

68th Annual Report 2018-19



...towards a quantum *leap*



SUDARSHAN

Across the pages

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Managing Director's Message

Our strong global presence, coupled with well-established supply chain and distribution network shall further enhance our market



Our Brands

Sudarshan's strategy of diversified product range enables its brands to cater the complete range of end application.



Living by our values

Sudarshan strives to enhance value creation in society and in the local communities in which it operates through its services, conduct and initiatives.

Disclaimer

This document contains statements about expected future events and financials of Sudarshan Chemical Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

About this report

Sudarshan Chemical Industries Limited, built on its pillars of growth, with the strong support from its infrastructure and technical capability, is set to take a quantum leap in its business, locally as well as globally.

It has now enhanced its communication with its stakeholders and communities by taking a leap in its annual reporting standards. This is the Company's first attempt of voluntarily disclosing the non-financial value-drivers along with the statutory declarations. The Company seeks to be transparent and go beyond compliance in its corporate reporting. It attempts to list down and explain the values created through key capitals across its value chain.

^{Lakhs}
₹238,799
Market Capitalisation as at 31st March, 2019

^{Lakhs}
₹143,286
Revenue in FY 2018-19

68
Years of Experience

900+
Global Workforce

60
Channel Partners

^{Lakhs}
₹1,857
R&D Spend

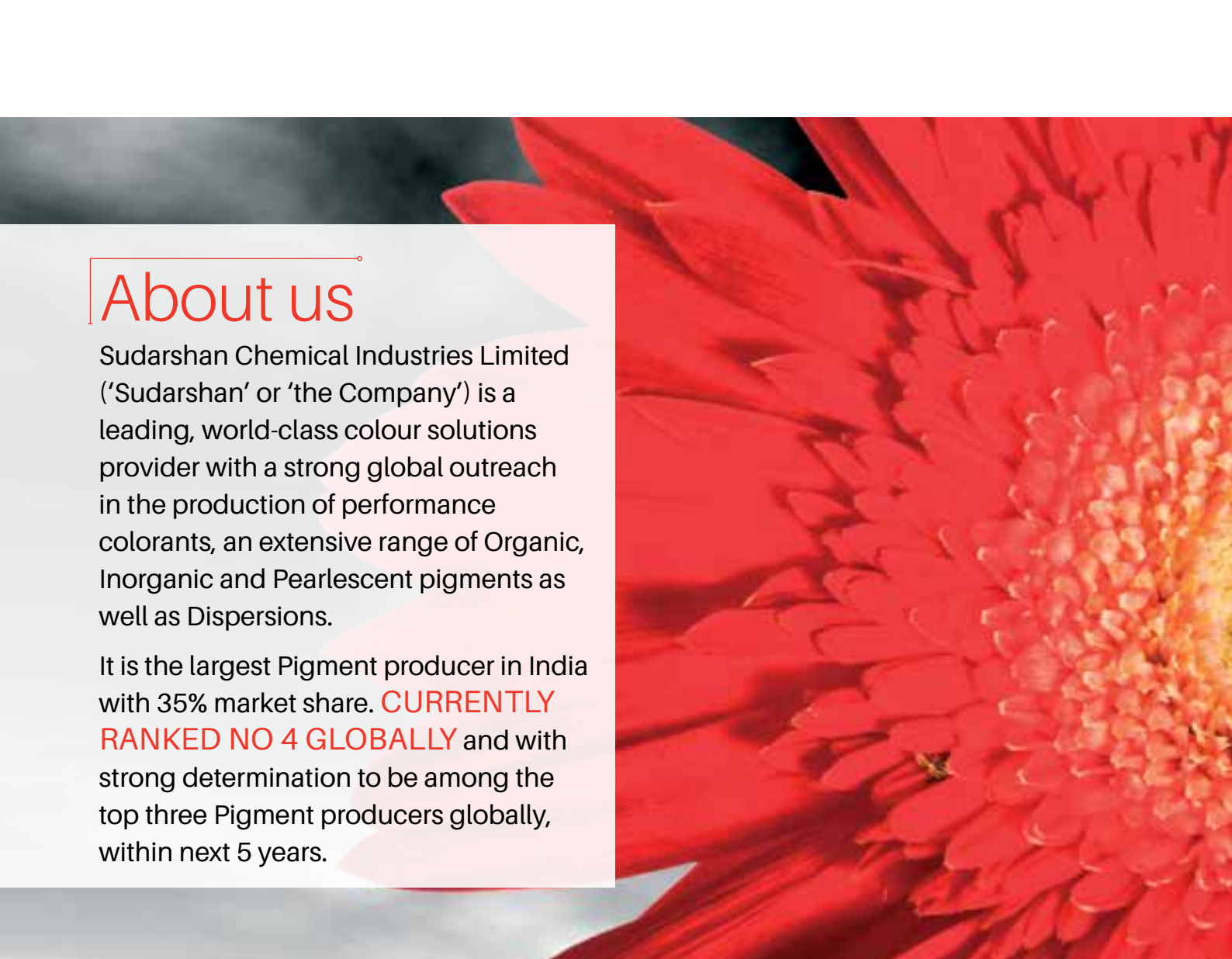
2
Manufacturing Facilities

^{Lakhs}
₹240
Contribution to Society

4,000
Product Basket

INVESTOR INFORMATION

CIN	: L24119PN1951PLC008409
BSE Code	: 506655
NSE Symbol	: SUDARSCHEM
Bloomberg Code	: SCHI:IN
Dividend Declared	: ₹ 6 per share
AGM Date	: 7 th August, 2019
AGM Venue	: MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Rd, Pune, Maharashtra 411016



About us

Sudarshan Chemical Industries Limited ('Sudarshan' or 'the Company') is a leading, world-class colour solutions provider with a strong global outreach in the production of performance colorants, an extensive range of Organic, Inorganic and Pearlescent pigments as well as Dispersions.

It is the largest Pigment producer in India with 35% market share. **CURRENTLY RANKED NO 4 GLOBALLY** and with strong determination to be among the top three Pigment producers globally, within next 5 years.

60 years and counting...

In a space dominated by global giants, Sudarshan started rolling out pigments in 1951. The journey began with the manufacturing of few Inorganic pigments, produced at Swargate, Pune in its first plant. Ever since its first batch of production, Sudarshan's journey has grown by leaps and bounds.

Sudarshan's evolution comprises adding a wide range of offering across various application. Today, Sudarshan offers Organic, Inorganic and Effect pigments that cover classical azo pigments, specialised azo pigments, high performance pigments, pearlescent pigments, phthalos and pigment dispersions.

These pigments serve as a key input in the end-application industries of coatings, plastics, inks and cosmetics. **Pg 8**

After reaching an important milestone in its journey of becoming the fourth largest pigment manufacturer globally, Sudarshan is starting its journey of becoming the third largest pigment producer. For living up to its goal, Sudarshan's resolve is very firm. It has built its capabilities in terms of R&D infrastructure **Pg 6**, manufacturing and operational excellence **Pg 14**, supply chain management **Pg 4** and environmental stability & sustainability **Pg 21**.

35% +
Domestic
market share

Growing Together

The growth is fuelled by an immense drive to be a leading player in the pigment industry and their higher purpose of 'Growing Together by being Spiritually Fulfilled, Socially Just and Environmentally Sustainable'.

MISSION



To be a world-class global colour solution provider with an innovative and vibrant culture

VISION



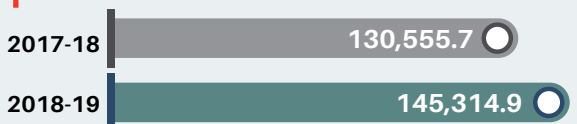
To be among the top three pigments producers in the world

VALUES

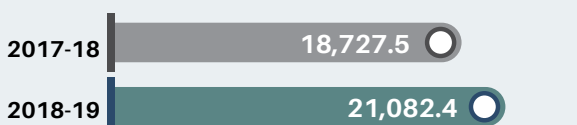


- **Seva (Serve)** – Ownership to serve with agility with a seamless experience
- **Courage** – Venture into new areas of thought and action
- **Commitment and Passion** – Deliver on time, fulfilling the expectations
- **Respect** – Listen with empathy, value other's time
- **Trust** – Implicit trust, work in best interest of organization

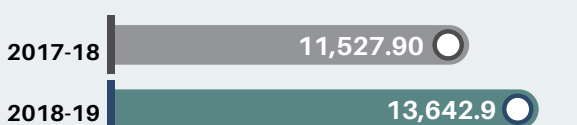
Our Consolidated performance



Revenue from operations (Net of Excise) (₹Lakhs) **+11%↑**



EBITDA (₹Lakhs) **+13%↑**

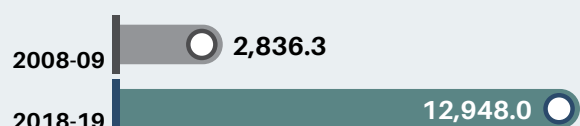


PBT (₹Lakhs) **+18%↑**

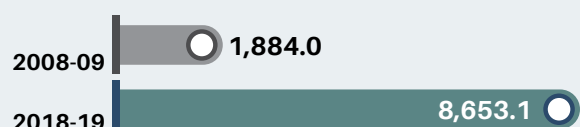
Our ten year growth in numbers (Standalone)



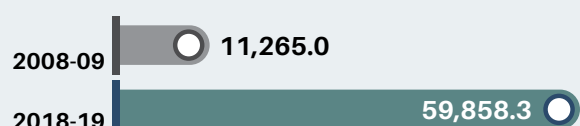
Revenue from operations (₹Lakhs) **+216%↑**



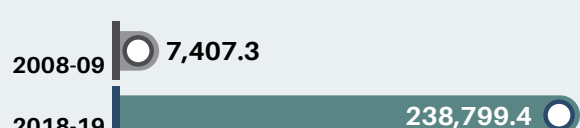
Profit before tax (₹Lakhs) **+357%↑**



Profit after tax (₹Lakhs) **+359%↑**



Net worth (₹Lakhs) **+431%↑**



Market capitalisation (₹Lakhs) **33 times↑**

Input

**Financial Capital:**

The Company aims to bring more value to its customers, investors, employees and the society in general, in order to better position themselves for growth and fulfil their strategic ambitions. This has led them to deliver strong economic value for their investors.



- 0.52 times Debt to Equity ratio
- ₹ 59,858 Lakhs Consolidated Net Worth

Manufacturing Capital:

Manufacturing capital at Sudarshan has played a vital role in building its core competency. Sudarshan has two state-of-the-art manufacturing plants at Roha and Mahad, a dedicated R&D site at Ambadwet near Pune with strong technical capabilities that serve as important assets, resulting in best quality products for its customers.



- 2 Manufacturing Facilities
- 800+ Quality Tests
- 4,000+ Product Specifications
- Sword of Honour by British Safety Council

Human Capital:

For Sudarshan, the employees are their key success drivers. Their combined knowledge, skills, efforts and experience form the human capital for the Company.



- 900+ Employees as on 31st March, 2019

Intellectual Capital:

This capital refers to the intangible assets in the form of Research and Development (R&D). They are critical in the value-creation process as they help in building efficiency, competency and innovation capabilities.



- ₹1,857 Lakhs R&D spend for the year 2018-19
- Lean & Six Sigma Certifications
- 100+ Scientists & Technical Resources
- 3 Labs NABL accredited and DSIR approved
- Established Lab in Germany

Natural Capital:

Natural capital is a great contributor towards Sudarshan's success. Sudarshan believes in building a great ecosystem within and outside the organisation. The step towards sustainability relationship with all its stakeholders, internal and external, as well as direct and indirect.



- 2 Windmills → 2.1MW/hour each
- Co-gen (Plant) → 50tonnes/hour (Steam) → 8MW/hour
- Solar power → 365 Kw installed, 1120 Kw in process
- Modern Water Treatment Facility
- CSR spent → ₹ 239.5 Lakhs

The Business Model

At Sudarshan, the road ahead for the business is thoughtfully crafted over a long period of more than sixty years. Initial phase of journey formed the strong foundation for the business. The Company was mainly an India-focussed company, the next phase took the big leap in terms of everything – Research and Development, infrastructure and technological upgradation. The next leap of evolution helped the Company go global and created footprints overseas.

The Company's business model is driven by five core capitals that accelerate the stakeholders' value-creation.

PROCESS

Vendor / Supplier



Raw material



Processing and packing



Logistics



Distribution



Consumer



Society / Community



pg 28

Outlook



Resources



pg 14



pg 6



Strategies



pg 18



Performance



Risks



pg 30



Output



- Revenue - ₹ 143,286 Lakhs
- EBITDA - ₹ 20,815 Lakhs
- PAT - ₹ 8,653 Lakhs
- RoCE 15.11%
- EPS ₹12.50

- World class products
- Zero defect

- Exemplary delivery performance
- 400+ Employees trained in this year
- 50+ Workshops conducted for skill upliftment
- Six sigma trained employees

- Co-gen plant - 50 tonnes / hr of steam, 8 MW / hr
- 2 Windmills - 2.1 MW each
- Effluent treatment - Best water treatment facility

Outcome



- Robust financial management
- Domestic leadership in pigments
- Fourth largest Pigment manufacturer globally
- Built efficiencies and stronger productivity per employee
- Successfully built range of innovative products for coatings, inks, plastics and cosmetic industries
- Coal consumption and CO₂ emission reduction
- Maintains better than industry benchmark chemical oxygen demand (COD) and biochemical oxygen demand (BOD)
- Treatment plant's output is sold to increase COD and BOD measures in various industries
- Ecological balance and biodiversity

The Catalysts

OUR CAPABILITIES

People – our pride



- Sudarshan is backed by a strong technical team that comprises more than 100 team members
- The panel also includes a group of global experts who are dedicatedly involved in the process of enhancing Sudarshan's competency
- Sudarshan also boasts of brains that share expertise in the fields of analytics and application labs
- Best in industry workforce in manufacturing, research & development and customer service

Infrastructure – our potential

- Our laboratories are certified by the National Accreditation Board for testing and calibration laboratories and recognised by DSIR
- With a well-diverse manufacturing potential, Sudarshan has invested more than \$5 million in R&D infrastructure
- Sudarshan is also equipped with state-of-the-art equipment for characterisation and composition analysis
- The infrastructure has the ability to handle crystal modification and surface treatments
- It also features ability to ensure reproducibility in end application
- Established laboratory in Germany



Technology – our strength



- The process includes conducting over 800 tests which guarantee over 4,000 specifications for product consistency
- Sudarshan follows a stage gate process for research and development
- DOE approach to solutions

Wide Product Portfolio – our unique proposition

Sudarshan pledges to enhance its product portfolio. With right minds and advanced infrastructure in place, the Company is poised to add products that will drive the future growth. This list includes:

- Organic Pigments
- Inorganic Pigments
- Effect Pigment



Application Focus – our driver of growth



Being driven by products that find their application in end user industry, Sudarshan's efforts are directed towards expanding base for its products application and thereby building a substantial product portfolio. Thus, Sudarshan continues to focus on:

- Decorative coatings
- Plastics
- Automotive coatings
- Industrial effects
- Cosmetics

Focussed on enhancing global presence, cost leadership and new product / business development.

Geographic Presence – our direction

Every business plans to market itself perfectly to the world, so does Sudarshan. After building product portfolio and expanding its reach in application industry, Sudarshan's third priority in the list includes global reach. This will not only aid in spreading footprints, but will also help in reaching out to its prime goal. Sudarshan plans to strengthen its hold in the geographies of:

- The US
- EMEA
- Asia Pacific



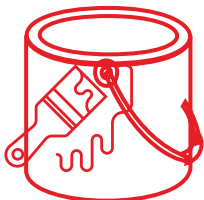
Colours of Our Palate

At Sudarshan, a wide range of pigments are manufactured that find their application across industries like coatings, plastics, inks and cosmetics. Serving a broader spectrum of palate, Sudarshan manufactures pigments in Organic, Inorganic and Pearlescent category.



THE KEY CUSTOMER INDUSTRIES

Coating Industry



Coating industry remains the prominent focus area for the Company as it is expected to give the Company a very high growth. Company intends to grow its market share multi-fold. Automotive and decorative are the segments from which a major growth is envisaged. Serving a large portion of the industry, Sudarshan manufactures high performance pigments and special effect pigments which help the coat gain its perfect texture.

Plastic Industry



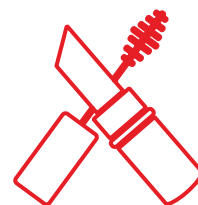
Sudarshan is the market leader in this industry, offering a wider spectrum of colours and pigment grades. Its vast experience in the industry has helped it to process every bit of information and build a strong and detailed knowledge of the industry. This helps it enjoy the leadership position in multiple geographies. Sudarshan manufactures a wide range of colours with high performance pigments for plastic applications.

Inks



Ink includes an ocean of products and categories. Sudarshan aims at leveraging its expertise in this field and focus on niche application areas of the industry. This includes offset and liquid ink segment. This will help Sudarshan in building competency and strong hold in the market. Sudarshan manufactures general purpose and high performance pigments for inks industry.

