (includes advances from customers)	2,010.0	1,254.5	899.1
	2,570.1	2,457.2	2,242.4
19 PROVISIONS : CURRENT			
PROVISION FOR EMPLOYEE BENEFITS :			
Provision for pension (Refer Note No. 32)	72.4	68.1	61.8
Provision for gratuity (Refer Note No. 32)	145.9	90.4	139.5
Provision for compensated absences (Refer Note No. 32)	55.6	88.4	82.3
OTHERS :			
Provision for warranty	19.5	-	-
	293.4	246.9	283.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
20 REVENUE FROM OPERATIONS		
Sale of products	145,210.2	134,322.2
Sale of services	215.1	305.7
Other operating revenues		
Export Incentives	2,056.9	2,849.2
Miscellaneous Operating Income	399.8	375.1
(Refer Note No. 40 for Goods and Service Tax transition impact)		
	147,882.0	137,852.2
21 OTHER INCOME		
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	57.0	68.1
Others	134.7	163.8
Net gains / (losses) on fair value changes :		
Change in fair value of investments measured at FVTPL - mutual fund units	1.4	6.8
Fair value gain / (loss) on derivatives not designated as hedges (net)	(90.1)	321.9
Other Non-Operating Income :		
Liabilities no longer required, written back	429.0	70.0
Foreign Exchange Gain / (Loss) (net)	298.5	1,080.0
Miscellaneous Income	194.6	99.5
	1,025.1	1,810.1
22 COST OF MATERIALS CONSUMED		
Inventory of materials at the beginning of the year	3,894.5	5,221.9
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Add : Purchases	87,505.9	69,538.1
	91,400.4	74,760.0
Less : Inventory of materials at the end of the year	8,050.7	3,894.5
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
	83,349.7	70,865.5
23 PURCHASE OF STOCK-IN-TRADE	1,603.6	986.3
	1,603.6	986.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK- IN- PROGRESS AND STOCK-IN- TRADE		
Inventory at the end of the year		
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Finished Products	11,901.4	10,351.3
Work-in-progress / Semi-finished Products	5,339.8	5,815.5
Stock-in-Trade	42.6	44.0
	17,283.8	16,210.8
Inventory at the beginning of the year		
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Finished Products	10,351.3	11,505.3
Work-in-progress / Semi-finished Products	5,815.5	3,801.9
Stock-in-Trade	44.0	73.5
(Refer Note No. 40 for Goods and Service Tax transition impact)		
	16,210.8	15,380.7
	(1,073.0)	(830.1)
25 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	9,780.0	8,560.8
Contribution to Provident and Other Funds	691.7	616.0
Staff Welfare Expenses	455.0	560.6
	10,926.7	9,737.4
26 FINANCE COSTS		
Interest expenses on financial liabilities measured at amortised cost	2,528.8	2,517.5
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	192.7	190.8
	2,721.5	2,708.3
27 DEPRECIATION AND AMORTISATION		
Depreciation of property, plant & equipment	5,662.1	4,515.2
Amortisation of other intangible assets	201.0	382.9
(Excludes depreciation on assets subsequently classified as held for sale)		
	5,863.1	4,898.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
28 OTHER EXPENSES		
Consumption of stores and spares	2,611.1	2,632.9
Consumption of packing material	1,639.0	1,474.4
Power and fuel	7,442.3	6,572.1
Water charges	1,209.8	1,114.1
Labour charges	3,917.9	3,813.0
Rent (Refer Note No. 38)	514.5	468.0
Repairs and maintenance	2,372.6	2,014.6
Insurance	338.3	265.1
Rates and taxes (excluding taxes on income)	221.8	292.2
Advertisement	217.3	253.5
Auditors' remuneration (Refer Note No. 34)	39.7	35.0
Bad debts written off	16.2	766.5
Provision for expected credit loss allowance	71.6	(275.0)
Advance written off	31.6	123.6
Bank charges	202.2	241.9
Commission to selling agents	1,301.4	1,295.9
Directors' sitting fees	17.9	19.7
ERP / Computer related expenses	264.1	222.5
Legal, professional and consultancy charges	3,688.9	2,626.6
Loss on sale / disposal / retirement of assets	196.7	253.5
Printing, stationery and communication expenses	355.4	351.1
Miscellaneous expenses (Refer Note No. 37)	3,132.8	2,518.5
Travelling and conveyance	2,073.0	1,979.6
Excise duty variation on opening and closing stock (Refer Note No. 40)	(662.3)	(208.7)
Expenditure towards Corporate Social Responsibility (Refer Note No. 36)	189.0	143.1
	31,402.8	28,993.7
29 EARNINGS PER SHARE		
Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted Average number of equity shares used to compute basic and diluted earnings per share	69,227,250	69,227,250
From Continuing Operations		
Net Profit After Tax	7,819.1	9,176.5
Basic and Diluted earnings per share	11.29	13.26
From Discontinued Operations		
Net Profit After Tax	653.4	959.0
Basic and Diluted earnings per share	0.94	1.39
From Total Operations		
Net Profit After Tax	8,472.5	10,135.5
Basic and Diluted earnings per share	12.24	14.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

30. Income Tax

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A. Income tax recognised in Statement of profit and loss		
Current tax		
Current tax for the year from continuing operations	3,358.3	2,738.1
Adjustment of current tax relating to earlier years	225.3	-
	3,583.6	2,738.1
Current tax for the year from discontinued operations	246.9	223.9
	3,830.5	2,962.0
Deferred tax		
Relating to origination and reversal of temporary differences	544.0	880.0
Adjustment of deferred tax relating to earlier years	(172.9)	(182.8)
	371.1	697.2
Income tax expenses	4,201.6	3,659.2
B. Reconciliation of effective tax rate		
Profit before tax from continuing operations	11,773.8	12,611.8
Profit before tax from discontinued operations	900.3	1,182.9
	12,674.1	13,794.7
Income tax calculated at corporate tax rate	4,366.6	4,692.4
Tax effect of:		
- non deductible expenses	71.8	149.0
- incremental deduction on account of research and development costs	(353.2)	(745.5)
- investment allowance	-	(435.5)
- income tax relating to prior years	52.4	(182.8)
- indexation benefit on investment held for sale	(153.5)	-
- deferred tax not recognised on loss making entities	163.7	85.1
- deferred tax recognised at lower rate	11.8	-
- others	42.0	96.5
Income tax expenses	4,201.6	3,659.2

C. Movement in deferred tax liabilities and assets

Deferred tax liabilities

Reflected in the balance sheet as follows:

	Property plant and Equipments	Other deferred tax liabilities	Total
As at 1st April, 2016	4,097.8	79.1	4,176.9
Charged / (credited)			
- to statement of profit and loss	1,316.9	3.3	1,320.2
- to other comprehensive income	-	-	-
As at 31st March, 2017	5,414.7	82.4	5,497.1
Charged / (credited)			
- to statement of profit and loss	756.0	(38.6)	717.4
- to other comprehensive income	-	-	-
As at 31st March, 2018	6,170.7	43.8	6,214.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

30. Income Tax (contd.)

Deferred tax assets

	Unrealised profit on stock	Carried forwarded tax losses	Allowance for Expected Credit Loss	Indexation benefit on investment held for sale	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1st April, 2016	137.6	351.6	584.5	-	390.4	324.9	1,789.0
(Charged) / credited							
- to statement of profit and loss	(68.1)	24.2	(90.1)	-	97.7	659.3	623.0
- to other comprehensive income	-	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	-	(17.4)	(17.4)
As at 31st March, 2017	69.5	375.8	494.4	-	488.1	966.8	2,394.6
(Charged) / credited							
- to statement of profit and loss	238.5	(160.4)	26.9	153.5	(14.0)	101.8	346.3
- to other comprehensive income	-	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	-	(513.4)	(513.4)
As at 31st March, 2018	308.0	215.4	521.3	153.5	474.1	555.2	2,227.5

The above movement of deferred tax assets and liabilities include the following balances

	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Deferred tax assets (Refer Note No. 6)	703.9	855.2	1,013.2
Deferred tax assets of discontinued operations	488.6	-	-
Deferred tax (liabilities) (Refer Note No. 16)	(5,179.5)	(3,957.7)	(3,401.1)
Deferred tax assets / (liabilities) net	(3,987.0)	(3,102.5)	(2,387.9)

D. Unrecognised deferred tax assets

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:

Group Company	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	Gross Amount	Unrecognised deferred tax assets	Gross Amount	Unrecognised deferred tax assets	Gross Amount	Unrecognised deferred tax assets
Sudarshan Mexico S de R.L.de CV	19.7	5.9	-	-	-	-
Sudarshan (Shanghai) Trading Company Limited	521.9	156.6	124.7	37.4	-	-
Sudarshan North America Inc.	1,598.3	479.5	1,372.6	411.8	1,199.9	360.0
	2,139.9	642.0	1,497.3	449.2	1,199.9	360.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

31. Disclosure as Required by Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations:

(a) Description

Agro Chemical Division

The Agro Chemical Division deals in insecticides, fungicides, herbicides and plant growth regulators. The Company manufactures these products at its facilities at Roha and is also engaged in trading of generic products. During the year the Company decided to discontinue its Agro Chemical manufacturing business and sell its trading business on a going concern basis. The Company is in the process of identifying prospective buyers. While the business continues to operate its existing operations, pursuant to the requirements of Ind AS 105 – “Non current Assets Held for Sale and Discontinued Operations”, this has been classified as held for sale / discontinued operations as on 31st March, 2018. Consequently the profit / (loss) of this business has been presented separately and the assets and liabilities associated with this business have been presented as held for disposal as at 31st March, 2018.