Cosmetics

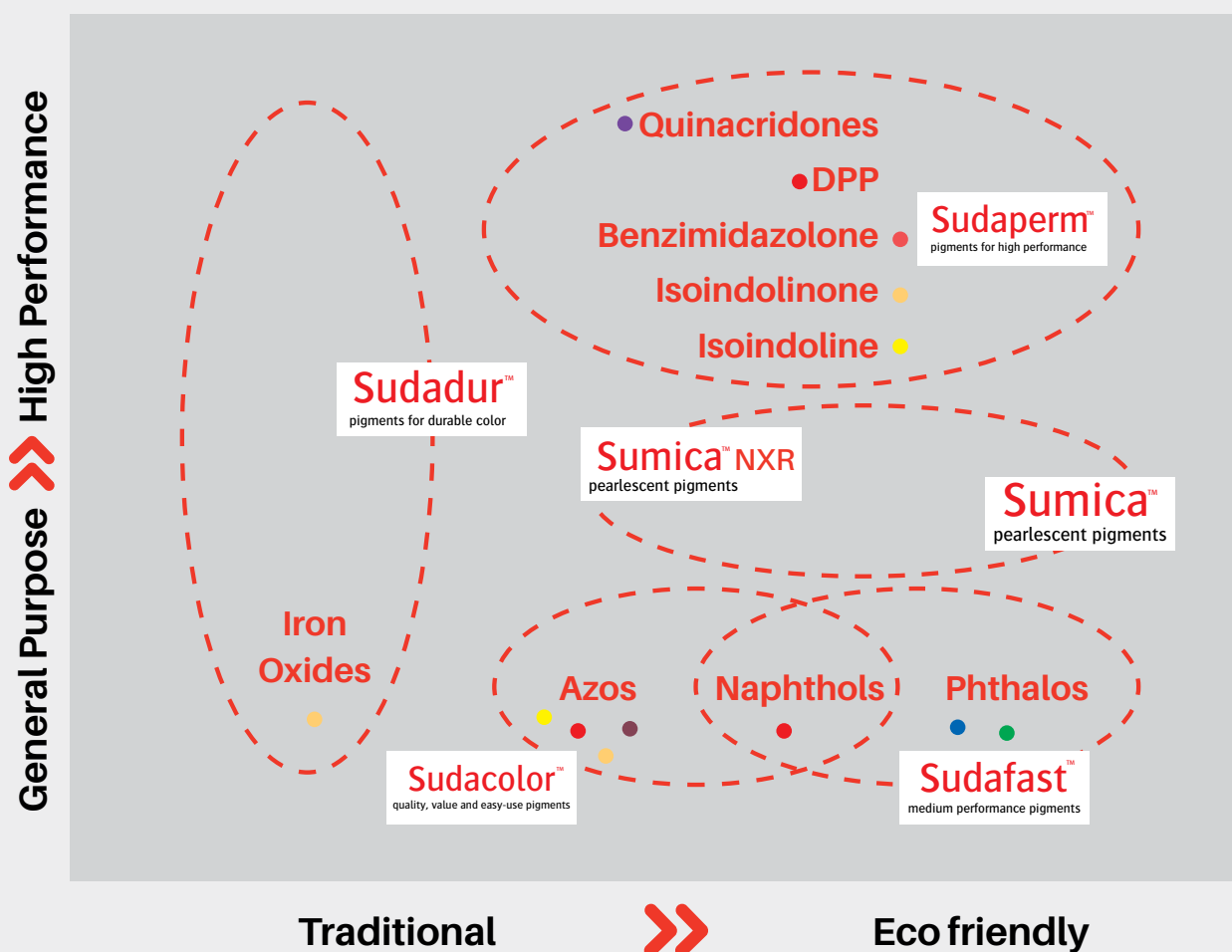


This industry has a proven track record of growth over the years. It also proves to be an industry of significant growth for Sudarshan's strategic progress. Knowing this, Sudarshan is in the process of continuously building capabilities in this end application space. It manufactures effect pigments for cosmetics and personal care applications.

OUR BRANDS

Sudarshan's strategy of diversified product range enables its brands to cater the complete range of end application. Through this, Sudarshan is able to build a robust product portfolio which serves and boosts performance of a series of end application industries.

Our market and positioning



Sudaperm™

pigments for high performance

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



Sudafast™

medium performance pigments

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

Sudacolor™

quality, value and easy-use pigments

A well-designed range of Organic pigments that provides the best combination of quality, value and easy-use.



Sudadur™

pigments for durable color

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



Sudafine™

easy-to-use stir-in pigments

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

Sudatex™

pigments dispersions for textiles

A carefully selected range of concentrated water-based dispersions, ideal for the surface and through coloration of textiles.



Sumica™

pearlescent pigments

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

Sumicos™

pearlescent pigments

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



The Sudarshan Metamorphosis

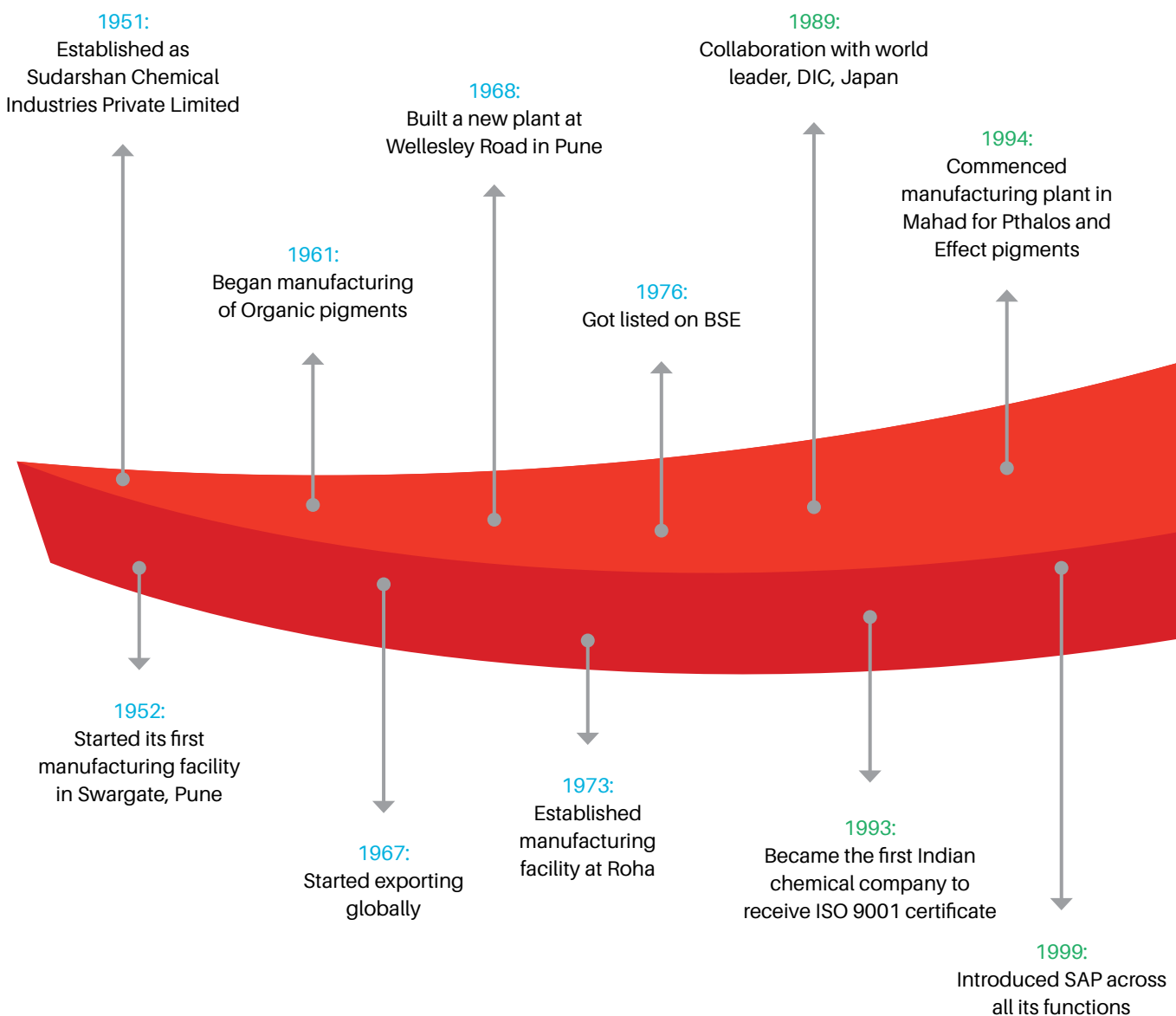
The evolution journey from a local player to a global player...

The strategy planning process stems from the mission of serving the society through science. It is tied to their vision to be a sustainable Company with deep customer insights, and engaging relationships with all stakeholders across.

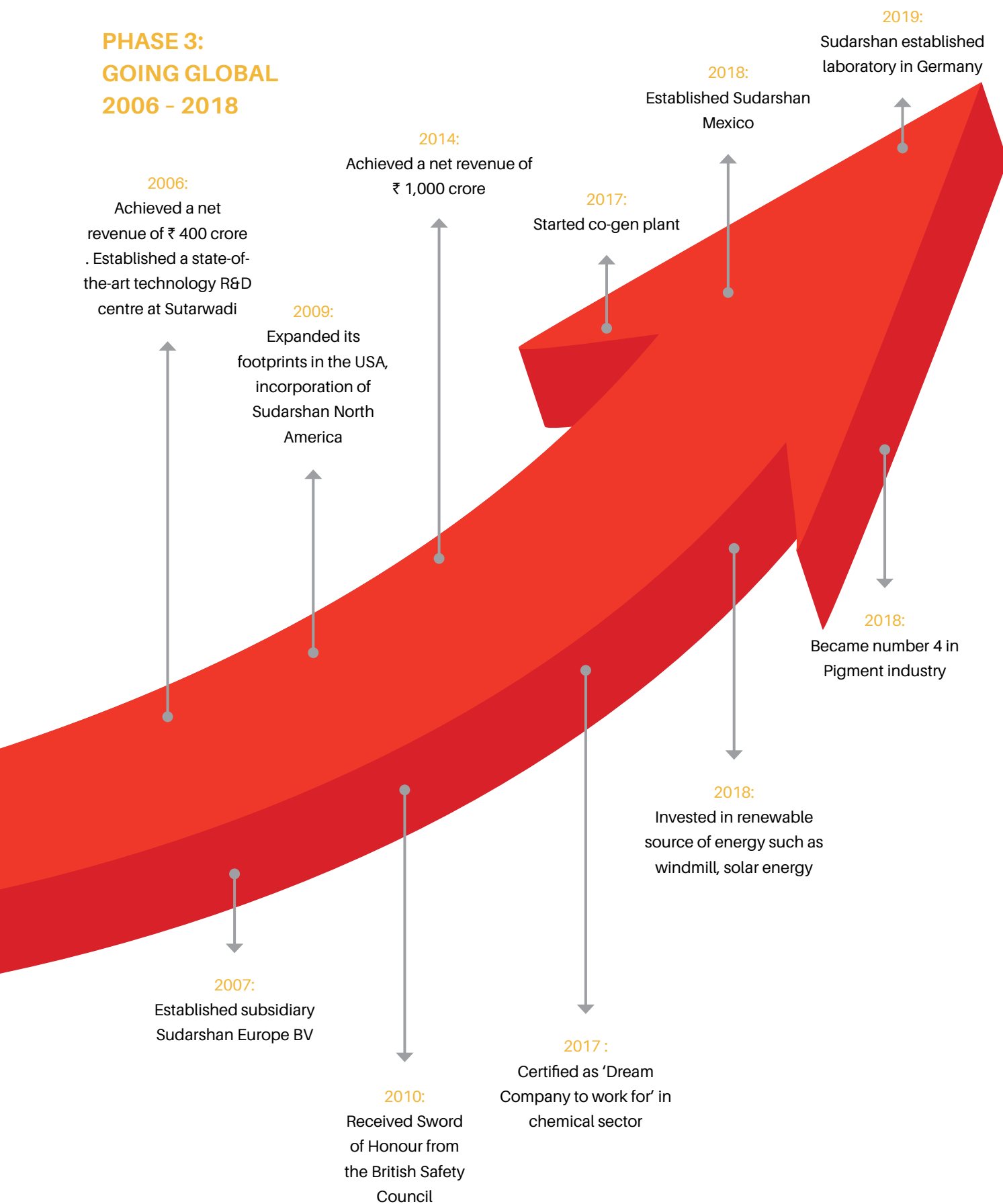
This process is the key driver of organisational sustainability and growth. It provides a mechanism to track changes externally and internally.

PHASE 1: ESTABLISHING THE BUSINESS 1951 - 1988

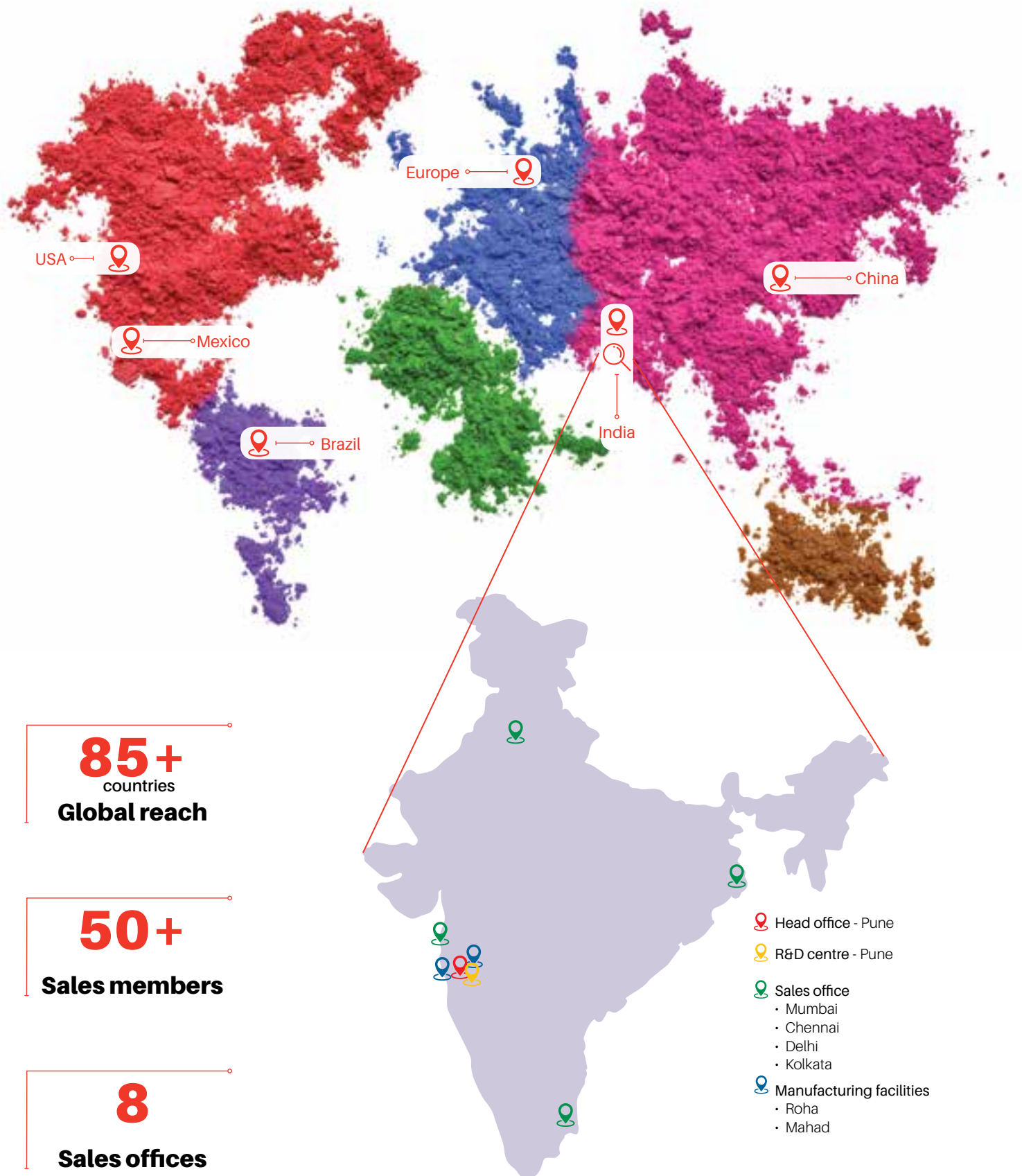
PHASE 2: TAKING NEXT LEAP IN TECHNOLOGY 1989 - 2006



PHASE 3: GOING GLOBAL 2006 - 2018



Colouring the Whole World



Managing Director's Message

Dear Shareholders,

Great companies are always built on aspirations. In 2008, we aspired to be the fourth largest Pigments producer globally. Today, we have achieved it. For us, aspirations have always been more than just words on paper. The organisational goals are clearly reflected in our mission, vision, values and priorities. These aspirations, in turn, serve as a guide for all the employees and other stakeholders involved with the Company. In this Annual Report, I would like to share our key differentiators and strategies **to be amongst the top 3 Pigment producers globally** and become a Tier 1 market leader in the Pigments industry over the next five years.

USD
5 Bn

**Global organic
pigment market**

USD
200 Mn

**Sudarshan
revenue**

nearly 2% share



The global organic pigment market size is about 5 bn USD. (est.) and our sales is about 200 mn. USD.

Given this context, we have a huge potential to grow our market share, for which we are working towards expanding our product portfolio, keeping our focus on key application industries and enhancing our reach in the global market.

Performance snapshot

During 2018-19, our performance around key financial KPIs on Consolidated basis was as follows

1. Revenues of ₹ 145,315 Lakhs, 11% increase over the previous year
2. EBITDA of ₹ 21,082 Lakhs, 13% increase over the previous year

The year was spent in building the right capabilities, there have been recruitments at key leadership positions, capacities have been improved and strategic initiatives have been undertaken across multiple areas.

However, the year posed its own set of challenges in the form of high volatility in raw material pricing and plastic ban across several states, impacting our growth. Further, high amount was incurred in this year in building the capabilities to reach our long-term aspirations. Despite the challenges, we launched many new products during the year and retained our leadership position with 35% market share in the domestic market. We also export products to over 85 countries across globe.

At Sudarshan, we are competitively placed with strong leadership in the domestic market. We aspire to increase our market share in the global market, tapping into new applications and customer segments. In line with this aspiration and to focus on our core, we are going through restructuring activities and divested our noncore businesses in last two years.

The differentiation strategy - enabler of our leadership

At Sudarshan, our differentiation strategy focuses on creating a long-term perceived value among current and potential customers. Our technology-

driven approach and application know-how helps us achieve the desired result. It also leads to manage cost-efficient processes while seamlessly utilising our assets, building capacities and developing newer products. Quality consistency is another big area that we are known for. As we are expanding, maintaining consistency with minimum lead time,



The global organic pigment market size is about 5 bn USD. (est.) and our sales is about 200 mn. USD.



makes a lot of difference, creating a perception that there's simply no substitute available in the market. We also lay special emphasis on R&D towards identifying and developing new products that have enhanced our market share. Over the past 3 years, we have invested ₹ ~1700 Lakhs every year on R&D towards driving new product development.

People and culture - heart of our organization

A corporate aspiration is a key to the continuity and organizational morale of the company. We have created an economic and cultural value that is necessary for reliability, sustainability and continuity in our organization. Together, these efforts have brought a wave of change with high energy execution to transform the organization. I am encouraged by the strong show of support from our dedicated workforce led by the senior leadership team. We have also implemented the principles of Good Corporate Governance for creation of greater value and stronger perception about the Company.

The Company is working with a tier I consultant to adopt industry-leading practices, create long term vision, strategies, implement and execute through the prestigious project 'LEAP'.

Beyond business - community well-being and environmental sustainability

The Company has carried out various Corporate Social Responsibility (CSR) programs since its inception, long before the importance of corporate CSR came into picture. We have implemented several CSR initiatives through our dedicated program - 'Sudha'. The movement aims at creating better living standards and environment for people within and around the organization. It aspires to create better future for local communities through its activities in four focus areas of women empowerment, education, environment and community health.

Besides community, we also extend equal efforts towards maintaining an ecological balance in the environment. We have initiated several activities in the form of setting up of co-generation plant, investing in alternate/renewable forms of energy like wind & solar, operating modern effluent treatment plants, implementing water conservation techniques and recycling of resources and enhancing the green cover for healthier and pleasant surroundings.

Future aspirations - ready for a leap

We are now entering the fourth and the most exciting stage of our journey with a vision of becoming third largest pigment producer globally and a tier I manufacturer. We shall focus on implementing deep market penetration strategies in paints, plastics and cosmetics segment. We are also exploring possibilities of entering new businesses. We shall further take technology-led product innovation to the next level by adding newer product segments and expanding existing portfolio. Besides, will also explore new export markets in South East Asian, Korean and Japanese regions.

We are now entering the fourth and the most exciting stage of our journey with a vision of becoming third largest pigment producer globally and a tier I manufacturer.

Closing thoughts

I would like to extend my heartfelt thanks and appreciation to the Board of Directors and all the employees for their strong teamwork and dedication in working with a shared vision and harmonious steps along with the Management of the Company. Thank you to our shareholders for continued confidence in the Company. Likewise, to channel partners, bankers, industry associations and other stakeholders that have supported and contributed to the Company's evolution over the years. The Company aspires to build a stronger foothold in the Pigments industry globally, and we will do our best to maintain your trust and confidence.

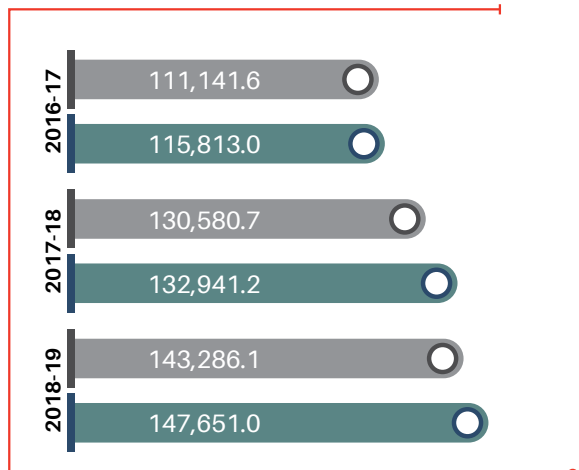
Best Wishes,

Rajesh Rathi

Managing Director

Performance Highlights

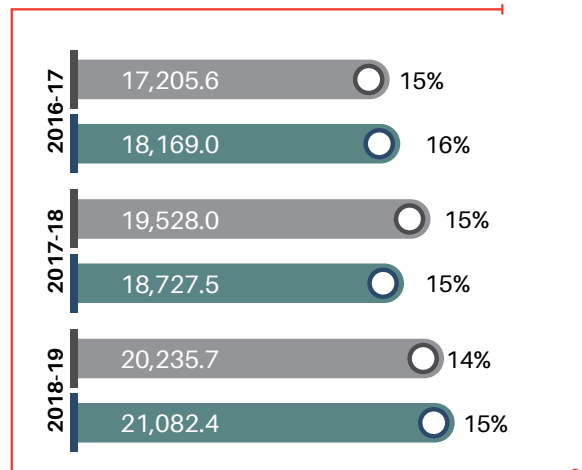
Revenue from operations (Excluding Excise Duty) (₹ Lakhs)



CAGR

Standalone 9% Consolidated 8%

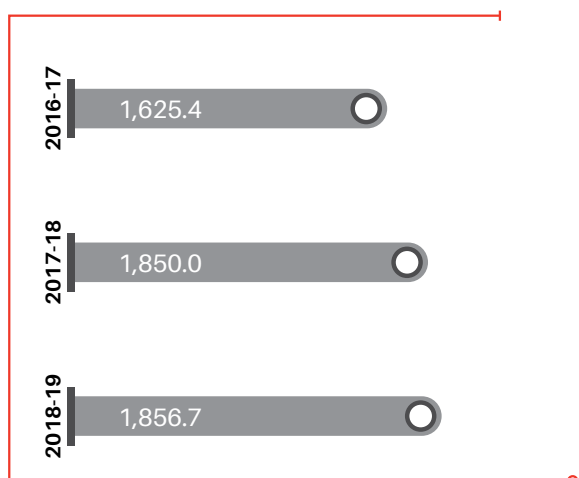
EBITDA (₹ Lakhs)



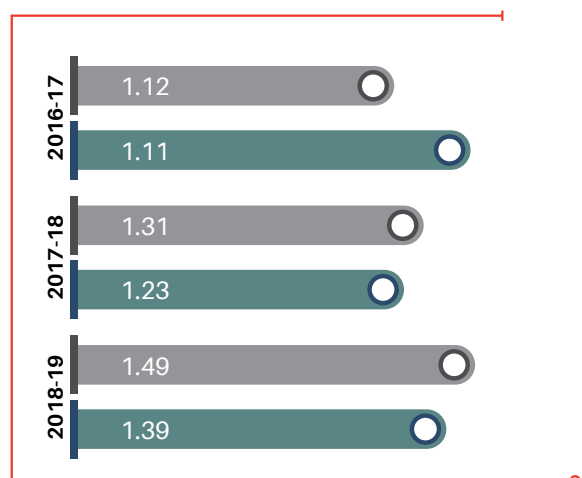
CAGR

Standalone 6% Consolidated 5%

R&D expenditure (Including capex) (₹ Lakhs)



Current ratio



● Standalone ● Consolidated

Living by our values

Living by our values

Sudarshan strives to enhance value creation in society and in the local communities in which it operates through its services, conduct and initiatives.

CSR VISION

Wholesome sustainable growth of each member of the community around Sudarshan plants

CSR MISSION

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

OBJECTIVES

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



FRAMEWORK OF SUDHA



Women Empowerment

Paper bag project

- Targeted 500+ women covering more than 8 villages in the vicinity
- Trained them on making different kinds of paper bags
- Supplied raw material at a very nominal cost
- Helped them to find a market to sell their bags
- Provided complete logistic support
- Provided training on soft skills like marketing, personality development
- Increased average monthly income by ₹ 1,500
- Monthly capacity - 2 Lakh bags

Stitching project

- Trained on basic & advanced stitching
- Average income ₹ 1,500 per head





Health and Community Development

Eradication of Anaemia

- Creation of awareness on the importance of health, hygiene, nutritional balance
- Sponsored check-up camps and medication

Drinking water facility for school & community

- Water purifiers distribution in 38 rural schools of Roha, Mahad and Sutarwadi

Water facility in remote village

- Arrangement of drinking water for 250 villagers of village 'Gawaliwada', around 250 of livestock is also benefiting from this
- Migration of farmers stopped post completion of this activity

Swatch Bharat Abhiyan

- Worked with Government bodies on this project
- Donated towards toilet facilities at Adiwasi and Zila parishad girls schools
- Construction of community toilets
- Cleanliness drives in villages
- Nirmalaya collection during Ganapati festival
- Under CSR intervention, Dhatav village has been awarded 3rd prize in a state for clean & beautiful village

Ideal village project

- Integrated development across multiple areas (personal, economic, social, human) in collaboration with Karve Institute of Social Sciences
- Initiated this project in 10 villages.
- Transformation project while still keeping the soul of rural India alive



Education

Seva Sahyog

- Tie-up with the slums in Pune city and adopted 5 Abhyasikha for the children

Teach for India

- Enhance child development, health and vocational education

Set up computer lab in JM Rathi School

- Benefits more that 2,000 students

Others

- Setting up e-learning set in 14 rural School
- Developed infrastructure of Anganwadies, ZP school in rural Area
- Constructed new Anganwadi for Shel Tribal Community
- Started remedial classes for tribal Children
- Increase in enrolment numbers of students





Environment

Development of an integrated and environmentally sound waste management system

- Contribution to the overall sustainability of the area
- Improvement of overall waste management in the area
- Increased recycling levels and reduction due to treatment of organic waste at source in houses

Organic Farming

- Helped 150 farmers to get healthy harvests and improved soil fertility
- Trained farmers in Vermi-composting, Green manuring, Input production on farm, Botanical pest repellent herbs, Support-seed treatment, raised bed nursery
- Development of farmers' skills for producing vermi-compost and implementing sustainable agricultural practices
- Reduction of approximately 30% in purchase of inorganic fertilizer
- Increase in the paddy quality, seed quality, soil fertility and water holding capacity



Community Development

- Livelihood generating activities
- Community infrastructural projects
- Community bonding activities
- Projects of 'Clean Roha Healthy Roha' and Mahad



Board of Directors

Mr. Pradeep R. Rath

(Chairman)

Mr. Pradeep R. Rath, Chairman of the Company, has completed his MS in Chemical Engineering from MIT, USA and M.B.A. from Columbia University, USA. He has been associated with the Company for more than three decades.

Mr. Rajesh B. Rath

(Managing Director)

Mr. Rajesh B. Rath, Managing Director of the Company, has completed his B. E. Mech. Engg. from MIT, Pune, B. Sc. Chem. Engg. from Ohio University, USA and M.B.A. from Pittsburgh University, USA. He has been associated with the Company for more than two decades.

Mr. Ashish Vij

(Whole-time Director)

Mr. Ashish Vij, Wholetime Director has completed his BE (Chemical) UDCT, from Punjab University. He is a certified Six Sigma Black Belt and Lean Practitioner from Uniworld, USA and Breakthrough Management Group India. He has also completed Strategy Intervention Programme from the Strategy Academy of Mr. Ranjan Das (Strategy Prof. of IIMC) Mr. Vij has been associated with the Company for more than fifteen years.

Mr. Narayandas J. Rath

(Non-Executive Director)

Mr. Narayandas J. Rath has completed his M. Com from University of Pune and M.B.A. from USA. He has been associated with the Company for more than five decades.

Mr. Shrikrishna N. Inamdar

(Non-Executive, Independent Director)

Mr. Inamdar stood first in the first class in the B. Com examination of Pune University, and also first class first in the L.L.B. examination of Mumbai University and won Gold Medal. He is retained by several Industrial Groups as a Tax Consultant. Mr. Inamdar is a leading Advocate and an expert in Income Tax matters.

Mr. Dara N. Damania

(Non-Executive, Independent Director)

Mr. Damania has a degree in Mechanical Engineering from College of Engineering, Pune and is a renowned technocrat.





Mr. Subramanian Padmanabhan

(Non-Executive, Independent Director)

Mr. Padmanabhan has completed M. Sc. (Physics) from Delhi University and Bachelor of General Law from Mumbai University. He 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. Padmanabhan, has wide experience in setting up of industrial projects, finance and administration.

Mr. Sanjay K. Asher

(Non-Executive, Independent Director)

Mr. Asher is a Fellow member of the Institute of Chartered Accountants of India (ICAI) and a Commerce and Law Graduate from Bombay University. He is a Senior Partner of M/s. Crawford Bayley & Co., Mumbai.

Mrs. Rati F. Forbes

(Non-Executive, Independent Director)

Mrs. Forbes is a Graduate in Psychology and Sociology from Bombay University and has further completed special courses on Women in Leadership, Human Resources and Organisational Behaviour and Social Entrepreneurship and Philanthropy from IIM Ahmedabad and Stanford University. She has also completed her Masters in Sustainability Leadership & Management from Cambridge University, UK.

Mr. Naresh T. Raisinghani

(Non-Executive, Independent Director)

Mr. Raisinghani is the CEO and Executive Director of BMGI, India, which is engaged in providing Consultancy Services to the reputed Corporate Houses. He has done his Management from Harvard Business School in the Owner / President Management Program and his Bachelors in Mechanical Engineering from the University of Mumbai.

Mrs. Shubhalakshmi A. Panse

(Non-Executive, Independent Director)

Mrs. Panse has completed her M. Sc., D.B.M. (Diploma in Business Management), MMS (Masters in Management Sciences with specialization in Financial Management) from Pune University and MBA (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).

Dr. Deepak Parikh

(Additional (Independent) Director w.e.f. 1st April, 2019)

Dr. Deepak Parikh has Ph.D. degrees in Polymer Science and Engineering from the University of Tennessee, USA, and in Materials Science and Engineering from the University of Utah, USA. He has also completed his B. S. in Chemical Engineering from the Institute of Chemical Technology (UDCT) in Mumbai, India. He has an experience of more than twenty years in specialty chemicals, commodity plastics, chemicals and materials.

Awards and accolades

EXPORTS



- 2017-18 - ECGC Indian Exporters' Excellence Awards 2017 under the category 'Most Socially Responsible Exporter'
- 2016-17 - DMAI Award - Excellent performance in the field of exports of pigments, large scale unit, awarded by the Dyestuffs Manufacturers Association of India

SAFETY



- 2017-18 - Awards from National Safety Council - Maharashtra Chapter
- 2017-18 - Dyestuffs Manufacturers Association of India Award - Excellent Performance in the field of Pollution Control, Large Scale
- 2017-18 - Dyestuffs Manufacturers Association of India Award - Second for Excellent Performance in the field of Safety & Hazards Control by a Large Scale Unit
- 2017-18 - Dyestuffs Manufacturers Association of India Award for Energy Conservation Initiative

HUMAN RESOURCES



- 2018-19 - Golden Peacock HR Excellence Award
- 2017-18 - Best Employer Brand Innovation in Recruitment
- 2016-17 - Dream company to work for in Chemical Sector

CSR



- 2018-19 - Received Global CSR Award 2019 in Gold Category for an outstanding achievement in implementing CSR Programme for strengthening core business with social commitment.
- 2018-19 - Global Waste Management Award
- 2017-18 - India CSR Award CSR Community Initiative Sustainable Village Waste Management, Environment

Corporate Information

Composition of the Board

Name of the Directors	Designation
Mr. Pradeep R. Rathi	Chairman
Mr. Rajesh B. Rathi	Managing Director
Mr. Ashish Vij	Wholetime Director
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. Rathi F. Forbes	Non – Executive, Independent Director
Mr. Naresh T. Raisinghani	Non – Executive, Independent Director
Mrs. Shubhalakshmi A. Panse	Non – Executive, Independent Director
Mr. Narayandas J. Rathi	Non – Executive, Non - Independent Director
Mr. Ajoy B. Rathi	Non – Executive, Non - Independent Director
	(Resigned w.e.f. 1 st May, 2019)
Dr. Deepak Parikh	Additional Director (Independent) (w.e.f. 1 st April, 2019)

Composition of Committees of the Board

Audit Committee

Mrs. S.A. Panse – Chairperson (Appointed w.e.f. next meeting of committee)

Mr. S.N. Inamdar (stepped down as chairman on 24th May, 2019)

Mr. D.N. Damania

Mr. S.K. Asher

Stakeholders' Relationship Committee

Mr. S.K. Asher – Chairman

Mr. P.R. Rathi

Mr. N.J. Rathi

Mr. R.B. Rathi

Nomination and Remuneration Committee

Mr. D.N. Damania – Chairman

Mr. S.N. Inamdar

Mr. S.K. Asher

Mr. N.T. Raisinghani

Mrs. R.F. Forbes

Corporate Social Responsibility Committee

Mrs. R.F. Forbes – Chairperson

Mr. P.R. Rathi

Mr. R.B. Rathi

Finance Committee

Mrs. S.A. Panse – Chairperson

Mr. S. Padmanabhan

Mr. P.R. Rathi

Mr. R.B. Rathi

Mr. S.K. Asher

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

Key Managerial Personnel (KMP) of the Company

Name of the KMP	Designation of KMP
Mr. R.B. Rath	Managing Director
Mr. A. Vij	Whole-Time Director
Mr. V.V. Thakur	Acting CFO
Mr. M.M. Velankar	Company Secretary and Compliance Officer

Composition of the Board – Subsidiary Companies

RIECO Industries Limited

Mr. Vikas R. Bhatia – Managing Director (w.e.f. 3rd May, 2019)

Mr. Pradeep R. Rath

Mr. Rajesh B. Rath

Mr. Narayandas J. Rath

Mr. Dara N. Damania

Mr. Ajoy B. Rath (Resigned w.e.f. 1st May, 2019)

Sudarshan CSR Foundation

Mr. Pradeep R. Rath – Chairman

Mr. Rajesh B. Rath

Sudarshan North America Inc., USA

Mr. Rajesh B. Rath – Chairman and Managing Director

Mr. Frank Bursch

Sudarshan Europe B.V., The Netherlands

Mr. Rahul P. Rath – Chairman and Director

Mr. Milan Krumbe

Mr. V. Bembaron

Sudarshan Mexico S de R. L. de CV

Mr. Rajesh B. Rath – Chairman and Director

Mr. Jovany Lopez

Sudarshan (Shanghai) Trading Company Limited

Mr. Rajesh B. Rath

Mr. Ashish Vij

Mr. Sachin Uttekar

Management Discussion and Analysis

A) GLOBAL ECONOMY

As reported by the International Monetary Fund (IMF) in April 2019, the global economy grew at 3.6% in 2018. The growth momentum was sustained in the first half of 2018, buoyed by a strong fiscal expansion in the US. The improvement was also driven by accelerating growth in developed economies, a steady performance in East Asia and recovery from recession in several developing and transitioning economies.

However, the economic expansion gradually softened during the year, with financial market volatility and economic policy uncertainty. The latter half witnessed widespread slowdown owing to the US-China trade tensions, credit tightening in China, economic turmoil in other developing countries. Further, weakness in auto sector, fluctuating crude oil prices and higher interest rates added to the sluggish growth. Industrial production decelerated particularly for capital goods with weakened global trade from its peak in late 2017.

Reflecting the slowdown in activity, IMF has projected global growth to moderate from 3.6% in 2018 to 3.3% in 2019. In the US, growth is expected to decline to 2.3% in 2019 with the unwinding of fiscal stimulus. Growth in the Euro area is set to tick down from 1.8% in 2018 to 1.3% in 2019. While emerging market and developing economy group is expected to grow at 4.4% in 2019. However, with accommodative stance by major central banks globally, the global economy is expected to recover from second half of 2019.

B) INDIAN ECONOMY

India continued with its recognition of 'world's fastest growing economy' for second year in a row. The Indian economy recorded a growth rate of 6.8% during 2018-19 compared to 6.7% in the previous fiscal. The first half of the year displayed an impressive growth rate with steady investments and robust private consumption along with important structural reforms. (Source: The Economic Times)

However, the growth momentum moderated in the second half owing to declining manufacturing activities, high crude oil prices, rising interest rates, rupee

depreciation, weak global and domestic demand and notable slowdown across major economies globally. The liquidity crunch in the financial services sector further added to the weakening activity as it affected consumption finance.