Prescient Color Limited

Prescient Color Limited, a wholly owned subsidiary of the Company is engaged in the manufacture of masterbatches. During the year the Company decided to divest its holding in Prescient Color Limited on a going concern basis. While the business continued to operate as a subsidiary of the Company till 31st May, 2018, pursuant to the requirements of Ind AS 105 – “Non current Assets Held for Sale and Discontinued Operations”, their operations have been classified as held for sale / discontinued operations as on 31st March, 2018. Consequently the profit / (loss) of this business has been presented separately and the assets and liabilities associated with this business have been presented as held for disposal as at 31st March, 2018.

(b) The Assets and Liabilities of disposal groups classified held for sale as on 31st March, 2018 are as under:

Particulars	As at 31 st March, 2018		
	Agro Chemical Division	Prescient Color Limited	Total
Assets			
(a) Property, plant and equipment	6.4	2,290.0	2,296.4
(b) Capital work in progress	-	1.3	1.3
(c) Other Intangible assets	-	50.8	50.8
(d) Intangible assets under development	119.4	-	119.4
(e) Deferred tax assets (net)	-	488.5	488.5
(f) Other non-current assets	-	70.4	70.4
(g) Inventories	989.5	1,065.0	2,054.5
(h) Current financial assets			
i. Trade receivables	1,028.5	1,306.0	2,334.5
ii. Cash and cash equivalents	97.1	28.5	125.6
iii. Bank balances other than (ii) above	-	38.4	38.4
iv. Other financial assets	-	1.8	1.8
(i) Other current assets	11.5	90.9	102.4
Total assets	2,252.4	5,431.6	7,684.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

31. Disclosure as Required by Ind AS 105 - (Contd.)

Particulars	As at 31 st March, 2018		
	Agro Chemical Division	Prescient Color Limited	Total
Liabilities			
(a) Non-current financial liabilities			
i. Borrowings	-	393.9	393.9
ii. Other financial liabilities	143.8	42.2	186.0
(b) Non-current provisions	104.8	63.0	167.8
(c) Current financial liabilities			
i. Borrowings	-	901.7	901.7
ii. Trade payables	736.1	670.9	1,407.0
iii. Other financial liabilities	40.6	406.3	446.9
(d) Other current liabilities	370.1	57.1	427.2
(e) Current provisions	-	70.1	70.1
(f) Current tax liabilities (net)	-	31.8	31.8
Total liabilities	1,395.4	2,637.0	4,032.4

(c) Statement of Profit and Loss for Discontinued Operations

Particulars	Year Ended 31 st March, 2018			Year Ended 31 st March, 2017		
	Agro Chemical Division	Prescient Color Limited	Total	Agro Chemical Division	Prescient Color Limited	Total
Income						
Revenue from operations	11,676.6	7,934.4	19,611.0	15,136.4	8,636.2	23,772.6
Other income	65.6	12.9	78.5	34.1	20.9	55.0
Total revenue	11,742.2	7,947.3	19,689.5	15,170.5	8,657.1	23,827.6
Expenses						
Cost of raw materials consumed	4,786.9	4,609.2	9,396.1	6,756.8	4,674.7	11,431.5
Cost of Goods Traded	3,556.6	-	3,556.6	4,880.4	-	4,880.4
Changes in inventories of finished goods, work-in-progress and stock-in-trade	703.6	(22.2)	681.4	(264.6)	15.3	(249.3)
Excise duty on sale of goods	292.3	245.6	537.9	1,048.2	960.3	2,008.5
Employee benefit expense	635.3	631.6	1,266.9	614.2	582.3	1,196.5
Finance Costs	93.5	166.5	260.0	118.8	207.6	326.4
Depreciation and amortisation expense	80.6	238.5	319.1	50.8	248.9	299.7
Operation and other expenses	1,257.4	1,513.8	2,771.2	1,458.9	1,292.1	2,751.0
Total expenses	11,406.2	7,383.0	18,789.2	14,663.5	7,981.2	22,644.7
Profit before tax	336.0	564.3	900.3	507.0	675.9	1,182.9
Tax expense	116.3	130.6	246.9	175.5	48.4	223.9
Profit after tax	219.7	433.7	653.4	331.5	627.5	959.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

31. Disclosure as Required by Ind AS 105 - (Contd.)

(d) Net Cash Flows attributable to the operating, investing and financing activities of Discontinued Operations

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Operating Activities	2,504.0	771.0
Investing Activities	(126.4)	(298.0)
Financing Activities	(168.7)	(518.7)

The fair value measurement of the disposal group has been categorised as level 3 fair value based on inputs to the valuation technique used. The fair value has been determined using the discounted cash flows method which takes into account the EBITDA growth rate (~8%) and budgeted capital expenditure growth rate (~4%). The expected net cash flows have been discounted using a risk adjusted discount rate (~14.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans

As per Indian Accounting Standard - 19 Employee Benefits, the disclosures as defined are given below:

A. Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Employer's Contribution to Provident Fund	604.6	538.2
Employer's Contribution to Superannuation Fund	87.1	77.8

Group's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss.

The Group 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 Group has no obligation to the scheme beyond its annual contributions.

B. Defined Benefit Plans

I. Gratuity

The Group has 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.

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Investment risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period

2) Market Risk (Discount Rate)

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/ government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date

3) Longevity Risk

The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.

4) Actuarial Risk

a. Salary Increase Assumption

Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the Obligation at a rate that is higher than expected

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

b. Attrition / Withdrawal Assumption

If actual withdrawal rates are higher than assumed withdrawal rate assumption, then the benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation 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 gratuity recognised in employee benefit expenses.

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Current service cost	135.0	78.4
Net interest (income) / expense	(6.7)	0.2
Net benefit expense	128.3	78.6

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Defined benefit obligation as at the beginning of the year	2,277.5	1,999.9
Less : Obligations pertaining to discontinued operations	(101.4)	-
Interest cost	157.0	150.1
Current service cost	135.0	78.4
Benefit payments from plan assets	(136.2)	(126.6)
Re-measurement (gain) / loss in other comprehensive income		
Actuarial (gain) / loss - Experience	10.9	10.8
Actuarial (gain) / loss - Financial	(54.2)	164.9
Defined benefit obligation as at the end of the year	2,288.6	2,277.5

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Fair value of plan assets at at the beginning of the year	2,227.3	1,860.4
Less : Plan assets pertaining to discontinued operations	(11.2)	-
Adjustment to opening fair value	(75.1)	-
Expected returns on plan assets	163.7	150.3
Employer contributions	7.4	350.7
Mortality charges and taxes	-	(8.5)
Benefits paid	(136.2)	(126.6)
Re-measurement gain / (loss) in other comprehensive income		
Actuarial gain / (loss) - Experience	(16.9)	1.0
Fair value of plan assets at the end of year	2,159.0	2,227.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
(Gain) / loss on defined benefit obligation - Experience	10.9	10.8
(Gain) / loss on defined benefit obligation - Financial	(54.2)	164.9
(Gain) / loss on plan assets - Experience	16.9	(1.0)
Amount recognised in the statement of OCI	(26.4)	174.7

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Defined Benefit Obligation	2,288.6	2,277.5	1,999.9
Fair value of plan assets	2,159.0	2,227.3	1,860.4
Closing net defined benefit liability / (asset)	129.6	50.2	139.5
Refer Note No. 11 and 19			

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Nature of plan assets	31 st March, 2018	31 st March, 2017	1 st April, 2016
Investments with insurer	100%	100%	100%

The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2006-08) ultimate.

Attrition:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Employee turnover			
age upto 30 years	3.0%	3.0%	3.0%
age 31-45 years	2.0%	2.0%	2.0%
age above 45 years	1.0%	1.0%	1.0%
Retirement Age	58-80 years	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Discount rate	7.6% to 7.7%	7.3% to 7.4%	7.9% to 8.0%
Expected rate of increment in compensation levels	7.0% to 10.0%	7.0% to 10.0%	7.0% to 10.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2018		As at 31 st March, 2017	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(164.6)	186.3	(165.3)	188.1
Expected rate of increment in compensation levels	174.7	(157.6)	175.0	(157.1)

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.

The assumptions 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 ananlysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Within the next 12 months (next annual reporting period)	190.4	208.4
Between 2 and 5 years	712.7	641.3
Beyond 5 years	1,398.0	1,294.1

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 14.3 years (Previous Year : 13.5 years).

The following payments are expected contributions to the defined benefit plan in the next year:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Within the next 12 months (next annual reporting period)	190.4	208.4
Total expected payments	190.4	208.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

II. Pension

The Group 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 Group accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of pension recognised in employee benefit expenses

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Current service cost	7.3	6.5
Net interest (income) / expense	64.8	51.1
Past service cost	15.9	123.1
Net benefit expense	88.0	180.7

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Defined benefit obligation as at the beginning of the year	909.7	784.2
Interest cost	64.8	51.1
Current service cost	7.3	6.5
Benefit payments directly by employer	(65.9)	(59.9)
Plan Amendments	15.9	123.1
Re-measurement (gain) / loss in other comprehensive income		
Actuarial (gain) / loss - Experience	65.3	(2.2)
Actuarial (gain) / loss - Financial	(29.5)	6.9
Defined benefit obligation as at the end of the year	967.6	909.7

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
(Gain) / loss on defined benefit obligation - Experience	65.3	(2.2)
(Gain) / loss on defined benefit obligation - Financial	(29.5)	6.9
Amount recognised in the statement of OCI	35.8	4.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Defined Benefit Obligation	967.6	909.7	784.2
Fair value of plan assets	-	-	-
Closing net defined benefit liability / (asset)	967.6	909.7	784.2

The principal assumptions used in determining pension obligations for the Group's plan are shown below:

Demographic Assumptions

Mortality: Mortality all periods has been assumed to be as per Indian Assured Lives Mortality (2006-08) ultimate.