Industrial production for FY 2018-19 grew at 3.6%, lower than the growth of 4.4% in the previous fiscal. On a year-on-year basis, the eight core industries displayed a steady growth at 4.3% in FY 2018-19 as compared to the previous year. The real estate sector faced challenges in adapting to a rapidly changing regulatory environment with implementation of Real Estate Regulatory Authority (RERA) Act and Goods and Service Tax (GST) in the previous two years. The liquidity tightening impacted the pace of infrastructure and construction activity in the country.

Meanwhile, India's GDP growth is estimated at 7% in 2019, underpinned by robust private consumption, a gradually more supportive fiscal stance, benefits from previous reforms and stable Government. However, volatile crude oil prices, weaker currency and sluggish domestic demand may hamper the growth expectations in the future.

C) INDUSTRY OVERVIEW

Pigment industry

Overview

The global colour pigments market is expected to have touched USD 10 billion in 2015. The Organic segment comprises of larger pie in the global colour pigments market, while coatings and plastics dominated the application segment in the overall pigments market. The growth is attributed to the increasing demand of coatings and plastics industry, which shall be responsible for accelerating product demand in the coming years.

The global pigment industry is broadly categorised as follows:

1. Organic pigment
2. Inorganic pigment
3. Effect pigment

Management Discussion and Analysis

Organic Pigment

Globally, the Organic pigments market is estimated at USD 5 bn. and is expected to grow at a CAGR of ~3% for the next 1-2 years driven by coatings and plastics segments. This segment is expected to grow at a rapid pace during the forecast period owing to increasing demand for environment-friendly pigments.

Inorganic Pigment

Inorganic pigments market is estimated at USD 3 bn. globally, and is expected to grow at a CAGR of ~3-3.5% for the next 1-2 years. Its wide application areas across paints and coatings, plastics and construction materials will drive the future growth.

Effect Pigment

Effect pigments market is estimated at USD 2 bn. Globally, the market is expected to grow at a CAGR of ~3% over the next 1-2 years. Increasingly used in coatings for automotive, plastics and cosmetics as consumer preference is towards product differentiation and enhancing appearances. Automotive remains the largest end application as customers seek high performance coupled with visual appeal.

There also has been a growing adoption of Special Effect pigments in the cosmetics industry with applications across nail paints, eyeshadows and lipsticks.

Projected CAGR for the Global pigment industry, by major segment

Organic	Inorganic	Effect
~3%	~3-3.5%	~3%

Coatings

The automotive segment is expected to dominate the paint and coatings demand. The industrial coatings are further used during production processes by the automotive OEMs. The shift in trend towards glossy colours by automotive users is further expected to boost the paints and coatings demand from this segment. This would in turn translate into higher demand for pigments, in the coming years.

Plastics

High demand for packaging in developing countries is leading to increased consumption of plastic pigments. This demand is largely driven by the masterbatch

players, automotive industry, increasing significance of aesthetics in packaging, rising industrialization in emerging economies and strong demand for high-performance pigments are expected to drive global plastic pigments market during the forecasted period.

Inks

The printing inks segment is the largest application of the Organic pigments market. Plastic packaging of food & beverages, consumer goods and print media are the major industries driving this market. Besides, stringent Government regulations to use Organic pigments in food contact materials shall further drive the demand. At the same time, the growing digital printing sector is anticipated to fuel the demand for dyes in printing inks application.

Cosmetics

The cosmetics pigments market has been segmented based on application into facial make-up, eye make-up, lip products, nail products, hair colour products, special effect & special purpose products, and others. The increase in demand for root make-up products such as foundations and face powders is expected to drive the cosmetics pigments market in facial make-up. Apart from the earlier stated growth engines, aging population, rise of e-commerce as a distribution channel and better living standards are expected to drive the market growth.

D) BUSINESS OVERVIEW

Sudarshan Chemical is a globally renowned player in the pigment industry, manufacturing a wide range of Organic and Inorganic pigments and Effect pigments. It has state-of-the-art manufacturing facilities at Roha and Mahad, Dist. Raigad, Maharashtra. The Company has also set up an ultra-modern R&D facility at Ambedvet, Amravaladi, Dist. Pune. The Company's products find its application in the Coatings, Plastics, Inks and Cosmetics industries worldwide. The products are offered under the brands - Sudaperm, Sudafast, Sudacolor, Sumica and Sumicos. The Company's developmental focus is on high performance pigments, mainly for automotive coatings and engineering plastics. This will drive the future demand and will help the Company achieve its goal of being the third largest producer of pigments globally and a recognised TIER 1 supplier to the major industries.

Management Discussion and Analysis

E) OPERATIONAL AND FINANCIAL OVERVIEW

Standalone

The Company posted a strong revenue growth over the past year with an increase of 10% from ₹128,195.3 Lakhs in 2017-18 to ₹140,950.0 Lakhs in 2018-19.

The EBIDTA of the Company recorded an increase of 4% from ₹19,528.0 Lakhs in 2017-18 to ₹20,235.7 Lakhs in 2018-19.

PBT of the Company recorded an increase of 4% from ₹12,507.0 Lakhs in 2017-18 to ₹12,948.0 Lakhs in 2018-19.

Below are the key ratios and reason for their movement during the year –

	31 st March, 2019	31 st March, 2018	Note
Debtor Turnover (days)	90	84	
Inventory Turnover (days)	105	93	1
Current Ratio (times)	1.5	1.3	1 & 2
Interest Coverage Ratio (times)	9.9	5.9	
Debt Equity Ratio (times)	0.5	0.8	2
Return on net worth (%)	23.0%	30.4%	
Operating Profit Margin (%)	14.1%	15.0%	3
Net Profit Margin (%)	9.0%	9.6%	

1. The increase in inventory turnover days is on account of increase in the inventory portfolio and inventory kept keeping in mind larger geographies.
2. Movement in the interest coverage ratio, current ratio, debt equity ratio and return on net worth is on account of gains on divestment of its subsidiary (Refer Note No. 31 of Consolidated accounts for more details). Borrowings have been re-paid from the proceeds of the divestment which has also resulted in lower finance cost. Further the gain on divestment has been accumulated in reserves resulting in a higher net worth for 2019 while operating profits remain at similar levels.

3. Movement in the operating margin ratio and net profit margin is on account of increase in the raw material cost and higher fixed cost. The Company passes on the burden of higher raw material cost to the customer, but there is some time lag to pass on the entire increase.

Consolidated

On a Consolidated basis, the Company posted a strong revenue growth over the past year with an increase of 11% from ₹130,555.7 Lakhs in 2017-18 to ₹145,314.9 Lakhs in 2018-19.

On a Consolidated basis, the EBIDTA of the Company recorded an increase of 13% from ₹18,727.5 Lakhs in 2017-18 to ₹21,082.4 Lakhs in 2018-19. The EBIDTA margins rose 20 bps from 14.1% in 2017-18 to 14.3% in 2018-19.

On a Consolidated basis, PBT of the Company recorded an increase of 18% from ₹11,527.9 Lakhs in 2017-18 to ₹13,642.9 Lakhs in 2018-19. The PBT margins rose 50 bps from 8.7% in 2017-18 to 9.2% in 2018-19.

F) RISK AND MITIGATION

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

Management Discussion and Analysis

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 this program, the relevant parameters for all manufacturing sites are analysed 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.

H) HUMAN RESOURCES

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

Management Discussion and Analysis

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, 2019 was 964 as against 910 on 31st March 2018

I) INTERNAL CONTROL 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 the 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 of the 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.

J) CAUTIONARY STATEMENT

Certain statements under 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' 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.

Directors' Report

to the Shareholders - 2018-19

Your Directors are pleased to present the 68th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2019.

INDIAN ACCOUNTING STANDARDS:

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

1. FINANCIAL HIGHLIGHTS:

The Company's financial performance (from continuing operations) for the year ended 31st March, 2019 is summarised below (Refer Notes to the Audited Standalone Financial Statements).

(Rupees in Lakhs)		
Particulars	2018-19	2017-18
Revenue from operations (Refer Note No. 44 of the Standalone Financial Statements)	140,950.0	128,195.3
Earnings Before Interest, Tax, Depreciation and Amortization (includes other non-operating income)	20,814.9	20,606.8
Less: Interest	1,384.7	2,330.7
Less: Depreciation	6,482.2	5,769.1
Add: Exceptional Income	8,335.8	-
Less: Provision for Taxation	6,331.9	4,024.0
Profit After Tax	14,951.9	8,483.0
Add: Profit from discontinuing operations	203.9	319.7
Total Profit After Tax	15,155.8	8,802.7
Other Comprehensive Income	299.0	(59.6)
Total Comprehensive Income	15,454.8	8,743.1
Add: Surplus brought forward	22,691.5	18,364.7
Less: Transfer from OCI to Hedge Reserve	503.1	-
Net Profit available for appropriation	37,643.2	27,107.8
Appropriations		
1. General Reserve	1,500.0	1,500.0
2. Interim Dividend @ 125%	-	1,730.7
3. Final Dividend (pertaining to previous Financial Year)	692.3	692.3
4. Tax on Dividend	142.3	493.3
TOTAL	2,334.6	4,416.3
Surplus to be carried forward	35,308.6	22,691.5

2. (A) FINANCIALS:

Total Income from continuing operations for the year ended 31st March, 2019 aggregated to ₹143,865 lakhs as against ₹133,914 lakhs achieved during the previous year. Profit after tax from continuing operations for the year ended 31st March, 2019 was ₹8,653 lakhs as against ₹8,483 lakhs earned during the previous year.

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

On a Consolidated basis, your Company's Total Income for the year ended 31st March 2019 stood at ₹148,218 Lakhs, up by 9% as compared to ₹136,113 Lakhs in Financial Year 2017-18.

As on the date of adoption of accounts, the Agro Formulation Brand Business, Industrial Mixing Solutions Division (IMSD), the investment in Wholly Owned Subsidiaries, Prescient Color Limited and RIECO Industries Limited 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, 2019 amounted to ₹65,803 Lakhs as against ₹60,603 Lakhs for the previous year.

(C) OPERATIONS:

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

Directors' Report to the Shareholders - 2018-19

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

Shareholders are requested to refer **Annexure VII** for highlights of performance of abovementioned companies and their contribution to the overall performance of the Company during the year under review.

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

The Board of Directors of the Company, at its meeting held on 1st June, 2018, had decided to enter into a Share Purchase Agreement (SPA) with Americhem Inc. U.S.A., to sell the entire shareholding in its Wholly Owned Subsidiary (WOS), Prescient Color Limited for an 'Enterprise Value' of ₹11,700 Lakhs.

(B) TRANSFER OF AGRO FORMULATION BRAND BUSINESS:

The Company entered into a Business Transfer Agreement dated 16th July, 2018, for transfer of its Agro Formulation Brand Business on a going concern basis. The transaction was completed on 20th September, 2018, and the gain on sale amounted to ₹585 Lakhs.

(C) DIVESTMENT OF INDUSTRIAL MIXING SOLUTIONS DIVISION (IMSD):

The Board of Directors at its meeting held on 12th April, 2019, approved a proposal to enter into a definitive agreement with GMM Pfudler Limited (GMMP) to divest the Industrial Mixing Solutions Division (IMSD) of the Company. The consideration for the said transaction was approx. ₹29 Crore, which was subject to adjustment on account of trade working capital difference, and related items.

On 26th April, 2019, the Company completed the divestment, subject to closing adjustments, of its IMSD to GMMP on a going concern basis in terms of the definitive agreements executed between the parties.

4. DIVIDEND:

The Directors recommend the Final Dividend of ₹3.50 per Equity Share, (175%) and Special Dividend of ₹2.50 per Equity Share, (125%) for consideration of the shareholders at the ensuing annual general meeting.

Special Dividend has been proposed in view of the profit on sale of investment in Prescient Color Limited and divestment of Agro Formulation Brand Business of the Company. Together, the total dividend for the Financial Year 2018-19 amounts to ₹6.00 per share (300%) on the face value of ₹2.00 per share. The amount of dividend and the tax thereon aggregate to ₹5,007.6 Lakhs.

For the year ended 31st March, 2018, the dividend paid was ₹3.50 per share of ₹2 each (175%) and the total dividend and the tax thereon to the extent applicable aggregated to ₹2,917.7 Lakhs

The Dividend Distribution Policy of the Company is provided as **Annexure IX** to this Report.

5. FIXED DEPOSITS:

The Company's erstwhile Public Deposit Scheme was closed in the year 2015. There was no failure in making repayment of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of the said scheme. During the year under review, the Company has not accepted any deposit from the public / members pursuant to Section 73 and Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 134(3)(c) of the Companies Act, 2013, Directors of the Company, to the best of their knowledge and belief with respect to the Financial Year 2018-19, state that :

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss of the Company for that period;
- iii. the Directors had 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;

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- iv. the Directors had 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 were adequate and were operating effectively; and
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

7. CORPORATE GOVERNANCE:

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

A certificate from Auditors of the Company regarding compliance of conditions of corporate governance is given separately in this 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:

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the annual report of the top 500 listed entities based on market capitalization (calculated as on 31st March of every financial year), shall include a Business Responsibility Report (BR Report).

Since Sudarshan Chemical Industries Limited is one of the top 500 listed entities as on 31st March, 2019, the Company, as in the previous years, has presented its BR Report for the Financial Year 2018-19, which is part of this Annual Report.

10. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

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

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

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in Notes to Financial Statements forming part of the Annual Report.

11. AUDIT COMMITTEE:

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

As on 31st March, 2019, the composition of the Audit Committee is as under –

- a) Mr. S. N. Inamdar – Chairman
- b) Mr. D. N. Damania
- c) Mr. S. K. Asher
- d) Mrs. S. A. Panse

On 24th May, 2019, Mr. S. N. Inamdar stepped down as a Chairman and Mrs. S. A. Panse took over as a Chairperson of the Audit Committee with effect from the next meeting of the Committee.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the Financial Year 2018-19.

12. CORPORATE SOCIAL RESPONSIBILITY:

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

The Company has been carrying out various Corporate Social Responsibility (CSR) activities in the areas specified in terms of Section 135 read with Schedule VII of the Companies Act, 2013, and rules made thereunder.

The details of CSR activities undertaken by the Company are annexed herewith as **Annexure IV**. The CSR Policy of the Company is available on the Company's website at <http://www.sudarshan.com/perch/resources/csr-policy.pdf>

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13. RISK MANAGEMENT AND INTERNAL CONTROLS:

The 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 Listing 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 advice 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.

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

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

14. 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**.

The Succession policy of the Company for identification and selection of new Directors, Key Managerial Personnel and Senior Management in the event of vacancy, is available on the website of the Company at <http://www.sudarshan.com/perch/resources/board-diversity-remuneration-and-succession-policy.pdf>

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. P. R. Rathi, stepped down as the Managing Director of the Company and continues to be a Non - Executive Chairman with effect from 1st June, 2018.

Mr. R. B. Rathi, was appointed as a Managing Director from Dy. Managing Director, for a term of 5 (five) years with effect from 1st June, 2018.

Mr. A. Vij, was appointed as a Wholetime Director, for a term of 5 (five) years with effect from 24th May, 2018.

Mr. K. L. Rathi, Non-Executive, Non-Independent Director of the Company resigned as a Director with effect from 1st June, 2018. The Board places on record its appreciation of the valuable contribution made by Mr. K. L. Rathi during his tenure as a Director of the Company.

Mr. A. B. Rathi, Non - Executive, Non - Independent Director of the Company resigned as a Director of the Company effective 1st May, 2019, due to personal reasons. The Board places on record its appreciation of

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the valuable contribution made by Mr. A. B. Rathí during his tenure as a Director of the Company.

The Board of Directors, at its meeting held on 8th February, 2019, co-opted Dr. Deepak Parikh as an Additional Director (Independent) with effect from 1st April, 2019, until the conclusion of the ensuing Annual General Meeting.

The Board recommends the members of the Company to approve the appointment of Dr. Deepak Parikh as an Independent Director for a period of 5 (five) years from 1st April, 2019 by way of an Ordinary Resolution.

In terms of the provisions of the Companies Act, 2013, and the Articles of Association of the Company, Mr. N. J. Rathí, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting. He has expressed that his candidature should not be considered for re-appointment. It is, therefore, proposed that Mr. N. J. Rathí shall retire at the ensuing Annual General Meeting and the vacancy caused by his retirement will not be filled up. The Board places on record the excellent and enduring contribution made by Mr. N. J. Rathí during his association of more than 50 (Fifty) years in various capacities with the Company in its evolving years.

Mr. S. N. Inamdar, Mr. Dara Damania, Mr. S. Padmanabhan, Mr. Sanjay Asher and Mrs. Rati Forbes, Independent Directors on the Board of the Company are proposed to be re-appointed for a second term of 5 (five) years with effect from the date of ensuing Annual General Meeting i.e. 7th August, 2019. Approval of the shareholders is requested by way of special resolution for the re-appointment of Mr. S. N. Inamdar, Mr. Dara Damania, Mr. S. Padmanabhan, Mr. Sanjay Asher and Mrs. Rati Forbes as Independent Directors.

The Board has made the recommendation for above appointment / re-appointment of Directors based on the recommendation of the Nomination and Remuneration Committee (NRC). NRC has made this recommendation after ensuring that the none of the Directors seeking appointment / re-appointment is debarred from holding the position of a Director by virtue of any Order from Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any Regulatory Authority.

Details of the Directors seeking appointment / re-appointment including profile of these Directors, are given in the Notice convening the 68th Annual General Meeting of the Company.

Key Managerial Personnel:

In accordance with the provisions of Section 203 of the Companies Act, 2013, and rules made thereunder, following are the Key Managerial Personnel of the Company for the year ended 31st March 2019:

- a. Mr. P.R. Rathí, Chairman
- b. Mr. R. B. Rathí, Managing Director
- c. Mr. A. Vij, Wholetime Director
- d. Mr. Vivek V. Thakur, General Manager – Finance and Acting CFO
- e. Mr. Mandar M. Velankar, Deputy General Manager – Legal and Company Secretary.

Mr. P. S. Raghavan, Company Secretary retired from the services of the Company on reaching the age of superannuation with effect from 9th August, 2018 and Mr. Mandar Velankar was appointed as a Company Secretary and Compliance Officer with the designation 'Deputy General Manager – Legal and Company Secretary', a Key Managerial Person (KMP), with effect from 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) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations, 2015.

Further, the Board of Directors are of the opinion that the Independent Directors of the Company comply with the abovementioned provisions of the Companies Act, 2013, and Rules made thereunder, and SEBI Listing Regulations, 2015, and that the Independent Directors are independent from the management.

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.

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In compliance with SEBI LODR Regulations, 2015, the performance evaluation of all the Independent Directors has been done by the entire Board, excluding the Director being evaluated.

The Independent Directors of the Company met separately on 27th March, 2019 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 at <http://www.sudarshan.com/perch/resources/board-diversity-remuneration-and-succession-policy.pdf>

16. RECLASSIFICATION UNDER REGULATION 31A OF SEBI LISTING REGULATIONS, 2015:

During the year under review, in terms of provisions of Regulation 31A of the SEBI Listing Regulations, 2015, the Company has received the following requests for reclassification from "Promoter and Promoter Group" to "Public" category;

Sr. No.	Date of Request	Name of the shareholder(s)	No. of Equity Shares	% to Total Equity Shares
1	8 th Feb, 2019	Mr. Kishor L. Rath, Mr. Aruna K. Rath, Mr. Rohit K. Rath and Laxminarayan Finance Private Limited	68,73,520	9.93
2	6 th May, 2019	Mr. Ajoy B. Rath, Mr. Ajoy B. Rath (HUF), Mrs. Nisha A Rath and Mr. Manan A. Rath	46,28,330	6.69

The Board has analyzed these requests and the same have been put up for approval of shareholders by way of ordinary resolutions at the ensuing Annual General Meeting of the shareholders. For further details, please refer to the Notice convening 68th Annual General Meeting of the Company.

17. ISSUE OF EMPLOYEE STOCK OPTIONS:

At the 67th Annual General Meeting, the shareholders had approved the Scheme for issue of Employee Stock Options in terms of applicable regulations. During the year under review, the Company did not issue any options under the Scheme approved by the shareholders.

18. 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.

19. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Company believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly and effectively discharge its role of trusteeship in a manner that 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 viz. www.sudarshan.com.

The details of such familiarisation programmes are placed on <http://www.sudarshan.com/perch/resources/familiarisation-of-independent-directors.pdf>

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

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has complied with

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the provisions relating to the constitution of the Internal Complaints Committee under the said act. During the year under review, no complaint was received by the Internal Complaints Committee of the Company.

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

21. AUDITORS AND AUDITORS' REPORT :

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and rules made thereunder, B S R & Associates, LLP, Chartered Accountants, (Firm Regn. No.: 116231W/W-100024) were appointed as Statutory Auditors of the Company for a period of 5 (five) years i.e. from the conclusion of 66th Annual General Meeting, till the conclusion of the 71st Annual General Meeting of the Company to be held in 2022.

The Companies (Amendment) Act, 2017, has amended Section 139(1) of the Companies Act, 2013, effective from 7th May, 2018, whereby first proviso to Section 139(1) has been omitted which provided for ratification of appointment of Auditors by members at every Annual General Meeting.

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

22. COST AUDITOR:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the cost audit record maintained by the Company is required to be audited. The Board of Directors has on the recommendation of the Audit Committee, appointed M/s Parkhi Limaye & Co., Cost Accountants, Pune for conducting the cost audit of the Company for Financial Year 2019-20.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, resolution seeking members' ratification for remuneration to be paid to Cost Auditors is included in the Notice convening Annual General Meeting.

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

23. SECRETARIAL AUDIT AND SECRETARIAL STANDARDS:

M/s. Rajesh Karunakaran & Co., Company Secretaries, Pune, were appointed as the Secretarial Auditor of the Company for the Financial Year 2018-19 as per Section 204 of the Companies Act, 2013, and rules made thereunder. The Secretarial Audit Report submitted in the prescribed form MR - 3 is attached as **Annexure VIII** and forms part of this report. There are no qualifications or observations or other remarks of the Secretarial Auditor in the Report issued for the Financial Year 2018-19 which calls for any explanation from the Board of Directors.

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

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

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

25. 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

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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.

26. RESEARCH AND DEVELOPMENT:

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

The Company has spent ₹1,856.8 Lakhs during the year under review on R&D. Company's in-house R&D facilities are recognised by the Ministry of Science and Technology, New Delhi, on behalf of Government of India.

27. DISCLOSURES:

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

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

Annual Accounts of Subsidiary Companies:

A copy of the Audited Financial Statements for each of the Subsidiary Companies for the year ended 31st March, 2019 will be made available to the members of the Company seeking such information at any point of time and will also be available for inspection at the Registered Office of the Company during working hours till the date of the Annual General Meeting. The same are placed on the website at www.sudarshan.com. The salient features of Financial Statements of Subsidiary Companies is given in **Annexure VII** of this report.

Sudarshan Europe B. V., The Netherlands, is the Material Subsidiary of the Company for the year ended 31st March, 2019. The Company has complied with all the legal requirements in respect of the Material Subsidiary.

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

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.

Directors' Report

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

Annual Return:

The extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013, and rules made thereunder, in the prescribed form MGT-9 is annexed to this report. **Annexure V.**

Meetings of the Board:

During the Financial Year 2018-19, 7 (seven) Board Meetings were held, the details of which are given in the Corporate Governance Report.

Particulars of loans, guarantees or investments under Section 186:

Information regarding loans, guarantees and investments covered under the provisions of section 186 of the Companies Act, 2013 are detailed in the Audited Financial Statements.

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

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

Particulars of Employees and Related Disclosures:

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

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.

Restriction on purchase by Company or giving of loans by it for purchase of its shares:

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

28. RECOGNITION:

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

29. APPRECIATION:

Your Directors place on record their gratitude to Bank of Maharashtra, State Bank of India, ICICI Bank Limited, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Citi Bank N.A., IDFC First Bank, 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. 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

Date: 24th May, 2019
Place: Pune

P.R. RATHI
CHAIRMAN

Annexures to the Directors' Report

ANNEXURE I

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

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

(₹ in Lakhs)

Particulars	Sudarshan Europe B.V. Year ended 31 st March, 2019	Sudarshan North America, Inc., Year ended 31 st March, 2019	Prescient Color Limited* Period ended 31 st May, 2018	RIECO Industries Limited Year ended 31 st March, 2019	Sudarshan (Shanghai) Trading Company Limited Year ended 31 st March, 2019	Sudarshan Mexico S de R.L. De CV Year ended 31 st March, 2019
Total Income	22,398.3	5,835.5	1,192.8	11,812.1	2,367.1	2,442.0
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	793.7	(148.3)	122.3	(484.2)	(76.8)	69.5
Less : Interest	79.9	74.8	34.9	244.5	10.7	6.6
Less : Provision for Taxation	184.5	-	18.0	(97.0)	-	8.9
Less : Depreciation	2.3	4.0	38.4	67.7	0.6	0.7
Profit After Tax	527.0	(227.1)	31.0	(699.4)	(88.1)	53.3

* Shareholding in Wholly Owned Subsidiary Prescient Color Limited was divested on 1st June, 2018.

Note: Sudarshan CSR Foundation (CSR foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (company), is a "not for profit Company" under Section 8 of the Companies Act, 2013. 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) Conservation of energy- engineering:

i. Steps taken or impact on conservation of energy:

Electrical Power of 50,963 MW was generated during the year under review from the Cogen Power Plant situated at Roha, which resulted in achieving total savings of ₹1,584 Lakhs.

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

2 Wind Mills with a capacity of 2.1 MW were commissioned. Total generation from these wind mills during the year was 7,867 MW, which resulted into total savings of ₹589 Lakhs p.a.

During the year, we have also commissioned 365 kW Solar Power Plant, which has resulted into total savings of ₹30 Lakhs per annum.

iii. The capital investment on energy conservation equipments:

Installation of LED light, high efficiency motors and pumps, HP heater, Energy efficient cooling tower fans, Oxygen and blowdown control system for Boiler in Mahad, air boosters, Flash vessel, Auto condenser cleaning systems for Ice plants, VFD for PA Fan & MCW pumps, Condensate and flash steam recovery for Mica & HPP (Roha) and for BG (Mahad) etc.

Total investment is ₹489 Lakhs. Total saving achieved ₹505 Lakhs per annum.

iv. Water Saving Project:

Installation of Auto control valve in filter presses and recycling of water resulted water saving of ₹1.07 Lakhs m3 per annum.

This year cost saving achieved ₹33 Lakhs.

Annexures to the Directors' Report

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

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

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

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

(c) **Technology absorption -**

We have installed and commissioned 375 kW Solar Plants at Global Head Office, R&D - Sutarwadi, Plant sites at Roha and Mahad. Annual reduction in carbon emission was 106 tons.

(d) **Foreign exchange earnings and Outgo-**

- Total Foreign Exchange Earned: ₹65,803 Lakhs (Previous year ₹60,797 Lakhs)
- Total Foreign Exchange Used: ₹35,785 Lakhs (Previous year ₹25,858 Lakhs)

31. **Change in the nature of business, if any:**

The Company has sold its investments held in Prescient Color Limited, transferred its Agro Formulation Brand Business during the year under review and subsequent to the close of Financial Year, the Company has divested its Industrial Mixing Solutions Division (IMSD). Details related to these transactions are explained in the Directors' Report and Note No. 31 of the Consolidated Financial Statements.

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

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

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

Details are mentioned in Point No. 3 of the Directors' Report.

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

- (A) accepted during the year - Nil
- (B) remained unpaid or unclaimed as at the end of the year - ₹23.4 Lakhs
- (C) whether there has been any default in repayment of deposits or payment of interest thereon during the year - No
- (D) and if so, number of such cases and the total amount involved - Nil

35. **Details of deposits which are not in compliance with the requirements of Chapter V of the Act:**

None

Annexures to the Directors' Report

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

(A) the ratio of remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each director, for the financial year:

Median salary for FY 2018-19 : ₹775,314/-

Name	Total remuneration	Ratio	% increase in remuneration
Mr. P. R. Rathi	21,939,204	28:1	Not Comparable
Mr. R. B. Rathi	23,921,304	31:1	(18.12)
Mr. Ashish Vij	13,954,445	18:1	7.16
Mr. N. J. Rathi	3,834,624	4:1	16.97
Mr. A. B. Rathi*	-	-	-
Mr. S. N. Inamdar	800,000	1:1	8.10
Mr. D. N. Damania	600,000	1:1	11.11
Mr. S. Padmanabhan	700,000	1:1	29.63
Mr. S. K. Asher	700,000	1:1	94.44
Mrs. R. F. Forbes	500,000	1:1	38.89
Mr. N. T. Raisinghani	600,000	1:1	33.33
Mr. S. A. Panse	700,000	1:1	29.63

* Mr. A. B. Rathi resigned as a Director effective 1st May, 2019

Notes:

- 1) Remuneration to Mr. P. R. Rathi includes salary as a Managing Director for 2 months, gratuity, pension for 10 months as per the Pension Policy and commission as a Non - Executive Director, hence figures are not comparable to previous year.
- 2) Remuneration to Mr. R. B. Rathi this year does not include commission (not proposed for this year).
- 3) Remuneration to Mr. N. J. Rathi includes pension as per Pension Policy.
- 4) Remuneration to other Non - Executive Directors consist of commission.

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

Mr. V. V. Thakur, General Manager Finance (Acting CFO) and Mr. P. S. Raghavan, then Company Secretary were accorded reasonable increase in their gross remuneration in accordance with the Remuneration Policy of the Company. Mr. Mandar Velankar, Dy. General Manager - Legal and Company Secretary joined the Company during the year and hence there was no occasion for increase in his remuneration.

(C) the percentage increase in the median remuneration of employees in the Financial Year;

FY 18-19 - median salary - ₹775,314/- FY 17-18 - median salary - ₹720,000/- (percentage increase 7.7%)

(D) the number of permanent employees on the rolls of company;

There were 516 permanent employees on the rolls of the Company excluding Unionized workers and Non- Unionized workers equivalent to Technicians and Production Associates.

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

Other employees were given increments in accordance with the remuneration policy. The average percentile increase made in the salaries of employees other than the managerial personnel during the Financial Year 2018-19 aggregates to 10%.

(F) Confirmation 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

Date: 24th May, 2019
Place: Pune

P.R. RATHI
CHAIRMAN

Annexures to the Directors' Report

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, 2019.

Sr. No.	Name and Age (Years)	Designation	Nature of Employment	Total Remuneration (₹)	Qualification and Experience (Years)	Date of commencement of Service	Last employment held before joining the Company
1	Mr. P. R. Rath (65)	Managing Director (upto 31 st May, 2018)	Permanent Employee	21,939,204	M.S.(M.I.T.) M.B.A. (Columbia) (40 years)	01/04/1976	-
2	Mr. R. B. Rath (50)	Managing Director (w.e.f. 1 st June, 2018)	Permanent Employee	23,921,304	B.E.Mech.Engg. MIT, Pune, B.S.Chem.Engg Ohio University, USA. M.B.A.-Pittsburgh University - USA (24 years)	01/10/1992	-
3	Mr. A. Vij (48)	Wholetime Director	Permanent Employee	13,954,445	B.E.Chem. (26 years)	08/12/2005	Jubilant Organosys Limited, Gajraula (UP)

NOTES:

- The gross remuneration includes Salary, PLVA, Commission, Company's contribution to Provident Fund and Superannuation Scheme, Leave Travel Allowance, Medical, House Rent Allowance, Pension and value of perquisites in respect of car facility, which is calculated in accordance with the provisions of the Income Tax Act, 1961, and the rules made 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 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 Mr. R. B. Rath, 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, Wholetime 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.
- Details of remuneration of top 10 employees other than Directors which form part of the Directors' Report, will be made available to any member on request, in terms of provision of Section 136(1) of the Companies Act, 2013.

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

Date: 24th May, 2019
Place: Pune

P. R. RATHI
CHAIRMAN

Annexures to the Directors' Report

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:

- To evaluate the performance of the members of the Board.
- 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.
- 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

Annexures to the Directors' Report

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

Date: 24th May, 2019
Place: Pune

P.R. RATHI
CHAIRMAN

Annexures to the Directors' Report

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.
4. The evaluation of the Independent Directors shall be done by the entire Board of Directors which shall include –
 - a) Performance of the Directors; and
 - b) Fulfillment of the independence criteria as specified in these regulations and their independence from the management.

Provided that in the above evaluation, the Directors who are subject to evaluation shall not participate.

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

Date: 24th May, 2019

Place: Pune

P.R. RATHI

CHAIRMAN

Annexures to the Directors' Report

ANNEXURE IV

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2018-19:

1. Brief outline of Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web - link to the CSR Policy and projects and programmes:

Introduction:

Your Company's aspiration to create effective and sustainable societal value is demonstrated in its CSR initiatives that embrace the disadvantaged sections of society, especially those staying in the vicinity of its manufacturing locations at Roha and Mahad, 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 2018-19 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.

2. Awards and Recognition:

a) Global CSR Award 2019 -

The Company has received Global CSR Award 2019 in the Gold Category for achievements in

implementing CSR Programme for strengthening core business with Social Commitment. This award is considered as one of the most prestigious Global Awards in CSR organised by the Energy and Environment Foundation and which is supported by the Government of India;

b) Global Waste Met Award 2018 -

The Company has received Global Waste Met Award 2018 in the Gold Category for achievements in Waste Management and Innovative Clean Enviro - Solutions.

Hon'ble Dr. Udit Raj, Member of Parliament, Lok Sabha Delhi and Dr. Anil Garg, CEO Energy and Environment Foundation presented the award in Delhi.

Global Waste Met Awards organised by the Energy and Environment Foundation and supported by the Government of India, recognizes outstanding contribution by the organizations and honour them for their excellent contributions, commitment and actions that have made a positive impact on the environment.

The Company has presented Sustainable Waste Management Projects in CSR villages, Company Premises and Green Energy, Energy Saving Projects like Wind Mill, Cogen Plants etc.

c) CSR Intervention Dhatav Village has received 3rd rank in the State as a Clean Village;

3. Composition of CSR Committee:

CSR Committee currently consists of following Members:

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

4. CSR Policy:

A detailed CSR Policy of the Company on Corporate Social Responsibility is available on Company's website at <http://www.sudarshan.com/perch/resources/csr-policy.pdf>

Annexures to the Directors' Report

5. Details regarding CSR Expenditure :

1.	Average net profit of the Company for the last three Financial Years						₹1,197,187,844
2.	Prescribed CSR expenditure (two percent of the amount mentioned in item 1 above)						₹23,943,757
3.	Details of CSR amount spent during the Financial Year:						₹23,945,180
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 (₹)	Amount spent on the project or program Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure upto the reporting period i.e. FY 2018-19 (₹)	Amount Spend: directly or through implementing agency
1	Paper bag Project	Livelihood Enhancement Project	Raigad-Roha	1,328,000	(1) 1,409,683 (2) -	1,409,683	N.A.
2	Stitching Project	Employment Enhancing Vocational Skill	Sutarwadi-Pune	389,000	(1) 389,000 (2) -	389,000	Symbiosis Skill Development Centre, Pune
3	Scholastic Development of Children & Youth - Computer Project at J. M. Rath School, Digitisation of Peripheral School, Sanskar Class for Katkari Community, Teach for India	Promotion of education	Raigad-Roha, Sutarwadi-Pune, Pune	4,936,590	(1) 4,936,590 (2) -	4,936,590	J. M. Rath School, Rastriya Sarvangin Vikas Sanstha, Teach for India
4	Promoting community Bonding & Community Development	Community Development, Ideal Village - Comprehensive Village Development Project	Raigad-Roha, Raigad-Mahad & Sutarwadi-Pune	12,640,000	(1) 12,422,123 (2) 6,150	12,428,273	Roha, Karve Institute of Social Sciences, Pune
5	Solid Waste Management & Organic Farming, Plastic Free Roha	Ensuring Environment Sustainability	Raigad-Roha, Raigad-Mahad & Sutarwadi-Pune	4,008,583	(1) 4,024,102 (2) -	4,024,102	Know How Foundation (INORA)
6	Administration Expenses		Raigad-Roha, Sutarwadi-Pune	7,00,000	(1) - (2) 757,532	757,532	N.A.
TOTAL				24,002,173	23,945,180	23,945,180	

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.