Financial assumptions

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Discount rate	7.6% to 7.7%	7.3% to 7.4%	7.4%
Pension increase rate	10.0%	10.0%	10.0%
Retirement Age	80 years	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2018		As at 31 st March, 2017	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(78.6)	93.4	(75.0)	60.5
Pension increase rate	24.1	(23.7)	22.6	(22.3)

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, 2018	As at 31 st March, 2017
Within the next 12 months (next annual reporting period)	72.7	68.1
Between 2 and 5 years	342.3	333.3
Beyond 5 years	524.0	528.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

32. Post-employment benefit plans (contd.)

III. Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Group's liability for sick and earned leave.

The amount of the provision of settled within 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 31 st March, 2018	As at 31 st March, 2017	As at 1 st April, 2016
Current leave obligations expected to be settled within the next 12 months	55.6	88.4	82.3
Leave obligations expected to be settled beyond 12 months	565.7	622.2	530.6

The Group 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.

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 (2006-08) ultimate.

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
Discount rate	7.6% to 7.7%	7.3% to 7.4%	7.9% to 8.0%
Expected rate of increment in compensation levels	7.0% to 10.0%	7.0% to 10.0%	7.0% to 10.0%
Employee turnover			
age upto 30 years	3.0%	3.0%	3.0%
age 31-45 years	2.0%	2.0%	2.0%
age above 45 years	1.0%	1.0%	1.0%
Leave availment	5.0%	5.0%	5.0%
Retirement age	58-80	58-80	58-80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

33. Details of Borrowings

	Security	Maturity date	Terms of repayment	Effective Interest Rate p.a.	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
					Current maturity	Non-current maturity	Current maturity	Non-current maturity	Current maturity	Non-current maturity
a)	Secured									
i)	Rupee term loan from banks									
	Secured by a First Pari Passu Charge by way of hypothecation of the entire movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune and further to be secured by way of mortgage by First Pari Passu Charge over the entire fixed assets including immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune	31-Mar-20	16 equal quarterly instalments	9.75%	476.0	374.4	375.0	751.8	390.7	1,120.6
	Secured a First Pari Passu Charge on the movable fixed assets and current assets of the Company. Also the said Corporate Loan is secured by a mortgage charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune.	31-Mar-19	20 equal quarterly instalments	9.90%	606.4	-	600.0	600.0	615.5	1,200.0
	Secured by a first and exclusive charge and security over present and future factory sheds, purchase of new plant / machineries / equipments and creation of site infrastructure including building for the proposed expansion, all immovable fixed assets (present & future), flats, apartments, pent houses, shops, industrial units together with the buildings / structures constructed and any fixed plant or machinery annexed of the Company situated at Gat No. 1162, Tal. Mulshi, Pirangut, Pune-412 115	30-Sep-19			-	-	88.0	130.9	88.8	219.9
	Secured by first and exclusive charge and security by way hypothecation charge over movable fixed assets, both present and future, excluding vehicles and further by a registered mortgage of immovable fixed assets, both present and future, of the Company situated at Gat No. 1162, Tal. Mulshi, Pirangut, Pune-412 115.	30-Nov-19			-	-	9.5	15.7	9.5	25.3
	Secured by first and exclusive charge and security by way hypothecation charge over movable fixed assets, both present and future, excluding vehicles and further by a registered mortgage of immovable fixed assets, both present and future, of the Company situated at Gat No. 1162, Tal. Mulshi, Pirangut, Pune-412 115.	31-Jan-23	84 equal monthly instalments	Base rate + 2.50%	-	-	200.0	539.5	200.0	762.0
	Secured by hypothecation of vehicle procured out of said term loan, in favour of the bank.	15-Jul-19	36 equal monthly instalments	9.35%	-	-	23.0	24.8	-	-
ii)	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 Supplemental Deed 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	30-Apr-20	11 equal quarterly instalments	3 months EURIBOR + 1.55%	2,128.0	2,631.5	-	-	-	-
		30-Dec-21	18 equal quarterly instalments	3 months EURIBOR + 1.55%	1,742.4	4,763.8	-	-	-	-
		26-Mar-23	16 equal quarterly instalments	3 months EURIBOR + 1.00%	-	5,619.5	-	-	-	-
		31-Jan-23	20 equal quarterly instalments	1 months LIBOR + 1.25%	821.8	3,279.6	-	-	-	-
			20 equal quarterly instalments	3.20%	-	-	1,896.6	3,960.7	1,991.0	6,320.1
			20 equal quarterly instalments	3 months EURIBOR + 2.00%	-	-	1,495.9	5,613.4	14.2	5,470.0
			12 equal quarterly instalments	3 months LIBOR + 4.75%	-	-	-	-	218.5	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

33. Details of Borrowings (contd.)

	Security	Maturity date	Terms of repayment	Effective Interest Rate p.a.	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
					Current maturity	Non-current maturity	Current maturity	Non-current maturity	Current maturity	Non-current maturity
iii)	Working capital loans repayable on demand from banks Working Capital Borrowings from Bank of Maharashtra led Consortium Banks consisting of Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured 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, Amrlewadi, Dist. Pune by creation of a joint registered mortgage. Subsidiary loans are secured by hypothecation of inventory and receivables and corporate guarantee of Sudarshan Chemical Industries Ltd.	1-3months	Repayable on demand	0.50% to 11.90%	13,411.3	-	15,844.7	-	14,639.1	-
b)	Unsecured									
i)	Working capital loans repayable on demand from banks	1 month	Repayable on demand	8.06% to 8.40%	4,504.0	-	3,267.3	-	2,775.0	-
ii)	Loans and Advances from Related Parties									
	Intercompany Deposits	Various	Repayable on demand	7.85% to 10.25%	-	1,529.7	-	1,051.9	61.1	865.7
	Fixed Deposits	Various	Repayable on demand	10.25%	-	-	737.5	-	-	729.8
iii)	Loans and Advances from Others									
	Intercompany Deposits	Various	Repayable on demand	7.85% to 10.25%	684.5	-	440.7	238.6	186.1	279.5
	Fixed Deposits	Various	Repayable on demand	10.25%	523.8	-	3,306.5	1,312.4	6.7	4,616.4
iv)	Bills discounted	Various	Repayable on demand	1.00%	-	-	740.1	-	-	-
					24,898.2	18,198.5	29,024.8	14,239.7	21,196.2	21,609.3
	The bifurcation of total borrowings is as follows:									
	Non current borrowings	Note 14(a)			-	18,198.5	-	14,239.7	-	21,609.3
	current borrowings	Note 17(a)			17,915.3	-	19,852.1	-	17,414.1	-
	Amount disclosed under the head 'Other financial Liabilities'	Note 17(d)			6,982.9	-	9,172.7	-	3,782.1	-
					24,898.2	18,198.5	29,024.8	14,239.7	21,196.2	21,609.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

34. Auditor's Remuneration

Particulars	31 st March, 2018	31 st March, 2017
(a) Audit Fees	25.9	16.3
(b) Tax Audit Fees	3.0	3.0
(c) Other services -		
Certification and Limited Review	10.6	13.4
Stock Verification		2.0
(d) Reimbursement of Expenses	0.2	0.3
	39.7	35.0

35. Fixed Deposits

(Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
(a) Fixed Deposits with Maturity less than 12 months	517.1	4,037.3	-
(b) Fixed Deposits with Maturity more than 12 months	-	1,312.4	5,346.2
(c) Unclaimed Matured Fixed Deposits	6.7	6.7	6.7
	523.8	5,356.4	5,352.9

36. Amount spent towards Corporate Social Responsibility:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was Rs. 188.9 Lakhs.

During the year the Holding Company has incurred CSR expenses of **Rs. 189.0 Lakhs** (Previous Year : Rs. 143.1 Lakhs) which includes contribution / donation of **Rs. 30.0 Lakhs** (Previous Year : Rs. 21.4 Lakh to trusts (related party) which are engaged in activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto and other expenses of **Rs. 159.0 Lakhs** (Previous Year : Rs. 121.7 Lakhs) directly incurred by the Company.

In addition to the above, a contribution of **Rs. 0.9 Lakhs** (Previous Year : Rs. 1.1 Lakhs) is made to its subsidiary Sudarshan CSR Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of (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.

37. Donations

Miscellaneous expenses include donation to Political Party (Nationalist Congress Party) **Rs. 17.0 Lakhs** (Previous Year : Rs. 20.0 Lakhs)

38. Commitments and Contingencies:

a. Leases

Operating leases : Company as lessee

The Company has taken residential accommodation, office premises and warehouses on lease / rental basis. Lease period varies from one month to twelve months. These leases are cancellable in nature. Lease / rentals recognised in the Statement of Profit and Loss is **Rs. 514.5 Lakhs** (Previous Year : Rs. 468.0 Lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

b. Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	31 st March, 2018	31 st March, 2017	1 st April, 2016
Excise duty	307.5	281.4	275.8
VAT / CST	260.8	233.4	316.6
Custom duty	330.4	322.8	322.8
Income tax	-	170.2	379.9

- 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 Financial Statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

39. 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. Rathi	Chairman & Managing Director (Chairman w.e.f. 1 st June, 2018)
		Mr. R. B. Rathi	Dy. Managing Director (Managing Director w.e.f. 1 st June, 2018)
		Mr. A. V. Vij	COO (Wholetime Director w.e.f. 24 th May, 2018)
		Mr. S. N. Inamdar	Non-Executive - 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. P. P. Chhabria	Non-Executive - Independent Director (Expired on 6 th May, 2016)
		Mr. N. Raisinghani	Non-Executive - Non-Independent Director
		Mrs. S. A. Panse	Non-Executive - Independent Director
		Mr. K. L. Rathi	Non-Executive - Non-Independent Director
		Mr. N. J. Rathi	Non-Executive - Non-Independent Director
		Mr. Ajoy B. Rathi	Non-Executive - Non-Independent Director
		Mr. P. S. Raghavan	Company Secretary
		Mr. Vivek V. Thakur	Acting CFO
(b)	Relatives 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. K. B. Rathi	– Mother of Mr. R. B. Rathi
		Mrs. K. R. Rathi	– Mother of Mr. P. R. Rathi
		Mr. A. B. Rathi	– Brother of Mr. R. B. Rathi
		Mrs. S. P. Rathi	– Wife of Mr. P. R. Rathi
		Mrs. R. R. Agarwal	– Daughter of Mr. P. R. Rathi
		Mrs. A. N. Rathi	– Wife of Mr. N. J. Rathi
		Mrs. A. K. Rathi	– Wife of Mr. K. L. Rathi
		Mr. Dhruv R. Rathi	– Son of Mr. R. P. Rathi
		Ms. Anushka R. Rathi	– Daughter of Mr. R. P. Rathi
		Mrs. Archana A. Rathi	– Wife of Mr. A. N. Rathi
		Mrs. Deepika R. Rathi	– Wife of Mr. Rohit K. Rathi
		Mrs. Nisha A. Rathi	– Wife of Mr. A. B. Rathi
		Mr. Rohit K. Rathi	– Son of Mr. K. L. Rathi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

39. Related Party Transaction (contd.)

(c) Others :

Entities in which Key Management Personnel and / or their relatives exercise significant influence (SIKMP) :

Rathi Brothers Poona Limited
 Rathi Brothers Madras Limited
 Rathi Brothers Calcutta Limited
 Rathi Brothers Delhi Limited
 Manan Rathi Trust
 Balkrishna Rathi Finance Private Limited
 PRR Finance Private Limited
 Marathwada Chemical Industries Private Limited
 Rathi Vessels & Systems Private Limited
 NJR Finance Pvt. Ltd.
 Rathi Brothers Pvt. Ltd.
 Rathi Enterprises Pvt. Ltd.
 Rabro Speciality Chemicals Pvt. Ltd.
 Laxminarayan Finance Pvt. Ltd.
 Mr. Ajoy B. Rathi HUF
 Anahita Trust
 Mr. Anuj N. Rathi HUF
 Natasha Trust
 Mr. R.B.Rathi HUF
 Rathi Mixers Pvt. Ltd.
 Breakthrough Management Group
 Shri Jagannath Rathi Trust
 Crawford Bayley & Co.
 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. Main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.)

B. Transactions with Related Parties:

Nature of Transactions	For the year ended 31 st March, 2018			For the year ended 31 st March, 2017		
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others
• Salary, Pension, Reimbursement of expenses etc. :						
Mr. P. R. Rathi	171.1	-	-	184.3	-	-
Mr. R. B. Rathi	222.2	-	-	166.8	-	-
Mr. A. V. Vij	130.2	-	-	116.7	-	-
Mr. R. P. Rathi	-	45.0	-	-	38.2	-
Mrs. K. B. Rathi	-	18.3	-	-	18.7	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

39. Related Party Transaction (contd.)

Nature of Transactions	For the year ended 31 st March, 2018			For the year ended 31 st March, 2017		
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others
Mr. A. N. Rath	-	43.9	-	-	36.3	-
Mr. A. B. Rath	96.6	-	-	96.6	-	-
Mr. R. K. Rath	-	84.1	-	-	74.2	-
Mr. K. L. Rath	26.3	-	-	26.0	-	-
Mr. N. J. Rath	26.7	-	-	26.4	-	-
Mr. P. S. Raghavan	22.3	-	-	21.1	-	-
Mr. Vivek V. Thakur	41.4	-	-	34.6	-	-
• Commission (Subject to Shareholders' approval) :						
Mr. P.R.Rathi	70.0	-	-	60.0	-	-
Mr. R.B.Rathi	70.0	-	-	60.0	-	-
Mr. S.K.Asher	3.6	-	-	4.5	-	-
Mr. S.N.Inamdar	7.4	-	-	6.5	-	-
Mr. S.Padmanabhan	5.4	-	-	4.5	-	-
Mr. K.L.Rathi	5.4	-	-	4.5	-	-
Mr. N.J.Rathi	4.5	-	-	4.5	-	-
Mr. D.N.Damania	5.4	-	-	4.5	-	-
Mr. N. Raisinghani	4.5	-	-	4.5	-	-
Mrs. R.F.Forbes	3.6	-	-	4.5	-	-
Mrs. S.A.Panse	5.4	-	-	4.5	-	-
Mr. Ajoy B. Rath	2.7	-	-	2.0	-	-
• Sitting fees :						
Mr. S. K. Asher	2.2	-	-	3.4	-	-
Mr. S. N. Inamdar	3.1	-	-	2.9	-	-
Mr. S. Padmanabhan	2.4	-	-	2.1	-	-
Mr. D. N. Damania	3.0	-	-	2.4	-	-
Mr. N. Raisinghani	1.2	-	-	1.2	-	-
Mrs. R. F. Forbes	1.2	-	-	1.4	-	-
Mrs. S. A. Panse	1.6	-	-	1.2	-	-
Mr. Ajoy B. Rath	0.6	-	-	-	-	-
Mr. K. L. Rath	1.2	-	-	1.0	-	-
Mr. N. J. Rath	1.6	-	-	2.2	-	-
• Interest paid / payable :						
Mr. P. R. Rath	-	-	-	9.5	-	-
Mr. R. B. Rath	-	-	-	10.6	-	-
Mrs. K. R. Rath	-	-	-	-	17.1	-
Mr. R. P. Rath	-	-	-	-	11.0	-
Mr. A. B. Rath	-	-	-	4.7	-	-
Mrs. S. P. Rath	-	-	-	-	2.8	-
Mrs. A. N. Rath	-	1.5	-	-	1.64	-
Mrs. R. R. Agarwal	-	-	-	-	3.7	-
Mrs. Nisha A. Rath	-	-	-	-	0.3	-
Mrs. Deepika Rohit Rath	-	-	-	-	1.1	-
Mrs. Archana A Rath	-	-	-	-	6.2	-
Mr. Anuj N. Rath	-	-	-	-	17.1	-
Ms. Anushka Rahul Rath	-	-	-	-	1	-
Mrs. Aruna Kishor Rath	-	-	-	-	6.7	-
Mr. Dhruv Rahul Rath	-	-	-	-	0.7	-
Mr. K. L. Rath	-	-	-	13.8	-	-
Smt Kusum.B. Rath	-	-	-	-	0.3	-
Mr.N.J.Rathi	-	-	-	0.7	-	-
Mr.P S Raghavan	-	-	-	0.3	-	-
Mrs.Rachna Rajesh Rath	-	-	-	-	0.2	-
Mr.R.B.Rathi HUF	-	-	-	-	-	3.5
Mr. Rohit Kishor Rath	-	-	-	-	8.1	-
Rathi Brothers Delhi Ltd.	-	-	11.2	-	-	14.8
Balkrishna Rath Finance Pvt. Ltd.	-	-	41.9	-	-	37.4
PRR Finance Pvt. Ltd.	-	-	14.5	-	-	10.6
Rathi Vessels & Systems Pvt. Ltd.	-	-	27.8	-	-	25.9
Laxminarayan Finance Pvt. Ltd.	-	-	8.5	-	-	9.2
NJR Finance Pvt. Ltd.	-	-	14.1	-	-	22.8
Rabro Speciality Chemicals Pvt. Ltd.	-	-	36.4	-	-	0.1
Mr. Ajoy B. Rath HUF	-	-	-	-	-	2.3
Anahita Trust	-	-	-	-	-	2.1
Natasha Trust	-	-	-	-	-	2.1
Shri Jagannath Rath Trust	-	-	-	-	-	8.1
Others (Less than 0.5 Lakhs)	-	-	1.1	-	-	1.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