Date : 24th May, 2019
Place: Pune

Mrs. Rati F. Forbes
Chairperson
CSR Committee

Mr. P.R. Rath
Chairman

Annexures to the Directors' Report

ANNEXURE V

Form No.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

[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 - 411 001, Maharashtra Phone No. 020 - 2622 6200
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 - 411 001 Phone No. 020 - 2616 0084, 2616 1629 (SEBI Registration No.: INR000004058)

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	20114	95%

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	RIECO Industries Limited	U24118MH1975PLC018631	Subsidiary	100%	2(87)(ii)
2	Sudarshan CSR Foundation	U74900PN2015NPL154211	Subsidiary	100%	2(87)(ii)
3	Sudarshan North America Inc., USA	N.A.	Step - down Subsidiary	100%	2(87)(ii)
4	Sudarshan Europe B.V., The Netherlands	N.A.	Subsidiary	100%	2(87)(ii)
5	Sudarshan (Shanghai) Trading Company Limited	N.A.	Subsidiary	100%	2(87)(ii)
6	Sudarshan Mexico S de R.L. De CV	N.A.	Step - down Subsidiary	100%	2(87)(ii)

Annexures to the Directors' Report

IV. SHARE HOLDING

i) Category-wise Share Holding:

Sr. No.	Category of Shareholders	Shareholding at the beginning of the FY 2018-19				Shareholding at the end of the FY 2018-19				% 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)	0	0	0	0.00	0	0	0	0.00	0.00
	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	9,60,717	0	9,60,717	1.39	12,81,608	0	12,81,608	1.85	0.46
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	9,00,630	0	9,00,630	1.30	8,88,808	0	8,88,808	1.28	-0.02
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investors	40,82,183	4,000	40,86,183	5.90	42,80,344	0	42,80,344	6.18	0.28
(f)	Financial Institutions / Banks	18,632	1,710	20,342	0.03	30,476	1,710	32,186	0.06	0.03
(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)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B) (1)	62,98,792	10,210	63,09,002	9.11	68,17,866	6,210	68,24,076	9.86	0.75

Annexures to the Directors' Report

Sr. No.	Category of Shareholders	Shareholding at the beginning of the FY 2018-19				Shareholding at the end of the FY 2018-19				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[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 ₹1 lakh.	86,31,113	19,65,305	1,05,96,418	15.31	88,44,980	16,66,180	1,05,11,160	15.18	-0.13
(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	74,09,849	51,370	74,61,219	10.78	1,21,42,668	51,370	1,21,94,038	17.62	6.84
(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	6,295	0	6,295	0.01	6,795	0	6,795	0.01	0.00
	Foreign Nationals	730	0	730	0.00	730	0	730	0.00	0.00
	NBFC's registered with RBI	0	0	0	0	120670	0	120670	0.17	0.17
	Shares with IEPF Account	0	0	0	0	90	0	90	0	0
	Hindu Undivided Family	4,05,668	0	4,05,668	0.59	7,48,198	0	7,48,198	1.08	0.49
	Foreign Companies	55,79,890	0	55,79,890	8.06	0	0	0	0	-8.06
	Non Resident Indians (Non Repat)	97,833	3,000	1,00,833	0.15	1,44,617	3,000	1,47,617	0.21	0.06
	Non Resident Indians (Repat)	2,56,244	1,840	2,58,084	0.37	1,82,239	1,840	1,84,079	0.27	-0.10
	Foreign Portfolio Investor (Individual)	0	0	0	0.00	0	0	0	0.00	0.00
	Clearing Member	1,12,429	0	1,12,429	0.16	69,713	0	69,713	0.10	-0.06
	Bodies Corporate	17,30,472	49,950	17,80,422	2.57	17,54,374	45,450	17,99,824	2.60	0.03
	Others	0	0	0	0	0	4000	4000	0.01	0.01
	Sub Total (B) (3)	2,42,30,523	20,71,465	2,63,01,988	38.00	2,40,15,074	17,71,840	2,57,86,914	37.25	-0.75
	Total Public Shareholding (B) = (B) (1) + (B) (2) + (B) (3)	3,05,29,315	20,81,675	3,26,10,990	47.11	3,08,32,940	17,78,050	3,26,10,990	47.11	0.00
	Total (A) + (B)	6,71,45,575	20,81,675	6,92,27,250	100.00	6,74,49,200	17,78,050	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)	6,71,45,575	20,81,675	6,92,27,250	100.00	6,74,49,200	17,78,050	6,92,27,250	100.00	0.00

Annexures to the Directors' Report

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the FY 2018-19			Shareholding at the end of the FY 2018-19			% change in shareholding during the year
		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	
1	Rahul Pradeep Rath	47,54,540	6.87	0.00	47,54,540	6.87	0.00	0.00
2	Anuj Narayandas Rath	54,47,620	7.87	0.00	54,47,620	7.87	0.00	0.00
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 *	7,61,500	1.10	0.00	7,61,500	1.10	0.00	0.00
6	Narayandas Jagannath Rath	7,97,650	1.15	0.00	7,97,650	1.15	0.00	0.00
7	Rohit Kishor Rath *	46,51,600	6.71	0.00	46,51,600	6.71	0.00	0.00
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 *	7,61,500	1.10	0.00	7,61,500	1.10	0.00	0.00
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	Manan Ajoy Rath *	8,27,900	1.20	0.00	8,27,900	1.20	0.00	0.00
16	Archana Anuj Rath	7,27,490	1.05	0.00	7,27,490	1.05	0.00	0.00
17	Nisha Ajoy Rath *	7,19,370	1.04	0.00	7,19,370	1.04	0.00	0.00
18	Laxminarayan Finance Private Limited *	6,98,920	1.01	0.00	6,98,920	1.01	0.00	0.00
19	Anuj Narayandas Rath (HUF)	5,67,770	0.82	0.00	5,67,770	0.82	0.00	0.00
20	Balkrishna Rath Finance Private Limited	4,62,550	0.67	0.00	4,62,550	0.67	0.00	0.00
21	Kusum Ramwilas Rath	3,62,790	0.52	0.00	3,62,790	0.52	0.00	0.00
22	Balkrishna Jagannath Rath (HUF)	1,89,750	0.27	0.00	1,89,750	0.27	0.00	0.00
23	Rajesh Balkrishna Rath (HUF)	1,33,000	0.19	0.00	1,33,000	0.19	0.00	0.00
24	Kusum Balkrishna Rath	1,00,900	0.15	0.00	1,00,900	0.15	0.00	0.00
25	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

Note : The Company has received requests from the shareholders for reclassification from "Promoter and Promoter Group" category to "Public" category. Details are given in the Notice convening 68th Annual General Meeting.

Annexures to the Directors' Report

(iii) Change in Promoters Shareholding -

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2018-19		Transactions during the year		Cumulative shareholding at the end of the FY 2018-19	
		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 Rath	54,47,620	7.87			54,47,620	7.87
	At the end of the year					54,47,620	7.87
2	Rahul Pradeep Rath	47,54,540	6.87			47,54,540	6.87
	At the end of the year					47,54,540	6.87
3	Rohit Kishor Rath	46,51,600	6.71			46,51,600	6.71
	At the end of the year					46,51,600	6.71
4	Pradeep Ramwilas Rath	38,23,450	5.52			38,23,450	5.52
	At the end of the year					38,23,450	5.52
5	Rajesh Balkrishna Rath	32,84,140	4.74			32,84,140	4.74
	At the end of the year					32,84,140	4.74
6	Ajoy Balkrishna Rath	20,51,060	2.96			20,51,060	2.96
	At the end of the year					20,51,060	2.96
7	Subhadra Pradeep Rath	13,13,680	1.90			13,13,680	1.90
	At the end of the year					13,13,680	1.90
8	Rajesh Balkrishna Rath (As Trustee - Sow Rachna Rath 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 Rath (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 Rath (As Trustee - Shri Balkrishna Rath 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 Rath	7,97,650	1.15			7,97,650	1.15
	At the end of the year					7,97,650	1.15
13	Kishor Laxminarayan Rath	7,61,500	1.10			7,61,500	1.10
	At the end of the year					7,61,500	1.10
14	Aruna Kishor Rath	7,61,500	1.10			7,61,500	1.10
	At the end of the year					7,61,500	1.10
15	Archana Anuj Rath	7,27,490	1.05			7,27,490	1.05
	At the end of the year					7,27,490	1.05
16	Nisha Ajoy Rath	7,19,370	1.04			7,19,370	1.04
	At the end of the year					7,19,370	1.04
17	Laxminarayan Finance Private Limited	6,98,920	1.01			6,98,920	1.01
	At the end of the year					6,98,920	1.01
18	Anuj Narayandas Rath (HUF)	5,67,770	0.82			5,67,770	0.82
	At the end of the year					5,67,770	0.82
19	Balkrishna Rath 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 Rath	3,62,790	0.52			3,62,790	0.52
	At the end of the year					3,62,790	0.52
21	Balkrishna Jagannath Rath (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 Rath (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 Rath	1,00,900	0.15			1,00,900	0.15
	At the end of the year					1,00,900	0.15
24	Rachna Rajesh Rath	5,000	0.01			5,000	0.01
	At the end of the year					5,000	0.01
25	Manan Ajoy Rath	8,27,900	1.20			8,27,900	1.20
	At the end of the year					8,27,900	1.20

Annexures to the Directors' Report

(iv) Shareholding Pattern of Top Ten Shareholders

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2018-19		Transactions during the year		Cumulative shareholding at the end of the FY 2018-19	
		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	AKASH BHANSHALI	0	0.00				
	Transfer			26 Oct 2018	55,67,711	55,67,711	8.04
	At the end of the year					55,67,711	8.04
2	VIJAYKUMAR RAMCHANDRA RATHI	23,47,515	3.39				
	Transfer			06 Apr 2018	(3,655)	23,43,860	3.39
	Transfer			13 Apr 2018	(2,250)	23,41,610	3.38
	Transfer			27 Apr 2018	(140)	23,41,470	3.38
	Transfer			15 Jun 2018	(2,63,580)	20,77,890	3.00
	Transfer			07 Sep 2018	40	20,77,930	3.00
	Transfer			14 Sep 2018	15,735	20,93,665	3.02
	Transfer			19 Oct 2018	(431)	20,93,234	3.02
	Transfer			26 Oct 2018	(804)	20,92,430	3.02
	Transfer			02 Nov 2018	(93)	20,92,337	3.02
	Transfer			30 Nov 2018	(45,000)	20,47,337	2.96
	Transfer			01 Mar 2019	(5,000)	20,42,337	2.95
	Transfer			08 Mar 2019	(600)	20,41,737	2.95
	At the end of the year					20,41,737	2.95
3	VIJAY KISHANLAL KEDIA	23,00,000	3.32				
	Transfer			20 Apr 2018	(27,053)	22,72,947	3.28
	Transfer			18 May 2018	21,571	22,94,518	3.31
	Transfer			25 May 2018	(8,969)	22,85,549	3.30
	Transfer			01 Jun 2018	(9,730)	22,75,819	3.29
	Transfer			30 Jun 2018	(2,872)	22,72,947	3.28
	Transfer			13 Jul 2018	(5,947)	22,67,000	3.27
	Transfer			10 Aug 2018	(3,468)	22,63,532	3.27
	Transfer			17 Aug 2018	(5,767)	22,57,765	3.26
	Transfer			14 Sep 2018	(302)	22,57,463	3.26
	Transfer			05 Oct 2018	(7,336)	22,50,127	3.25
	Transfer			26 Oct 2018	(1,15,981)	21,34,146	3.08
	Transfer			02 Nov 2018	(27,041)	21,07,105	3.04
	Transfer			16 Nov 2018	(27,105)	20,80,000	3.00
	Transfer			23 Nov 2018	(26,739)	20,53,261	2.97
	Transfer			30 Nov 2018	(17,467)	20,35,794	2.94
	Transfer			07 Dec 2018	(55,794)	19,80,000	2.86
	Transfer			11 Jan 2019	(2,00,000)	17,80,000	2.57
	Transfer			08 Feb 2019	(2,94,785)	14,85,215	2.14
	Transfer			22 Feb 2019	(1,15,000)	13,70,215	1.98
	Transfer			30 Mar 2019	6,15,000	19,85,215	2.87
	At the end of the year					19,85,215	2.87

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2018-19		Transactions during the year		Cumulative shareholding at the end of the FY 2018-19	
		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
4	GOVERNMENT PENSION FUND GLOBAL (Norges Bank - Central Bank of Norway)	16,89,395	2.44				
	Transfer			11 May 2018	(18,051)	16,71,344	2.41
	At the end of the year					16,71,344	2.41
5	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	7,69,009	1.11				
	Transfer			06 Apr 2018	9,754	7,78,763	1.12
	Transfer			13 Apr 2018	10,668	7,89,431	1.14
	Transfer			27 Apr 2018	56,197	8,45,628	1.22
	Transfer			04 May 2018	40,874	8,86,502	1.28
	Transfer			11 May 2018	34,054	9,20,556	1.33
	Transfer			18 May 2018	1,054	9,21,610	1.33
	Transfer			13 Jul 2018	32,726	9,54,336	1.38
	Transfer			20 Jul 2018	14,274	9,68,610	1.40
	Transfer			03 Aug 2018	25,000	9,93,610	1.43
	Transfer			10 Aug 2018	(491)	9,93,119	1.43
	Transfer			05 Oct 2018	25,000	10,18,119	1.47
	Transfer			12 Oct 2018	7,928	10,26,047	1.48
	Transfer			19 Oct 2018	472	10,26,519	1.48
	Transfer			02 Nov 2018	10,000	10,36,519	1.50
	Transfer			14 Dec 2018	31,600	10,68,119	1.54
	Transfer			21 Dec 2018	19,748	10,87,867	1.57
	Transfer			28 Dec 2018	5,252	10,93,119	1.58
	Transfer			15 Feb 2019	8,233	11,01,352	1.60
	Transfer			22 Feb 2019	26,262	11,27,614	1.63
	Transfer			01 Mar 2019	25,235	11,52,849	1.66
	Transfer			08 Mar 2019	2,940	11,55,789	1.67
	Transfer			15 Mar 2019	1,396	11,57,185	1.67
	Transfer			22 Mar 2019	5,934	11,63,119	1.68
	At the end of the year					11,63,119	1.68
6	GOLDMAN SACHS INDIA LIMITED	10,80,068	1.56				
	At the end of the year					10,80,068	1.56
7	SUDARSHAN CHEMICAL INDUSTRIES LIMITED UNCLAIMED SUSPENSE ACCOUNT	6,18,170	0.89				
	Transfer			06 Apr 2018	(150)	6,18,020	0.89
	Transfer			20 Apr 2018	(1,000)	6,17,020	0.89
	Transfer			30 Jun 2018	(1,520)	6,15,500	0.89
	Transfer			13 Jul 2018	(920)	6,14,580	0.89
	Transfer			30 Nov 2018	(5,970)	6,08,610	0.88
	Transfer			25 Jan 2019	(3,670)	6,04,940	0.87
	Transfer			22 Feb 2019	(750)	6,04,190	0.87
	Transfer			22 Mar 2019	(6,310)	5,97,880	0.86
	At the end of the year					5,97,880	0.86

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2018-19		Transactions during the year		Cumulative shareholding at the end of the FY 2018-19	
		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
8	ANURADHA VASANT RATHI	7,50,448	1.08				
	Transfer			06 Apr 2018	(49,825)	7,00,623	1.01
	Transfer			13 Apr 2018	(2,010)	6,98,613	1.01
	Transfer			20 Apr 2018	(900)	6,97,713	1.01
	Transfer			27 Jul 2018	720	6,98,433	1.01
	Transfer			26 Oct 2018	(400)	6,98,033	1.01
	Transfer			14 Dec 2018	(300)	6,97,733	1.01
	Transfer			01 Mar 2019	(2,10,200)	4,87,533	0.70
	Transfer			08 Mar 2019	(900)	4,86,633	0.70
	Transfer			15 Mar 2019	(593)	4,86,040	0.70
	At the end of the year					4,86,040	0.70
9	VASANT RAMCHANDRA RATHI	4,62,860	0.66				
	Transfer			11 May 2018	(4,007)	4,58,853	0.66
	Transfer			15 Jun 2018	(50,760)	4,08,093	0.59
	Transfer			12 Oct 2018	(500)	4,07,593	0.59
	Transfer			26 Oct 2018	(800)	4,06,793	0.59
	Transfer			08 Mar 2019	(800)	4,05,993	0.59
	At the end of the year					4,05,993	0.59
10	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
11	INDIA ACORN FUND LTD	4,56,544	0.66				
	Transfer			20 Apr 2018	(63,000)	3,93,544	0.57
	Transfer			26 Oct 2018	(65,000)	3,28,544	0.47
	Transfer			09 Nov 2018	(7,000)	3,21,544	0.46
	At the end of the year					3,21,544	0.46
12	DIC CORPORATION	55,79,890	8.06				
	Transfer			26 Oct 2018	(55,79,890)	0	0.00
	At the end of the year					0	0.00

Annexures to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the FY 2018-19		Cumulative shareholding during the FY 2018-19	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Pradeep R. Rath	38,23,450	5.52		
	At the end of the year			38,23,450	5.52
2	Mr. Rajesh B. Rath	32,84,140	4.74		
	At the end of the year			32,84,140	4.74
3	Mr. Narayandas J. Rath	7,97,650	1.15		
	At the end of the year			7,97,650	1.15
4	Mr. Kishor L. Rath *	7,61,500	1.10		
	At the end of the year			7,61,500	1.10
5	Ajoy B. Rath **	20,51,060	2.96		
	At the end of the year			20,51,060	2.96
6	Mr. Ashish Vij ***	-	-		
	At the end of the year			-	-
7	Mr. Dara N. Damania	930	-		
	At the end of the year			930	-
8	Mr. S. Padmanabhan	-	-		
	At the end of the year			-	-
9	Mr. Shrikrishna N. Inamdar	-	-		
	At the end of the year			-	-
10	Mr. Sanjay K. Asher	-	-		
	At the end of the year			-	-
11	Mr. Naresh T. Raisinghani	700	-		
	At the end of the year			700	-
12	Mrs. Rati F. Forbes	-	-		
	At the end of the year			-	-
13	Mrs. Shubhalakshmi Panse	-	-		
	At the end of the year			-	-
14	Mr. V. V. Thakur	-	-		
	At the end of the year			-	-
15	Mr. P. S. Raghavan [#]	20	-		
	At the end of the year			20	-
16	Mr. Mandar Velankar ^{##}	-	-		
	At the end of the year			-	-

Note : * Mr. Kishor L. Rath has resigned as a Director w.e.f. 1st June, 2018

** Mr. Ajoy B. Rath has resigned as a Director w.e.f. 1st May, 2019

*** Mr. Ashish Vij has been appointed on the Board as a Wholetime Director w.e.f. 24th May, 2018

Mr. P. S. Raghavan, Company Secretary, retired from the services of the Company w.e.f. 9th August, 2018

Mr. Mandar Velankar was appointed as a Company Secretary w.e.f. from 10th August, 2018.