39. Related Party Transaction (contd.)

Nature of Transactions	For the year ended 31 st March, 2018			For the year ended 31 st March, 2017		
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others
• Acceptance of Deposits :						
Rathi Brothers Poona Ltd.	-	-	139.0	-	-	248.0
Mr.P.R.Rathi	1.0	-	-	-	-	-
Rathi Brothers Madras Ltd.	-	-	20.5	-	-	32.8
Rathi Brothers Delhi Ltd.	-	-	121.0	-	-	150.5
Balkrishna Rathi Finance Pvt. Ltd.	-	-	63.0	-	-	53.0
Rathi Vessels & Systems Pvt. Ltd.	-	-	20.0	-	-	33.5
Rathi Brothers Calcutta Ltd.	-	-	38.5	-	-	10.0
PRR Finance Pvt. Ltd.	-	-	120.0	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	238.0	-	-	-
NJR Finance Pvt. Ltd.	-	-	43.0	-	-	82.0
Laxminarayan Finance Pvt. Ltd.	-	-	17.0	-	-	4.5
• Repayments of Deposits :						
Rathi Brothers Poona Ltd.	-	-	22.0	-	-	76.0
Rathi Brothers Delhi Ltd.	-	-	-	-	-	38.0
Rathi Brothers Madras Ltd.	-	-	-	-	-	8.5
PRR Finance Pvt. Ltd.	-	-	10.0	-	-	95.0
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	-	-	33.0
Rathi Vessels & Systems Pvt. Ltd.	-	-	4.0	-	-	0.5
NJR Finance Pvt. Ltd.	-	-	136.0	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	4.5
Mr. Ajoy B. Rathi	45.8	-	-	-	-	-
Mr. Ajoy B. Rathi HUF	-	-	22.6	-	-	-
Mr. A.V. Vij	8.0	-	-	-	-	-
Mrs. Nisha A Rathi	-	3.2	-	-	-	-
Mrs. Deepika Rohit Rathi	-	10.9	-	-	-	-
Mrs. Archana A Rathi	-	60.3	-	-	-	-
Mr. Anuj N. Rathi	-	166.8	-	-	-	-
Mr. Anuj N. Rathi HUF	-	-	0.4	-	-	-
Ms. Anushka Rahul Rathi Minor	-	9.5	-	-	-	-
Mrs. Aruna Kishor Rathi	-	65.8	-	-	-	-
Mr. Dhruv Rahul Rathi Minor	-	6.5	-	-	-	-
Smt Kusum.B. Rathi	-	3.3	-	-	-	-
Smt Kusum.R. Rathi	-	166.9	-	-	-	-
Mrs. Rachna R. Rathi	-	2.3	-	-	-	-
Mrs. R.R.Agarwal	-	36.2	-	-	-	-
Mrs. Aruna N. Rathi	-	16.0	-	-	-	-
Mr. Rohit K. Rathi	-	78.6	-	-	5.8	-
Mrs. S.P.Rathi	-	27.7	-	-	-	-
Anahita Trust	-	-	20.7	-	-	-
Manan Rathi Trust	-	-	95.6	-	-	-
Natasha Trust	-	-	20.7	-	-	-
Mr.R.B.Rathi HUF	-	-	34.0	-	-	-
Mr.K.L.Rathi	134.3	-	-	-	-	-
Mr.N.J.Rathi	6.4	-	-	-	-	-
Mr.P S Raghavan	2.5	-	-	-	-	-
Mr.P.R.Rathi	93.9	-	-	-	-	-
Mr.R.B.Rathi	103.0	-	-	-	-	-
Mr.R.P. Rathi	-	107.4	-	-	-	-
• Sale of Fixed Asset:						
Mr. A.V.Vij	7.6	-	-	-	-	-
• Purchase of Fixed Asset (Land):						
Jointly from KMP and Other Promotor Directors	72.6	-	-	72.6	-	-
• Sale of Chemicals :						
Marathwada Chemical Inds. Pvt. Ltd.	-	-	6.5	-	-	9.1
• Purchase of Good / Services :						
Marathwada Chemical Inds. Pvt. Ltd.	-	-	1.4	-	-	1.7
• Professional Fees Paid :						
Break through Management Group	-	-	132.2	-	-	484.9
Crawford Bayley and Company	-	-	10.6	-	-	3.6
Mr. S.N. Inamdar	10.5	-	-	9.5	-	-
• Commission on Sales (Incl. Taxes):						
Rathi Brothers Calcutta Ltd.	-	-	45.8	-	-	63.4
Rathi Brothers Delhi Ltd.	-	-	147.3	-	-	238.3
Rathi Brothers Madras Ltd.	-	-	30.0	-	-	48.7
Rathi Brothers Poona Ltd.	-	-	317.7	-	-	558.3
Rabro Speciality Chemicals Pvt Ltd	-	-	513.9	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

39. Related Party Transaction (contd.)

Nature of Transactions	For the year ended 31 st March, 2018			For the year ended 31 st March, 2017		
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others
• Rent received (Incl. Taxes) :						
Rabro Speciality Chemicals Pvt. Ltd.	-	-	5.4	-	-	-
Rathi Brothers Madras Ltd.	-	-	-	-	-	1.3
Rathi Brothers Poona Ltd.	-	-	-	-	-	4.4
• Rent Paid :						
Rathi Brothers Calcutta Ltd.	-	-	-	-	-	1.7
Rathi Brothers Delhi Ltd.	-	-	-	-	-	4.0
• Donation Paid :						
Sudarshan CSR Foundation	-	-	0.1	-	-	1.1
Shri Jagannath Rathi Charity Trust	-	-	40.0	-	-	41.4
• Reimbursement of Expenses (Net) :						
Mr. R.K. Rathi	-	1.8	-	-	1.8	-
Rathi Brothers Calcutta Ltd.	-	-	-	-	-	0.2
Rathi Brothers Madras Ltd.	-	-	-	-	-	0.4
Rathi Brothers Poona Ltd.	-	-	4.8	-	-	3.3
Rabro Speciality Chemicals Pvt Ltd	-	-	0.6	-	-	-
Rathi Mixers Pvt. Ltd.	-	-	4.2	-	-	0.7
• Compensation of Key Management Personnel :						
Short-term employee benefits (compensation)	683.8	-	-	620.1	-	-
Pension	53.0	-	-	52.4	-	-
Post - employment gratuity benefits	8.0	-	-	5.0	-	-
Leave benefits	3.5	-	-	5.6	-	-
Sitting fees	18.1	-	-	17.8	-	-
Professional fees	10.5	-	-	9.5	-	-
Commission	187.9	-	-	164.5	-	-
Total compensation paid to key management personnel	964.8	-	-	874.9	-	-

C. Balances due from / to related parties :

Nature of Transactions	As at 31 st March, 2018			As at 31 st March, 2017			As at 1 st April, 2016		
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others
• Balance outstanding at year end :									
• Customer / (Vendor) Account									
Marathwada Chemical Inds. Pvt. Ltd.	-	-	0.8	-	-	1.3	-	-	2.0
• Deposits Payable									
Mr. P.R.Rathi	-	-	-	92.9	-	-	92.9	-	-
Mr. R.B.Rathi	-	-	-	103.0	-	-	103.0	-	-
Mr. R.P.Rathi	-	-	-	-	107.4	-	-	107.4	-
Mrs. K.R.Rathi	-	-	-	-	166.9	-	-	166.9	-
PRR Finance Pvt. Ltd.	-	-	183.3	-	-	73.3	-	-	168.3
Balkrishna Rathi Finance Pvt. Ltd.	-	-	459.7	-	-	396.7	-	-	376.7
Rathi Vessels & Systems LLP	-	-	290.8	-	-	274.8	-	-	241.8
NJR Finance Pvt.Ltd.	-	-	179.9	-	-	272.9	-	-	190.9
Rathi Brothers Pvt.Ltd.	-	-	4.0	-	-	4.0	-	-	4.0
Laxminarayan Finance Pvt.Ltd.	-	-	106.7	-	-	89.7	-	-	89.7
Rabro Speciality Chemicals Pvt. Ltd.	-	-	981.0	-	-	-	-	-	-
Rathi Enterprises Pvt. Ltd.	-	-	8.9	-	-	8.9	-	-	8.9
Rathi Brothers Calcutta Ltd.	-	-	-	-	-	15.0	-	-	5.0
Rathi Brothers Delhi Ltd.	-	-	-	-	-	197.0	-	-	84.5
Rathi Brothers Madras Ltd.	-	-	-	-	-	52.0	-	-	27.8
Rathi Brothers Poona Ltd.	-	-	-	-	-	182.0	-	-	10.0
Others	-	16.0	-	188.9	486.9	193.9	188.9	486.9	193.9
• Salary and Commission Payable									
Mr. P.R.Rathi	70.0	-	-	60.0	-	-	60.0	-	-
Mr. R.B.Rathi	70.0	-	-	60.0	-	-	60.0	-	-
Mr. P.P.Chhabria	-	-	-	-	-	-	3.0	-	-
Mr. S.K.Asher	3.6	-	-	4.5	-	-	3.0	-	-
Mr. S.N.Inamdar	7.4	-	-	6.5	-	-	5.0	-	-
Mr. S.Padmanabhan	5.4	-	-	4.5	-	-	3.0	-	-
Mr. K.L.Rathi	5.4	-	-	4.5	-	-	3.0	-	-
Mr. N.J.Rathi	4.5	-	-	4.5	-	-	3.0	-	-
Mr. D.N.Damania	5.4	-	-	4.5	-	-	3.0	-	-
Mr. N. Raisinghani	4.5	-	-	4.5	-	-	3.0	-	-
Mrs. R.F.Forbes	3.6	-	-	4.5	-	-	3.0	-	-
Mrs. S.A.Panse	5.4	-	-	4.5	-	-	3.0	-	-
Mr. Ajoy B. Rathi	26.9	-	-	2.0	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

40. Impact on transition to Goods and Service Tax:

(a) Revenue

In accordance with the requirements of Ind AS, revenue for the year ended 31st March, 2018 is net of Goods and Service Tax (GST). However, revenue for the year ended 31st March, 2017 is inclusive of excise duty. Hence revenue and excise duty on sale of goods for the year ended 31st March, 2018 are not comparable with corresponding figures for the previous year. Comparable revenue (net of excise duty and GST) is as follows:

	31 st March, 2018	31 st March, 2017
Sale of products and services as per Note No. 20	145,425.3	134,627.9
Less: Excise duty collected on revenue	2,338.9	9,691.3
Comparable Revenue from Operations	143,086.4	124,936.6

(b) Cost of goods sold and other expenses

Similarly, post applicability of GST, the inventory of finished goods as at 31st March, 2018 is net of provision for excise duty and similarly, Changes in inventories of finished goods, work-in-progress and stock-in-trade and Other expenses for the aforementioned period is not comparable with the corresponding figures for the previous year. Comparable Change in inventories and Other Expenses (net of excise duty provision) is as follows:

	31 st March, 2018	31 st March, 2017
Cost of materials consumed as per Note No. 22	83,349.7	70,865.5
Purchase of Stock-in-trade as per Note No. 23	1,603.6	986.3
Changes in inventories as per Note No. 24	(1,073.0)	(830.1)
Cost of goods sold	83,880.3	71,021.7
Less: Increase / (decrease) in Excise duty provision on finished goods	(662.3)	(208.7)
Comparable cost of goods sold	83,218.0	70,813.0
Other Expenses as per Note No. 28	31,402.8	28,993.7
Less: Increase / (decrease) in Excise duty provision on finished goods	(662.3)	(208.7)
Comparable other expenses	32,065.1	29,202.4

41. Operating Segments :

A. Basis for 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 four reportable segments as described below, which are the Group's strategic business units.