Annexures to the Directors' Report

V. INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	29,270.6	4,504.1	2,738.0	36,512.7
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	29,270.6	4,504.1	2,738.0	36,512.7
Changes in indebtedness during the financial year:				
Addition	185.0	3,091.2	-	3,276.2
Reduction	7,726.4	-	925.9	8,652.3
Net Change	(7,541.4)	3,091.2	(925.9)	(5,376.1)
Indebtedness at the end of the financial year:				
i) Principal Amount	21,729.2	7,595.3	1,812.1	31,136.6
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	21,729.2	7,595.3	1,812.1	31,136.6

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. Rath#	Mr. R. B. Rath	Mr. Ashish Vij	
1	Gross salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18,111,784	22,258,104	13,604,645	53,974,533
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	489,000	1,663,200	349,800	2,502,000
(c)	Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission*				
-	As % of profit	-	-	-	-
-	others, specify	-	-	-	-
5	Others, Please specify				
	Total (A)	18,600,784	23,921,304	13,954,445	56,476,533
	Ceiling as per the Act (10% of profits calculated under Section 198 of the Companies Act, 2013)	-	-	-	130,613,328

Salary to Mr. P. R. Rath is upto 31st May, 2018, and it includes gratuity.

Annexures to the Directors' Report

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	260,000	300,000	160,000	340,000	1,060,000
• Commission*	800,000	600,000	700,000	700,000	2,800,000
• Others, Please specify	-	-	-	-	-
	Mrs. R. F. Forbes	Mrs. Shubhalakshmi Panse	Mr. N. T. Raisinghani		
Independent Directors					
• Fee for attending board / committee meetings	180,000	240,000	200,000	-	620,000
• Commission*	500,000	700,000	600,000		1,800,000
• Others, Please specify	-	-	-		-
Total (1)					6,280,000
	Mr. P. R. Rathi	Mr. K. L. Rathi	Mr. A. B. Rathi	Mr. N. J. Rathi	
2. Other Non-Executive Directors					
• Fee for attending board / committee meetings	180,000	40,000	60,000	160,000	440,000
• Commission*	700,000	-	-	700,000	1,400,000
• Others, Please specify (Pension)	2,638,420	493,374	-	3,134,624	6,266,418
Total (2)					8,106,418
Total (B)=(1+2)					14,386,418
Total Managerial Remuneration - (A+B)					70,862,951
Ceiling as per the Act (11% of profits calculated under Section 198 of the Companies Act, 2013)					143,674,661

Note : Ceiling shall not be applicable for payment of sitting fees.

* Commission is proposed for the Financial Year 2018-19 which will be paid subsequent to approval of accounts by the shareholders at the ensuing Annual General Meeting.

Annexures to the Directors' Report

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (₹)
		V. V. Thakur, General Manager - Accounts, Acting CFO	Mandar Velankar DGM - Legal and Company Secretary w.e.f. 10/08/2018	P. S. Raghavan Company Secretary (up to period 09/08/2018)	
1	Gross salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,386,346	2,369,594	1,962,609	8,847,545
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	129,000	-	-	-
(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 (C)	4,515,346	2,369,594	1,962,609	8,847,545

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

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

Date : 24th May, 2019
Place: Pune

P.R. RATHI
CHAIRMAN

Annexures to the Directors' Report

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: Nil

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

For and on behalf of the Board of Directors

Date : 24th May, 2019
Place: Pune

P.R. RATHI
CHAIRMAN

Annexures to the Directors' Report

Annexure VII

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 Share holding
1	Prescient Color Limited	Rupees	600.0	2,215.7	6,180.6	3,364.9	-	1,191.0	49.0	18.0	31.0	100%
2	RIECO Industries Limited	Rupees	1,550.0	(800.3)	6,949.1	6,199.4	-	11,653.8	(796.4)	(97.0)	(699.4)	100%
3	Sudarshan Europe B.V.	Euro	1,909.0	1,547.5	11,500.9	8,044.4	2,098.3	22,361.7	711.5	184.5	527.0	100%
4	Sudarshan North America, Inc.	US Dollars	2,092.8	(1,839.0)	3,541.8	3,288.0	-	5,816.6	(227.1)	-	(227.1)	100%
5	Sudarshan (Shanghai Trading Company Limited	CNY	477.6	(600.1)	403.9	526.4	-	2,374.0	(88.1)	-	(88.1)	100%
6	Sudarshan Mexico S de R.L.de CV	US Dollars	0.1	41.2	1,465.3	1,424.0	-	2,462.8	62.2	8.9	53.3	100%
7	Sudarshan CSR Foundation	Rupees	1.0	(1.3)	-	0.3	-	0.4	(0.3)	-	(0.3)	100%

Notes:

- All figures provided are in ₹ Lakhs.
- The Company's holding in the subsidiary mentioned at Sr. No. 1 has been divested on 31st May, 2018. Consequently all figures are for the period 1st April, 2018 to 31st May, 2018.
- The reporting period for remaining Subsidiaries mentioned above is from 1st April, 2018 to 31st March, 2019.
- The Subsidiary mentioned at Sr. No. 2 has been classified as held for sale. For further details, Refer Note No. 31 of the Consolidated Financial Statements.
- None of the aforesaid subsidiaries have declared dividend during the Financial Year 2018-19.

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

Date : 24th May, 2019
Place: Pune

P.R. RATHI
CHAIRMAN

Annexures to the Directors' Report

Annexure VIII

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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 - 411 001
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, 2019 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, 2019 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;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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

Annexures to the Directors' Report

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. There was a change in the composition of the Board of Directors of the Company during the year 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 2018-19, having a major bearing on the Company affairs.

For RAJESH KARUNAKARAN & CO.,
COMPANY SECRETARIES

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

Date : 24th May, 2019
Place: Pune

Annexure - A

To,
The Members,
Sudarshan Chemical Industries Limited
162 Wellesley Road Pune -411 001
Maharashtra, India

My Secretarial Audit Report of even date for FY 2018-19 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

Date : 24th May, 2019
Place: Pune

Annexures to the Directors' Report

Annexure IX

DIVIDEND DISTRIBUTION POLICY

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

Preamble

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

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

Category of Dividends

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

Factors to be considered while declaring Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavor to take a decision with

an objective to enhance shareholders wealth and also meets the expectations of other stakeholders.

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

Financial Parameters

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

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

External Factors

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

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

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

Internal Factors

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

- i) Profits earned during the year;
- ii) Present & future capital requirements of the existing businesses;

Annexures to the Directors' Report

- iii) Brand / Business Acquisitions;
- iv) Expansion / Modernization / Restructuring of existing businesses;
- v) Additional investments in subsidiaries / associates of the Company;
- vi) Any other factor as deemed fit by the Board.

Circumstances in which Company may not declare / propose dividend

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

Dividend Range

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of

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

Disclosure

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

Policy review

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

This Policy was approved by the Board of Directors at its meeting held on 10th February, 2017.

Business Responsibility Report

OVERVIEW

Sudarshan is a Chemical Company mainly engaged in the manufacture of Organic, Inorganic and Effect 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, Amralewadi (Sutarwadi), Roha and Mahad. The 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. The 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 contain 9 Principles and Core Elements for each of those 9 Principles.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders and the Company's efforts to conduct business with responsibility, the Company is pleased to present its Business Responsibility Report for the Financial Year 2018-19 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	2018-19
7	Sectors that the Company is engaged (Industry Activity Code wise)	Chemical NIC Code 20114 Pigments - Organic and Inorganic
8	Key Products / Services	Pigment - Organic and Inorganic
9	Locations where business activities are undertaken by the Company	The Company has plants situated at Roha and Mahad - Dist. Raigad, Maharashtra. The R&D Facility is situated at Sutarwadi, Pune, Maharashtra.
10	Markets served by the Company	The Company's products are sold in domestic as well as in international markets.

FINANCIAL DETAILS

1	Paid up capital (₹)	₹13.85 Crores
2	Total turnover (₹) as per Ind-AS	₹1,409.50 Crores
3	Total profit after taxes (including Discontinued Operations) (₹)	₹88.57 Crores
4	Spending on corporate social responsibility (CSR) as percentage of average profit for last 3 financial years	2%

Business Responsibility Report

ACTIVITIES UNDER WHICH EXPENDITURE IN 4 ABOVE HAS BEEN INCURRED INCLUDE:

- Women Empowerment : Training, Marketing and Development of Self-Entrepreneurship by extension of Paper Bag Project, Stitching Project, Entrepreneur Development Training
- Education : Development of School Infrastructure, Adoption of 5 Abhyashikha near Market Yard slum area, Pune, Work with two fellows in PMC School in Market Yard , To start skill development centre in the primary section of JMR School, Roha
- Environment : Paper Bag Project leading to livelihood enhancement project, ensuring environment sustainability by way of solid waste management & Organic farming in 11 villages across Roha, Mahad and Sutarwadi
- Community Development: Ideal Village Development, Swachh Bharat Abhiyan, Community Bonding Activities in 11 villages across Roha, Mahad and Sutarwadi.

OTHER DETAILS

- Subsidiary Company(ies) of the Company -
 - RIECO Industries Limited
 - Sudarshan CSR Foundation
 - Sudarshan North America Inc., USA
 - Sudarshan Europe B. V., The Netherlands
 - Sudarshan (Shanghai) Trading Company Limited
 - Sudarshan Mexico S de R. L. De CV
- Participation of Subsidiary Company (ies) in the BR initiatives of the Parent Company - The Company has 6 Subsidiaries, out of which 4 Subsidiaries are based outside India. Across the Group, principles of Business Responsibility are followed in both, letter and spirit.
- Do any other entity(ies) that the Company does business with, participate in the BR initiatives of the Company? - No

BR INFORMATION

Responsibility for BR Leadership Team

BR Head

Name	Designation	DIN	Telephone	Email ID
Rajesh B. Rath	Managing Director	00018628	020-26226200	shares@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 articulate 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.

Business Responsibility Report

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
5	Policy signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Specified committee of the Board / Director / Official appointed to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Indicate the link for the policy to be viewed online?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
8	Policy communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Existence of an in-house structure within the Company to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	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
11	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'.

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 said policies are available on the website of the Company for external stakeholders.
- (4) Assessment and implementation of BR Policies are done at appropriate intervals as decided by the CSR Committee.

If answer to 5. No. 1 to 10 above against any principle, is 'No', please explain why:

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.

Business Responsibility Report

Governance related to BR:

Sustainability activities are proposed to be reviewed on a need basis by Mr. Rajesh B. Rath, Managing Director and the Leadership Team. The Company has not published Sustainability Report for 2018-19.

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. The 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. On the joining, employees are given orientation on the CoC as a part of Induction Programme. Training sessions are also conducted for creating awareness amongst employees for compliance with 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 of the Chairman of the Audit Committee for direct access in appropriate or exceptional cases. There are dedicated resources to respond to the complaints within a time bound manner.

No stakeholder complaints were received during F.Y. 2018-19.

Details related to the Investor Complaints are given separately in the Corporate Governance section of the Annual Report

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.

Business Responsibility Report

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 2018-19, 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 2018-19.

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, the 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. 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 organizational systems to facilitate speedy and competitively superior responses to market opportunities. In 2018-19 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.

The 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

Business Responsibility Report

for achieving its sustainability goal of all-round growth. Accordingly, it anchors its stakeholder engagement on the following principles:

a) Materiality

- Prioritized consideration of the economic, environmental and social impacts identified to be important to the organization 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, prioritize 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 with national regulations pertaining to human rights.

There were 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 institutionalizing safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioral change towards creation of a safety culture. In line with this, behavioral 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.

- Identifying, assessing and minimizing risks to the employees and their surroundings.
- Setting objectives to continually improve our performance in EHS.
- Complying with EHS legislations.
- Adopting suitable safety and environmental practices and proactive measures to minimize associated hazards and risk arising due to our industrial activities.
- Designing our processes and plant operations to minimize risk and wastage.
- Enhancing the skill and competence of our employees through training.
- Reducing our consumption of energy and natural resources.
- Communicating our policy to all our employees, contractors, vendors and all other interested parties regularly.
- Co-Gen Facility
- Setting up Solar and Windmill projects to ensure alternate use of energy

Business Responsibility Report

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 of 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, 2019, your Company is a member of the following trade associations:

- Mahratta Chamber of Commerce and Industry and Agriculture (MCCIA)
- Indian Chemical Council
- Roha Industrial Association
- Mahad Industrial Association
- 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 separately of this Annual Report.

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

As an organization 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. Practicing stringent quality standards to ensure safe, effective and easy to use products.
3. Soliciting customers feedback, insights and timely addressing their issues.

Business Responsibility Report

The 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, 2019

P. R. RATHI
CHAIRMAN

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.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policies and practices of Sudarshan Chemical Industries Limited (hereinafter referred to as "the Company") for the Financial Year 2018-19.

This Report, therefore, states compliance as per requirements of the Companies Act, 2013 and rules made thereunder and SEBI Listing Regulations, 2015, as applicable to the Company.

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 shareholder value. It's 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 seek to protect, recognize and facilitate shareholders' rights and ensure timely and accurate disclosure to them. Good Governance practices have rewarded the Company in the sphere of improved share valuations, stakeholders' confidence, improved market 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, legal and accounting. The Board members are fully aware of their roles and responsibilities in discharge of their key functions. The Board members strive to meet the expectations of operational transparency without compromising on the need to maintain confidentiality of information.

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

Sudarshan Values:

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

- Seva
- 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

Report on Corporate Governance

and timely information concerning critical matters discussed and decided at the Board level and 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.

Board of Directors:

The Board of Directors of the Company has an optimum combination of Executive Directors, Non-Executive and Non-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, 2019, the Company's Board consists of 12 Members. The composition of the Board is in conformity with the SEBI Listing Regulations, 2015 as amended 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 a Non-Executive Promoter Director.

The Board has appointed Dr. Deepak Parikh as an Additional (Independent) Director with effect from 1st April, 2019 till the conclusion of ensuing Annual General Meeting. The shareholders shall consider a proposal for appointment of Dr. Parikh as an Independent Director at the ensuing Annual General Meeting of the Company.

A brief profile of Directors seeking appointment / re-appointment has been given in the Notice convening the 68th Annual General Meeting of the Company.

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. Rathi – Chairman 2. Mr. R. B. Rathi – Managing Director 3. Mr. N. J. Rathi – Non-Executive Director 4. Mr. A. B. Rathi – Non-Executive Director (Resigned as a Director effective 1 st May, 2019)
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 7. Mr. N. T. Raisinghani 8. Dr. Deepak Parikh (with effect from 1 st April, 2019)

Sr. No.	Category of Directors	Name of the Director
3.	Non – Promoter (Non-Independent)	1. Mr. Ashish Vij – Wholetime Director

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 2018-19 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(1)(b) of the Listing Regulations, 2015.
- Mr. R. B. Rathi and Mr. A. B. Rathi are brothers and hence related to each other in terms of provisions of 2(zd) of the SEBI Listing Regulations, 2015.

Matrix of setting out the skills / expertise / competence of the board of directors :

The Board of Directors has identified the matrix setting out the following skills, expertise and competence of the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively;

Skills – Strategic thinking, Effective Communication, Decision Making, Leadership, Analysis of useful information

Competencies – Industry – Chemical- Pigment, Technical, Governance, Behavioural

Expertise – Technical – Chemical, Financial, Legal, Governance & Risk Management, Industrial – Manufacturing.

The Board is of the view that currently it has all the skills, expertise and competence available with the Board.

Certificate from the Practicing Company Secretary :

A certificate from Mr. Rajesh Karunakaran, a Company Secretary in practice has been obtained to the effect that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

This Certificate is attached and marked as **Annexure III** to this Report.

Report on Corporate Governance

Independent Directors :

The Independent Directors of the Company fully meet the requirements laid down under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015. The Company has received a declaration from each of the Independent Directors confirming compliance with the criteria of independence as laid down under this Regulation as well as Section 149 (6) of the Companies Act, 2013 and rules made thereunder. Further in the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

Formal Letter of appointment to Independent Directors :

In accordance with the applicable provisions of the SEBI Listing Regulations, 2015, the Company has issued formal letters of appointment to all the Independent Directors. The terms and conditions of their appointment have also been disclosed on the website of the Company at <http://www.sudarshan.com/perch/resources/letter-of-appointments-independent-directors.pdf>

Limit on the number of Directorships :

In compliance with the Listing Regulations, 2015, Directors of the Company do not serve as Independent Director in more than seven Listed Companies or in case he / she is serving as a 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) in which they were appointed as Independent Directors.

Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees, Chairperson and Directors. The manner in which such formal annual evaluation was made by the Board during the Financial Year 2018-19 is given below:

Based on the evaluation criteria, rating sheets were filled by each of the directors towards the end of the year with regard to evaluation of the performance of the Board, its Committees, Chairperson and Directors (except for the director being evaluated) for the year under review.

A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman of the Nomination and Remuneration Committee in respect of the performance of the Board, its Committees, Chairperson and Directors during the year under review.

The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board at their meetings held on 24th May, 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.

Familiarization program for Independent Directors :

The Board has adopted an ongoing Familiarization Program ("the Program") for Independent Directors pursuant to Listing Regulations, 2015. The Programme 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 programmes have been disclosed on the company's website at <http://www.sudarshan.com/perch/resources/familiarisation-of-independent-directors.pdf>

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 at <http://www.sudarshan.com/perch/resources/board-diversity-remuneration-and-succession-policy.pdf>

Report on Corporate Governance

Review of legal compliance reports:

During the year under review, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared by the Management.

Board Meetings and Agenda:

In accordance with the legal position and the Articles of Association of the Company, the Board of Directors is the ultimate decision making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of Directors. The Board generally meets once 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 and Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) is regularly made available to the Board, whenever applicable, for discussion and consideration.

Post Meeting follow up system:

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

Meetings and Attendance:

During the Financial Year 2018-19, 7(Seven) meetings of the Board of Directors were held on 24th May, 2018, 1st June, 2018, 27th June, 2018, 9th August, 2018, 29th October, 2018, 8th February, 2019 and 27th March, 2019.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2018-2019 and at the last Annual General Meeting held on 9th August, 2018 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. Rath	Chairman	Non-Executive	7	Yes
2.	Mr. R. B. Rath	Managing Director	Executive	6	Yes
3.	Mr. N. J. Rath	Director	Non-Executive	7	Yes
4.	Mr. A. B. Rath*	Director	Non-Executive	3	Yes
5.	Mr. Ashish Vij	Wholtime Director	Executive	5	Yes
6.	Mr. S. N. Inamdar	Independent Director	Non-Executive	5	Yes
7.	Mr. D. N. Damania	Independent Director	Non-Executive	6	Yes
8.	Mr. S. Padmanabhan	Independent Director	Non-Executive	7	Yes
9.	Mr. S. K. Asher	Independent Director	Non-Executive	7	Yes
10.	Mrs. R. F. Forbes	Independent Director	Non-Executive	5	Yes
11.	Mr. N. T. Raisinghani	Independent Director	Non-Executive	6	Yes
12.	Mrs. S. A. Panse	Independent Director	Non-Executive	7	Yes

* Mr. A. B. Rath resigned as a Director with effect from 1st May, 2019.