- (i) Pigments
- (ii) Agro Chemicals (Discontinued operations (Refer Note No. 31))
- (iii) Masterbatches (Discontinued operations (Refer Note No. 31))
- (iv) Others

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

operating divisions of the Group operate. For each of the business units, the Group's Chief Operating Decision Maker reviews internal management reports on a monthly basis.

Reportable Segments	Operations
Pigments	Manufacturing and trading pigments
Agro Chemicals	Manufacturing and trading agro chemicals
Masterbatches	Manufacturing of masterbatches
Others	Manufacturer and marketer of special microbial cultures and enzymes waste water treatment. Designing & manufacturing of industrial mixers & agitators Manufacturer of pollution controls equipments, size reduction equipments and pneumatic conveying systems.

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 results of certain segments relative to other entities that operate within these industries.

	Year ended 31 st March, 2018						
	Pigment	Others	Unallocated	Total Continuing Operations (1 + 2 + 3)	Agro Chemicals	Masterbatches	Total Discontinued Operations (4 + 5)
	(1)	(2)	(3)		(4)	(5)	
Segment Revenue							
External Revenues	135,185.1	12,696.9	-	147,882.0	11,676.6	7,934.4	19,611.0
Inter-segment Revenue	-	-	-	-	-	-	-
Total segment revenue	135,185.1	12,696.9	-	147,882.0	11,676.6	7,934.4	19,611.0
Segment Results							
Profit before tax and finance cost	13,773.8	721.5	-	14,495.3	429.5	730.8	1,160.3
Less: Finance costs (net)				2,721.5			260.0
Profit after finance cost but before tax				11,773.8			900.3
Tax expense				3,954.7			246.9
Profit after tax				7,819.1			653.4
Capital Employed:							
Segment Assets	108,357.5	10,925.4	3,399.8	122,682.7	2,252.4	4,943.1	7,195.5
Segment Liabilities	27,492.4	5,926.4	1,343.7	34,762.5	1,395.4	1,020.8	2,416.2
Net Assets	80,865.1	4,999.0	2,056.1	87,920.2	857.0	3,922.3	4,779.3
Capital Expenditure	8,838.8	42.3	-	8,881.1	91.9	34.5	126.4
Depreciation and amortisation	5,762.8	100.3	-	5,863.1	80.6	238.5	319.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

	Year ended 31 st March, 2017						
	Pigment (1)	Others (2)	Unallocated (3)	Total Continuing Operations (1 + 2 + 3)	Agro Chemicals (4)	Masterbatches (5)	Total Discontinued Operations (4 + 5)
Segment Revenue							
External Revenues	125,604.1	12,248.1	-	137,852.2	15,136.4	8,636.2	23,772.6
Inter-segment Revenue	-	-	-	-	-	-	-
Total segment revenue	125,604.1	12,248.1	-	137,852.2	15,136.4	8,636.2	23,772.6
Segment Results							
Profit before tax and finance cost	15,236.2	83.9	-	15,320.1	625.8	883.5	1,509.3
Less: Finance costs (net)				2,708.3			326.4
Profit after finance cost but before tax				12,611.8			1,182.9
Tax expense				3,435.3			223.9
Profit after tax				9,176.5			959.0
Capital Employed:							
Segment Assets	92,386.2	10,549.4	4,986.7	107,922.3	6,769.2	4,614.6	11,383.8
Segment Liabilities	24,024.8	5,351.1	1,601.0	30,976.9	2,902.6	960.7	3,863.3
Net Assets	68,361.4	5,198.3	3,385.7	76,945.4	3,866.6	3,653.9	7,520.5
Capital Expenditure	13,489.5	74.7	-	13,564.2	277.6	20.4	298.0
Depreciation and amortisation	4,726.1	172.0	-	4,898.1	50.8	248.9	299.7

C. Reconciliations of information on reportable segments to Ind AS measures

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
i. Assets		
Total assets for continuing reportable segments	122,682.7	107,922.3
Total assets for discontinued reportable segments	7,195.5	11,383.8
Total assets for reportable segments	129,878.2	119,306.1
Deferred Tax Asset (Continuing Operations)	703.9	855.2
Deferred Tax Asset (Discontinued Operations)	488.5	-
Consolidated Total Assets	131,070.6	120,161.3
ii. Liabilities		
Total liabilities for continuing reportable segments	34,762.5	30,976.9
Total liabilities for discontinued reportable segments	2,416.2	3,863.3
Total liabilities for reportable segments	37,178.7	34,840.2
Total Equity	43,996.7	38,105.6
Borrowings (including current maturity) (Continuing Operations)	43,096.7	43,257.8
Borrowings (including current maturity) (Discontinued Operations)	1,619.0	-
Deferred Tax Liability (Continuing Operations)	5,179.5	3,957.7
Consolidated Total Liabilities	131,070.6	120,161.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

D. Geographical information

	Year ended 31 st March, 2018	Year ended 31 st March, 2017
i. Segment Revenue by location of customers		
From Continuing Operations		
India	87,580.7	84,114.0
Europe	19,989.2	19,176.3
South America	4,626.3	3,655.1
Asia Pacific	8,886.6	8,054.2
North America	6,902.9	5,946.4
Rest of World	19,896.3	16,906.2
	147,882.0	137,852.2
From Discontinued Operations		
In India	19,444.3	23,602.2
Outside India	166.7	170.4
	19,611.0	23,772.6
ii. Non-current operating assets by location of assets*		
From Continuing Operations		
In India	51,217.9	50,380.0
Outside India	45.1	7.6
	51,263.0	50,387.6

* Non-current assets exclude financial instruments, deferred tax assets and post-employment benefit assets.

E. There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

42. 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 analyses in the following sections relate to the position as at 31st March, 2018, 31st March, 2017 and 1st April, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

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 increase in interest rates would have led to approximately an additional Rs. 107.7 Lakhs (2016-17: Rs. 108.2 Lakhs) gain in statement of profit and loss. A 25 bps decrease 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 Rs. 474.7 Lakhs Loss in Other Comprehensive Income (2016-17: loss of Rs. 362.1 Lakhs). A 2% decrease would have led to an increase in additional Rs. 474.7 Lakhs Gain in Other Comprehensive Income (2016-17: gain of Rs. 362.1 Lakhs).

Foreign currency exposure and sensitivity	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	USD	EURO	USD	EURO	USD	EURO
Trade receivable	12,717.6	7,937.7	8,730.1	7,755.2	10,604.5	7,774.0
Loans and other receivable	-	-	208.1	234.7	685.3	806.8
Cash and bank balances	250.3	32.4	101.3	59.7	206.5	60.6
Forward contracts for Trade receivable	(7,860.5)	(2,792.7)	(7,341.1)	(3,123.9)	(6,280.0)	(3,757.6)
Foreign currency borrowings	(7,230.4)	(22,160.8)	(4,782.1)	(15,721.6)	(2,120.2)	(17,415.3)
Trade payable	(4,137.2)	(464.8)	(3,837.5)	(288.0)	(3,700.8)	(449.3)
Other payable	16.6	(4,151.3)	(9.5)	(88.5)	(6.3)	(100.6)
Currency Swaps	4,109.1	-	-	-	-	-
Forward contracts for Trade payable	-	-	-	-	181.9	-
Total	(2,134.5)	(21,599.5)	(6,930.7)	(11,172.4)	(429.1)	(13,081.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(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. 33,329.2 Lakhs, Rs. 34,291.5 Lakhs and Rs. 34,030.1 Lakhs for 31 st March 2018, 31 st March 2017 and 1 st April 2016 respectively. Against these receivable, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss

Balance as at 1 st April, 2016	1,802.6
Provision recognised for expected credit loss	(275.0)
Balance as at 31 st March, 2017	1,527.6
Provision reversed for expected credit loss	71.6
Balance as at 31 st March, 2018	1,599.2

(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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	6 months or less	6-12 months	1 year to 5 years	more than 5 years	Total
Year ended 31st March, 2018					
Interest bearing borrowings - Current	17,915.3	-	-	-	17,915.3
Interest bearing borrowings - Non Current	-	-	18,198.5	-	18,198.5
Other financial liabilities - Debt Current Maturity	2,893.1	4,083.1	-	-	6,976.2
Other financial liabilities	2,953.6	-	183.0	-	3,136.6
Trade payables	26,441.1	-	-	-	26,441.1
Derivatives	184.8	-	-	-	184.8
	50,387.9	4,083.1	18,381.5	-	72,852.5
Year ended 31st March, 2017					
Interest bearing borrowings - Current	19,852.1	-	-	-	19,852.1
Interest bearing borrowings - Non Current	-	-	14,239.7	-	14,239.7
Other financial liabilities - Debt Current Maturity	6,689.3	2,476.7	-	-	9,166.0
Other financial liabilities	2,632.4	-	320.3	-	2,952.7
Trade payables	26,993.0	-	-	-	26,993.0
Derivatives	64.7	-	-	-	64.7
	56,231.5	2,476.7	14,560.0	-	73,268.2
Year ended 1st April, 2016					
Interest bearing borrowings - Current	17,414.1	-	-	-	17,414.1
Interest bearing borrowings - Non Current	-	-	21,609.3	-	21,609.3
Other financial liabilities - Debt Current Maturity	1,922.6	1,852.8	-	-	3,775.4
Other financial liabilities	1,944.0	-	283.5	-	2,227.5
Trade payables	24,235.5	-	-	-	24,235.5
Derivatives	251.5	-	-	-	251.5
	45,767.7	1,852.8	21,892.8	-	69,513.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(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 net debt divided by total capital plus debt.

	31 st March, 2018	31 st March, 2017	1 st April, 2016
Total Debt	43,090.0	43,257.8	42,798.8
Total Equity	43,996.7	38,105.6	30,778.7
Debt-Equity ratio	0.98	1.14	1.39

43. Financial Instruments - Fair Values:

Set out below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2018

	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	47.9	-	48.9
Loans	93.9	-	-	93.9
Trade receivables	33,329.9	-	-	33,329.9
Cash and cash equivalents	666.1	-	-	666.1
Bank balances other than cash and cash equivalents	753.1	-	-	753.1
Derivatives-Forward Contracts Receivable	-	3.7	-	3.7
Other financial assets	943.4	-	-	943.4
Total	35,787.4	51.6	-	35,839.0
Financial liabilities				
Borrowings	36,113.8	-	-	36,113.8
Trade payables	26,441.1	-	-	26,441.1
Derivative-Forward Contracts Payable	-	71.6	-	71.6
Derivative-Interest Rate Swap	-	113.2	-	113.2
Other financial liabilities	10,112.8	-	-	10,112.8
Total	72,667.7	184.8	-	72,852.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Set out below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2017.

	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	46.5	-	47.5
Loans	86.9	-	-	86.9
Trade receivables	34,291.5	-	-	34,291.5
Cash and cash equivalents	1,015.8	-	-	1,015.8
Bank balances other than cash and cash equivalents	510.3	-	-	510.3
Derivatives-Forward Contracts Receivable	-	335.9	-	335.9
Other financial assets	784.7	-	-	784.7
Total	36,690.2	382.4	-	37,072.6
Financial liabilities				
Borrowings	34,091.8	-	-	34,091.8
Trade payables	26,993.0	-	-	26,993.0
Derivative-Forward Contracts Payable	-	1.8	-	1.8
Derivative-Interest Rate Swap	-	62.9	-	62.9
Other financial liabilities	12,118.7	-	-	12,118.7
Total	73,203.5	64.7	-	73,268.2

Set out below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 1st April, 2016.

	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	39.7	-	40.7
Loans	88.1	-	-	88.1
Trade receivables	34,030.1	-	-	34,030.1
Cash and cash equivalents	2,035.4	-	-	2,035.4
Bank balances other than cash and cash equivalents	464.1	-	-	464.1
Derivatives-Forward Contracts Receivable	-	144.6	-	144.6
Other financial assets	126.5	-	-	126.5
Total	36,745.2	184.3	-	36,929.5
Financial liabilities				
Borrowings	39,023.4	-	-	39,023.4
Trade payables	24,235.5	-	-	24,235.5
Derivative-Forward Contracts Payable	-	146.6	-	146.6
Derivative-Interest Rate Swap	-	104.9	-	104.9
Other financial liabilities	6,002.9	-	-	6,002.9
Total	69,261.8	251.5	-	69,513.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The following method and assumptions were used to estimate the fair value:

- (i) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair value of the mutual fund is based on the price at reporting date.
- (iii) 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.
- (iv) 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 employs 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.
- (v) 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.

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, 2018, 31st March, 2017 and 1st April, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets -

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					
Mutual fund investments					
As at 31 st March, 2018	31 st March, 2018	47.9	47.9	-	-
As at 31 st March, 2017	31 st March 2017	46.5	46.5	-	-
As at 1 st April, 2016	31 st March 2016	39.7	39.7	-	-
Foreign exchange forward contracts					
As at 31 st March, 2018	31 st March, 2018	3.7	-	3.7	-
As at 31 st March, 2017	31 st March 2017	335.9	-	335.9	-
As at 1 st April, 2016	31 st March 2016	144.6	-	144.6	-
Financial Assets measured at amortised cost					
Loans					
As at 31 st March, 2018	31 st March, 2018	93.9	-	93.9	-
As at 31 st March, 2017	31 st March 2017	86.9	-	86.9	-
As at 1 st April, 2016	31 st March 2016	88.1	-	88.1	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2018	31 st March, 2018	71.6	-	71.6	-
As at 31 st March, 2017	31 st March 2017	1.8	-	1.8	-
As at 1 st April, 2016	31 st March 2016	146.6	-	146.6	-
Interest Rate Swap					
As at 31 st March, 2018	31 st March, 2018	113.2	-	113.2	-
As at 31 st March, 2017	31 st March 2017	62.9	-	62.9	-
As at 1 st April, 2016	31 st March 2016	104.9	-	104.9	-
Financial Liabilities measured at amortised cost					
Borrowings					
As at 31 st March, 2018	31 st March, 2018	36,113.8	-	36,113.8	-
As at 31 st March, 2017	31 st March 2017	34,091.8	-	34,091.8	-
As at 1 st April, 2016	31 st March 2016	39,023.4	-	39,023.4	-

The following 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.

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(All amounts are in INR Lakhs, unless otherwise stated)

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 Swap	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 bond prices.	Not applicable	Not applicable
Borrowings	The valuation model considers the present value of expected payment, discounted using a current risk-adjusted discount rate. They are classified as level 2 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 period			

45. First time adoption of Ind AS:

As stated in note 2, these are the Group's first Consolidated Financial Statements prepared in accordance with Ind AS. For the year ended 31st March, 2017, the Group had prepared its Consolidated Financial Statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of then Act ('previous GAAP').

The accounting policies set out in note 2 have been applied in preparing the Consolidated Financial Statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and the opening Ind AS Balance Sheet as at 1st April, 2016 (the Group's date of transition).

In preparing its opening consolidated Ind AS Balance Sheet as at 1st April, 2016 and in presenting the comparative information for the year ended 31st March, 2017, the Group has adjusted amounts reported previously in Consolidated Financial Statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its Consolidated Financial Statements prepared in accordance with previous GAAP and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

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(All amounts are in INR Lakhs, unless otherwise stated)

Explanation of transition to Ind AS

Optional exemptions availed and mandatory exceptions

In preparing these Consolidated Financial Statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions:

A. Optional exemptions availed

1. Property, plant and equipment and other intangible assets

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meet the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

2. Business combination

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The Group has opted not to restate business combinations occurring before 1st April, 2016. For these business combinations goodwill represents the amount recognised under the previous GAAP.

3. Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a foreign operation was formed or acquired.

The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

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4. Determining whether an arrangement contains a lease

Ind AS 101 permits an entity to apply the relevant requirements of Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement)

The Group has elected to avail this exemption.

5. Long-term foreign currency monetary item

Under previous GAAP, paragraph 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Under AS 11, exchange differences on account of depreciable assets could be added / deducted from the cost of the depreciable asset, which would then be depreciated over the balance life of the asset. Ind AS 101 permits an entity to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

The Group has elected to avail this exemption.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS should be consistent with estimates made for the same date in accordance with the previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS Balance Sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS)

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the Consolidated Financial Statements that were not required under the previous GAAP are listed below:

- Investment in mutual funds carried at FVPL;
- Impairment of financial assets based on expected credit loss model;
- Determination of the discounted value for financial instruments carried at amortised cost;
- Fair valuation of derivatives;
- Constructive obligations

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3. De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

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liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

C. Reconciliations between previous GAAP and Ind AS

C.1 - The reconciliation of other equity reported in accordance with the previous GAAP to other equity as per Ind AS, as at 31st March, 2016 and 31st March, 2017 is as follows:

	Notes to reconciliations	31 st March, 2016	31 st March, 2017
Other Equity as per previous GAAP		30,011.0	38,076.6
Ind AS Adjustments:			
Goodwill amortisation written back	(i)	-	259.4
Proposed dividend	(ii)	416.6	-
Effect of measuring financial liabilities initially at fair value and subsequently at amortised cost	(iii)	232.1	158.4
Effect of measuring investments in mutual funds at fair value through profit and loss	(v)	11.0	17.8
Effect of fair valuation of derivatives	(vi)	1.7	(116.2)
Provision for expected credit loss on trade receivables	(vii)	(1,263.5)	(1,053.4)
Provision for constructive obligations	(viii)	(305.5)	(426.1)
Tax effects of above Ind AS adjustments	(ix)	449.4	373.7
Deferred tax on unrealised profit on stock	(iv)	153.0	69.5
Other previous GAAP adjustments	(xi)	(311.6)	(638.6)
Total adjustments		(616.8)	(1,355.5)
Other Equity as per Ind AS		29,394.2	36,721.1

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(All amounts are in INR Lakhs, unless otherwise stated)

C.2 -The reconciliation of net profit reported in accordance with the previous GAAP to total comprehensive income as per Ind AS, for the year ended 31st March, 2017 is as follows:

	Notes to reconciliations	31 st March, 2017
Net Profit as per previous GAAP		10,340.3
Ind AS Adjustments:		
Goodwill amortisation written back	(i)	259.4
Effect of measuring financial liabilities initially at fair value and subsequently at amortised cost	(iii)	(73.7)
Effect of measuring investments in mutual funds at fair value through profit and loss	(v)	6.8
Effect of fair valuation of derivatives	(vi)	(117.9)
Provision for expected credit loss on trade receivables	(vii)	210.1
Provision for constructive obligations	(viii)	(120.6)
Re-measurement losses on post employment benefit obligations recognized in Other Comprehensive Income	(x)	179.4
Tax effects of above Ind AS adjustments	(ix)	(137.8)
Deferred tax on unrealised profit on stock	(iv)	(83.5)
Other previous GAAP adjustments	(xi)	(327.0)
Total adjustments		(204.8)
Net Profit as per Ind AS		10,135.5
Other Comprehensive Income (net of tax)	(x)	(308.9)
Total Comprehensive Income as per Ind AS		9,826.6

C.3 - Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March 2017:

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

C.4 - Notes to reconciliations:

(i) Goodwill amortisation:

Under the previous GAAP, goodwill arising on business combinations was capitalised on Balance Sheet and amortised over its expected useful life. Under Ind AS 103, Business Combinations, the amortisation of goodwill is prohibited and goodwill is held at cost with impairment reviews carried out annually or at other times if there are indications that the carrying value is not recoverable.

The goodwill amortisation charge recognised under previous GAAP has therefore been reversed, resulting in an increase in profit for the year ended 31st March, 2017 by Rs. 259.4 Lakhs.

(ii) Proposed dividend:

Under the previous GAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of the Financial Statements were considered as adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend (including dividend distribution tax thereon) of Rs. Nil as at 31st March, 2017 (1st April, 2016 : Rs. 416.6 Lakhs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

(iii) Borrowings at amortised cost:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31st March, 2017 have been reduced by Rs. 158.4 Lakhs (1st April, 2016 : Rs. 232.1 Lakhs) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended 31st March, reduced by Rs. 73.7 Lakhs as a result of the additional interest expense.

(iv) Deferred Tax on unrealised profit on stock:

An adjustment is made to remove the unrealised profit from the consolidated accounts for the stock which is sold among the group and remains unsold at the period end. Consequently, a deferred tax asset is recognised. Recognition of the asset and the consequent decrease in the tax expense ensures that the tax already charged to the individual selling company is not reflected in the current year's consolidated income statement but will be matched against the future period when the profit is recognised by the group.

(v) Fair valuation of investments:

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2017. This increased the retained earnings by Rs. 17.8 lakhs as at 31st March, 2017 (1st April, 2016 - Rs. 11.0 lakhs).

Consequent to the above, the total profit for the year ended 31st March, 2017 increased by Rs. 6.8 lakhs.

(vi) Derivatives not designated as hedges:

Under the previous GAAP, the Group applied the requirements of Accounting Standard 11 The Effects of Changes in Foreign Exchange Rates to account for foreign currency forward contracts entered for hedging foreign exchange risk related to foreign currency receivables / payables. At the inception of the contract, the forward premium / discount was separated and amortised as income / expense over the tenure of the contract. The underlying receivable / payable and the forward contract were restated at the closing spot exchange rate. Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. Consequently, the total equity as at 31st March, 2017 decreased by Rs. 116.2 Lakhs (1st April, 2016 increased by Rs. 1.7 Lakhs). The profit for the year ended 31st March, 2017 decreased by Rs. 117.9 Lakhs as a result of the above adjustments.

(vii) Loss allowance:

On transition to Ind AS, the Group has recognized impairment loss on trade receivables based on expected credit loss model as required by Ind AS 109. As a result, the allowance for doubtful debts increased by Rs. 1,053.4 Lakhs as at 31st March, 2017 (1st April, 2016 : Rs. 1,263.5 Lakhs). Consequently, the total equity as at 31st March, 2017 decreased by Rs. 1,053.4 Lakhs (1st April, 2016 : Rs. 1,263.5 Lakhs) and profit for the year ended 31st March, 2017 increased by Rs. 210.1 Lakhs.

(viii) Provision for constructive obligations:

Under Ind AS, provisions are recognized even when there is constructive obligation to transfer economic benefits as a result of past events. Accordingly, on transition to Ind AS, the Group has recognized provisions for certain constructive obligations as at transition date as well as on 31st March, 2017. Consequently, the total equity as at 31st March, 2017 decreased by Rs. 426.1 Lakhs (1st April, 2016 : Rs. 305.5 Lakhs) and profit for the year ended 31st March, 2017 decreased by Rs. 120.6 Lakhs.

(ix) Income Tax:

Indian GAAP requires deferred tax accounting using the Income Statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of the Balance Sheet approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Consequently the net deferred tax liability as at 31st March, 2017 decreased by Rs. 373.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

Lakhs (1st April, 2016 : Rs. 449.4 Lakhs) while the profit and total comprehensive income for the year ended 31st March, 2017 decreased by Rs. 137.8 Lakhs.

(x) Other Comprehensive Income

Both under Indian GAAP and Ind AS the Group recognised costs related to post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, actuarial gains and losses are charged to profit or loss, however in Ind AS the actuarial gains and losses are recognised through other comprehensive income.

(xi) Other previous GAAP adjustments

- a) Deferred taxes: The Group recalculated the deferred tax on transition to Ind AS. The resultant adjustments, which includes prior period errors which resulted in an increase in the total equity as at 31st March, 2017 by Rs. 207.1 Lakhs (1st April, 2016 : Rs. 358.6 Lakhs) and profit for the year ended 31st March, 2017 decreased by Rs. 151.5 Lakhs.
- b) Provision for inventory obsolescence: The Group has provided for non-moving / obsolete inventory amounting to Rs. 130.7 Lakhs as at 31st March, 2017 not considered under the previous GAAP
- c) Inventory valuation: The Group reassessed allocation of production overheads for one of the subsidiaries and has written down the inventories as at 31st March, 2017 and 1st April, 2016 by an amount of Rs. 683.8 Lakhs and Rs. 641.9 Lakhs respectively.
- d) Other adjustments: The Group reassessed revenue recognition for certain contracts in one of its subsidiaries and recorded an adjustment of Rs. 24.2 Lakhs for the year ended 31st March, 2017 (1st April, 2016 : Rs. 22.9 Lakhs)

46. Details of Subsidiaries

(a) The following subsidiary companies are considered in the Consolidated Financial Statement

Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2017 – 18	2016 – 17	
Prescient Color Limited	100%	100%	India
Sudarshan Europe B.V.	100%	100%	The Netherlands
Sudarshan North America, Inc. (Step-down subsidiary of Sudarshan, India)	100%	100%	The United States of America
Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
Sudarshan (Shanghai) Trading Company Ltd.	100%	–	China
RIECO Industries Limited	100%	100%	India

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2018

(All amounts are in INR Lakhs, unless otherwise stated)

(b) Additional information pursuant to Para 2 of general instructions for the preparation of Consolidated Financial Statement

	Net assets		Share in Profit & Loss (2017-18)		OCI (2017-18)		TCI (2017-18)	
	Total Assets - Total Liabilities (2017-18)							
Name of Entity	As % of consolidated net assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Parent Company								
Sudarshan Chemical Industries Ltd.	102.8	45,238.1	103.9	8,802.7	(17.8)	(59.6)	99.3	8,743.1
Subsidiaries								
Indian								
Prescient Color Ltd.	6.4	2,828.7	5.1	433.7	-	-	4.9	433.7
RIECO Industries Ltd.	3.1	1,382.3	0.3	21.9	18.1	60.5	0.9	82.4
Foreign								
Sudarshan Europe B.V.	6.6	2,901.9	4.6	392.5	96.0	321.6	8.0	703.4
Sudarshan North America	1.1	494.6	(2.8)	(237.3)	3.5	11.6	(2.6)	(225.7)
Sudarshan (Shanghai) Trading Company Ltd.	(0.1)	(44.3)	(4.7)	(399.3)	0.6	2.1	(4.5)	(397.2)
Sudarshan Mexico S. de R.L. de CV.	-	(19.6)	(0.2)	(18.3)	(0.4)	(1.4)	(0.2)	(19.7)
Total Eliminations	(19.9)	(8,785.0)	(6.2)	(523.4)	-	-	(5.8)	(512.7)
	100.0	43,996.7	100.0	8,472.5	100.0	334.8	100.0	8,807.3

47. The previous years Financial Statements were audited by a firm other than B S R & Associates LLP.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Registration No.: 116231 W/W-100024

SHIRAZ VASTANI
Partner
Membership No.: 103334

Pune : 24th May, 2018

For and on behalf of the Board of Directors

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN No. 00025180

P.R.RATHI
Chairman &
Managing Director
DIN No. 00018577

V.V.THAKUR
Acting CFO

R.B.RATHI
Deputy
Managing Director
DIN No. 00018628

P.S.RAGHAVAN
Company Secretary

Pune : 24th May, 2018

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NOTES

[illegible]

Awards received by CSR team during 2017-2018

Sudarshan has conferred the 'ECGC Indian Exporters "Excellence Awards 2017" under the category Most Socially Responsible Exporter Award 2017 - runner up. This award is recognizing the contribution made by Indian Exporters in building Brand India as well as in making the government's vision of 'Make in India' a reality.



Received the India CSR Award for CSR Community Initiative 2017-18 in recognition for the Waste Management Project at the India CSR Leadership Summit held at New Delhi on 27th April, 2018



Award for HR team

GLOBAL BEST EMPLOYER BRAND AWARDS 2018
Award for innovation in Recruitments





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RIECO Industries Limited

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