Report on Corporate Governance

Details of Directorship(s) and Committee membership(s) in Companies as on 31st March, 2019:

(No. of companies)

Name of the Director	Directorship in Listed Companies	Directorships in Unlisted Public Companies	Directorships in Private Limited Companies	Committee Membership in Listed and Unlisted Public Limited Companies	Committee Chairmanship in Listed and Unlisted Public Limited Companies
Mr. P. R. Rathi	4	1	5	4	-
Mr. R. B. Rathi	1	1	5	1	-
Mr. N. J. Rathi	1	1	3	2	-
Mr. A. B. Rathi	1	1	5	-	-
Mr. Ashish Vij	1	-	-	-	-
Mr. S. N. Inamdar	2	1	2	1	2
Mr. D. N. Damania	4	1	-	6	2
Mr. S. Padmanabhan	4	2	1	1	2
Mr. S. K. Asher	5	3	9	3	3
Mrs. R. F. Forbes	2	1	1	2	1
Mr. N. T. Raisinghani	1	-	2	-	-
Mrs. S. A. Panse	7	1	-	4	3
Dr. Deepak Parikh (w.e.f. 1 st April, 2019)	1	-	-	-	-

(Includes Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee which is mandatory under Regulation 26 of the SEBI Listing Regulations, 2015 for calculation of limit)

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

Mr. R. B. Rathi and Mr. A. B. Rathi are brothers and hence related to each other in terms of provisions of 2(zd) of the SEBI Listing Regulations, 2015.

Details of Directorship in Listed Companies as on 31st March, 2019:

Name of the Director	Name of the Listed Companies in which Director is a Director	Category of Directorship
Mr. P. R. Rathi	Sudarshan Chemical Industries Limited	Promoter Director
	Sanghvi Movers Limited	Independent Director
	Finolex Cables Limited	Independent Director
	Kirloskar Oil Engines Limited	Independent Director
Mr. R. B. Rathi	Sudarshan Chemical Industries Limited	Promoter Director
Mr. N. J. Rathi	Sudarshan Chemical Industries Limited	Promoter Director
Mr. A. B. Rathi	Sudarshan Chemical Industries Limited	Promoter Director
Mr. Ashish Vij	Sudarshan Chemical Industries Limited	Non-Promoter and Non-Independent Director
Mr. S. N. Inamdar	Sudarshan Chemical Industries Limited	Independent Director
	Finolex Industries Limited	Independent Director
Mr. D. N. Damania	Sudarshan Chemical Industries Limited	Independent Director
	Sanghvi Movers Limited	Independent Director
	KSB Pumps Limited	Independent Director
	Finolex Industries Limited	Independent Director

Report on Corporate Governance

Name of the Director	Name of the Listed Companies in which Director is a Director	Category of Directorship
Mr. S. Padmanabhan	Sudarshan Chemical Industries Limited	Independent Director
	Premier Limited*	Independent Director
	Force Motors Limited	Independent Director
	Sanghvi Movers Limited	Independent Director
Mr. S. K. Asher	Sudarshan Chemical Industries Limited	Independent Director
	Ashok Leyland Limited	Independent Director
	Finolex Industries Limited	Independent Director
	Balkrishna Industries Limited	Independent Director
	Tribhovandas Bhimji Zaveri Limited	Independent Director
	Deepak Nitrite Limited (with effect from 3 rd May, 2019)	Independent Director
Mrs. R. F. Forbes	Sudarshan Chemical Industries Limited	Independent Director
	Automotive Stampings and Assemblies Limited	Independent Director
Mr. N. T. Raisinghani	Sudarshan Chemical Industries Limited	Independent Director
Mrs. S. A. Panse	Sudarshan Chemical Industries Limited	Independent Director
	PNB Housing Finance Limited	Independent Director
	Federal Bank Limited	Independent Director
	Atul Limited	Independent Director
	KPIT Technologies Limited	Independent Director
	Cholamandalam Financial Holdings Ltd.	Independent Director
	IL&FS Investment Managers Limited (resigned on 29 th April, 2019)	Independent Director
Dr. Deepak Parikh	Sudarshan Chemical Industries Limited	Independent Director

* Mr. S. Padmanabhan ceased to be a Director of Premier Limited with effective close of business on 31st March, 2019

Board Committees:

i) Audit Committee:

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies.

The 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, Mr. Sanjay Asher and Mrs. S. A. Panse having the relevant accounting and financial expertise.

Composition:

The Audit Committee consists of the following Directors:

Name of the Director	Category of the Director	No. of Meetings attended during the year 2018-19
Mr. S. N. Inamdar #	Independent, Non-Executive Director	4
Mr. D. N. Damania	Independent, Non-Executive Director	5
Mr. S. K. Asher	Independent, Non-Executive Director	5
Mrs. S. A. Panse #	Independent, Non-Executive Director	4

During the year 2018-19, Mr. S. N. Inamdar acted as Chairman of the Audit Committee. On 24th May, 2019, Mr. S. N. Inamdar stepped down as a Chairman of the Audit Committee and Mrs. S. A. Panse has been appointed as Chairperson of the Committee with effect from the next meeting of the committee.

Report on Corporate Governance

Meetings during the year:

During the Financial Year 2018-19, five meetings of the Audit Committee were held on 24th May, 2018, 9th August, 2018, 29th October, 2018, 8th February, 2019 and 27th March, 2019.

Mr. Pradeep Rathi, Chairman, Mr. Rajesh Rathi, Managing Director and Mr. Vivek Thakur, General Manager – Finance and Acting CFO were the permanent invitees to the meetings of the Committee. Apart from them, these meetings were also attended by Internal Auditors and Statutory Auditors.

The Company Secretary acts as the Secretary to the Audit Committee.

Mr. S. N. Inamdar, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 9th August, 2018.

Pursuant to the terms of reference, the Audit Committee, inter-alia, discussed and deliberated on financial results, approval of transactions with related parties, reports of the Internal Auditors and Statutory Auditors, remuneration of Internal and Statutory Auditors etc.

The full text of the Charter of the Audit Committee is in line with the regulatory requirements and is available on the website of the Company at <http://www.sudarshan.com/perch/resources/sudarshan-terms-of-reference-of-committees.pdf>

ii) 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 2018-19
Mr. D. N. Damania Chairman	Independent, Non-Executive Director	3
Mr. S. N. Inamdar Member	Independent, Non-Executive Director	4
Mr. S. K. Asher Member	Independent, Non-Executive Director	4
Mr. N. T. Raisinghani Member	Independent, Non-Executive Director	2
Mrs. R. F. Forbes Member	Independent, Non-Executive Director	2

During the Financial Year 2018-19, Nomination and Remuneration Committee meetings were held on 24th May, 2018, 27th June, 2018, 9th August, 2018 and 8th February, 2019.

Statement on terms of reference:

The terms of the reference of the committee include the following:

- To formulate the criteria for differing qualifications, positive attributes and independence of directors and recommend to Board a policy and remuneration for directors and KMPs and other employees.
- To identify person who are qualified to become director and who may be appointed in senior management.
- To recommend the manner for evaluation of performance of Board, its committees, chairperson and individual director.
- To review and approve remuneration and change in remuneration payable to whole time director(s)

The full text of the Charter of the Nomination and Remuneration Committee is available at the Company's website at <http://www.sudarshan.com/perch/resources/sudarshan-terms-of-reference-of-committees.pdf>

During the year under review, the members of the Committee, inter-alia, deliberated on various matters viz. performance evaluation of the Board, Committees, Chairman and Directors including Independent Directors, recommending the scheme for grant of stock options, evaluation of performance of the Managing Director, recommending revision to the remuneration of the Managing Director, recommending appointment of an Independent Director etc.

iii) 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 2018-19
Mr. S. K. Asher Chairman	Independent, Non-Executive Director	1
Mr. P. R. Rathi Member	Chairman	1
Mr. N. J. Rathi Member	Non-Executive Director	1
Mr. R. B. Rathi Member	Managing Director	1

Report on Corporate Governance

Statement on terms of reference:

The terms of the reference of the committee include the following:

- To resolve grievance of the security holders
- To review measures taken for effective exercise of voting rights.
- To review service standards of the Registrars/Transfer Agent and to review measures undertaken for reducing the quantum of unclaimed dividends.

The full text of the Charter of the Stakeholders Relationship Committee is available at the Company's website at <http://www.sudarshan.com/perch/resources/sudarshan-terms-of-reference-of-committees.pdf>

During the Financial Year 2018-19, Stakeholders Relationship Committee meeting was held on 8th February, 2019.

Based on the report received from the Company's Registrars, the Company had received four complaints from Investors, including 1 complaint received on 29th March, 2019. Three complaints were resolved during the year and one complaint was resolved subsequent to the financial year end.

Name, Designation and address of Compliance Officer:

Mr. Mandar Velankar
Deputy General Manager -
Legal & Company Secretary
Sudarshan Chemical Industries Limited,
162, Wellesley Road, Pune 411 001
Maharashtra, India
E-mail : mmvelankar@sudarshan.com
Telephone No. : 020 - 2622 6200

iv) Risk Management Committee :

Overview:

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

Composition:

The present Members of the Risk Management Committee are :

Name of the Director	Category of the Director
Mr. D. N. Damania, Chairman	Independent, Non-Executive Director
Mr. S. Padmanabhan, Member	Independent, Non-Executive Director
Mr. N. T. Raisinghani, Member	Independent, Non-Executive Director
Mrs. S. A. Panse, Member	Independent, Non-Executive Director
Mr. P. R. Rath, Member	Chairman
Mr. R. B. Rath, Member	Managing Director
Mr. A. Vij, Member	Wholtime Director
Mr. V. V. Thakur, Member	Acting CFO

During the year 2018-19, a meeting of the Committee was held on 27th March, 2019 which was attended by all the members of the Committee.

The full text of the Charter of the Risk Management Committee is available at the Company's website at <http://www.sudarshan.com/perch/resources/sudarshan-terms-of-reference-of-committees.pdf>

v) 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, and rules made thereunder.

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

Composition:

CSR Committee currently consists of following Members:

Name of the Director	Category of the Director
Mrs. Rati F. Forbes, Chairperson	Independent, Non-Executive Director
Mr. P. R. Rath, Member	Chairman
Mr. R. B. Rath, Member	Managing Director

During the Financial Year 2018-19, a meeting of the CSR Committee was held on 27th March, 2019 which was attended by all the members of the Committee.

Report on Corporate Governance

vi) 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. Rath , Mr. R. B. Rath and Mr. S. K. Asher constitute as members of the Committee. Mrs. S. A. Panse is the Chairperson of the Committee.

Meetings of the Committee are held on a need basis.

- 2. Shares Committee:** The terms of the committee is to consider proposals for transfer, transmission, transposition, demat, remat etc. based on the report of the Company's Registrar and Transfer Agents, M/s. Link Intime India Private Limited.

On 27th March, 2019, the Board reconstituted the Committee to also cover the proposal for issue of duplicate share certificates arising out of split / consolidation / loss of existing share certificates of the Company. The nomenclature of the Committee was changed from "Share Transfer Committee" to "Shares Committee".

Mr. P. R. Rath , Mr. N. J. Rath , Mr. R. B. Rath and Mr. Ashish Vij, Directors constitute members of the Shares Committee.

Meetings of the erstwhile Share Transfer Committee and Issue of Share Certificates / Duplicate Shares Certificate Committee were held at convenient intervals to ensure transfer, transmission, transposition, issue of duplicate share certificates and dispatch of share certificates within the stipulated time limit prescribed by the stock exchanges.

All the recommendations made by Board Committees during the year were accepted by the Board.

Independent Directors' Meeting :

A separate meeting of the Independent Directors of the Company was held on 27th March, 2019 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. All Independent Directors except Mr. S. N. Inamdar attended the Meeting. Mr. Inamdar could not attend the meeting due to health reasons.

Remuneration Policy:

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

The annual variable pay of Executive Directors and Senior Management is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives. For more details, please refer to the Remuneration Policy of the Board, 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 Executive Directors. 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 amounts payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees. Further, commission amounting to ₹60 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 2018-19.

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 of ₹20,000 per meeting for attending the meetings of the Board and its Committees.

Report on Corporate Governance

Information on shareholding of Directors:

Information on shares held by Directors as on 31st March, 2019 is provided in the annexure to the Directors' Report in Form MGT-9, i.e. extract of the Annual Return.

Remuneration to Executive and Non-Executive Directors for the year ended 31st March, 2019:

Details of remuneration paid / payable to the Executive and Non-Executive Directors are provided in an Annexure to the Directors' Report in Form MGT-9, i.e. extract of the Annual Return. The Non-Executive Directors did not have any material pecuniary transactions with the Company.

Disclosure of material transactions:

Under regulation 26(5) of SEBI Listing Regulations, 2015, the Senior Management is required to make periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. During the year under review, there were no such transactions.

Management Discussion and Analysis Report:

During the year under review, there were no such transactions. The report is given by way of a separate chapter in this Annual Report.

Rights of stakeholders:

The Company recognizes 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 organisational response.

- Build and strengthen a culture of transparency and trust.
- Provide protection against victimisation.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website at <http://www.sudarshan.com/perch/resources/whistle-blower-vigil-mechanism-policy.pdf>

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 regulate insider trading, the Company has put in place a Code of Conduct to regulate, Monitor and Report Trading of Company shares by Insiders. During the year under review, the said Code was amended with effect from 1st April, 2019 in line with the amendments to 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. The said code of conduct is available on the Company's website at <http://www.sudarshan.com/perch/resources/prohibition-of-insider-trading-policy.pdf>

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 at <http://www.sudarshan.com/perch/resources/sudarshan-archival-policy.pdf>

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

Report on Corporate Governance

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 at <http://www.sudarshan.com/perch/resources/preservation-of-documents-policy.pdf>

c. Policy for Determination of Material Events or Information:

Pursuant to Regulation 30 of the SEBI Listing Regulations 2015, the Board of Directors has adopted the Policy for Determination of Material Events or Information. The objective of the Policy is to ensure timely and adequate disclosure of material events or information. The Policy can be accessed from the Company's website at <http://www.sudarshan.com/perch/resources/determination-of-material-events-or-information-policy.pdf>

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, 2019 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 refer **Annexure VIII** to the Directors' Report forming part of this Annual Report.

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.

Report on Corporate Governance

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

The Board of Directors of the Company has approved the Investor Communication Policy in its meeting held on 10th February, 2017. For more details, shareholders are requested to visit the website of the Company at <http://www.sudarshan.com/perch/resources/investor-communication-policy.pdf>

Related Party Transactions :

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and 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 <http://www.sudarshan.com/perch/resources/related-party-transaction-policy.pdf>

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.

A statement showing disclosure of transactions with related parties during the year 2018-19 as required under Indian Accounting Standards is set out separately in this Annual Report.

Subsidiary Companies - Monitoring Framework:

The Company has following subsidiary companies;

1. RIECO Industries Limited
2. Sudarshan Europe B.V.
3. Sudarshan North America Inc.
4. Sudarshan (Shanghai) Trading Company Limited
5. Sudarshan Mexico S.de R.L.de CV.
6. Sudarshan CSR Foundation

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

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

General Body Meeting:

Details of last three Annual General Meetings are given below:

Financial Year	Date	Venue	No. of Directors present
2017-2018	09 th August, 2018	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	12
2016-2017	10 th August, 2017	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	11
2015-2016	12 th August, 2016	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	11

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

Date of AGM	Details of Special Resolution(s) passed	Remarks
09 th August, 2018	1. Re-appointment of Mr. N. J. Rathie as a Director 2. To increase the borrowing limits of the Company not exceeding ₹800 Crore at any point of time 3. To increase the limit for creation of mortgage / charge on assets of the Company not exceeding ₹800 Crore at any point of time 4. To issue Non-Convertible Debt Securities upto an aggregate limit of ₹250 Crore 5. To accord approval for continuance of Mr. D N Damania as an Independent Director till 8th August, 2019 in terms of amended provisions of 'SEBI Listing Regulations, 2015' 6. To accord approval for continuance of Mr. S. Padmanabhan as an Independent Director till 8th August, 2019 in terms of amended provisions of 'SEBI Listing Regulations, 2015'. 7. Approval of Sudarshan Chemical Industries Limited Stock Option Plan 2018 and Grant of options to employees of the Company and Subsidiary Companies thereunder. 8. Grant of Employee Stock Options to the Employees of the Company and that of Subsidiary Company(ies) by way of Secondary Acquisition under Sudarshan Chemical Industries Limited Employee Stock Option Plan 2018. 9. Approval of Trust Route for the implementation of Sudarshan Chemical Industries Limited Employee Stock Option Plan 2018. 10. Provision of Money by the Company for purchase of own shares by the Trust / Trustees for the benefit of employees under Sudarshan Chemical Industries Limited Employee Stock Option Plan 2018	All resolutions were passed with requisite majority
10 th August, 2017	Nil	Nil
12 th August, 2016	Nil	Nil

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 does not have any material un-listed Indian subsidiary company. However, in the interest of good governance, an Independent Director has been appointed on the Board of RIECO Industries Limited, an unlisted non-material Indian Wholly Owned Subsidiary. The Company's Wholly Owned Subsidiary in Europe, Sudarshan Europe B.V. is a material unlisted subsidiary since its income exceeds 10% of the consolidated income of the Group. However, since income or net worth of Sudarshan Europe B.V. does not exceed 20% of the consolidated income or net worth of the Group, it is not required to have an Independent Director of the Company on the Board of Sudarshan Europe B.V.

The 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 at <http://www.sudarshan.com/perch/resources/material-subsidiary-policy.pdf>

The minutes of the meetings of the Board of Wholly Owned Subsidiary Companies i.e. Prescient Color Limited (upto 1st June, 2018), 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.

Necessary details regarding the Credit Ratings obtained by the Company for any debt instrument, fixed deposit programme or any other scheme involving mobilization of funds are disclosed in the Shareholders' Information Report.

Report on Corporate Governance

During the year under review the total fees paid by the Company and its Subsidiaries (including discontinued operations) to the Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate ₹46.7 Lakhs

It is confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and Clauses (b) to (i) of sub - regulation (2) of Regulation 46 of the SEB Listing Regulations, 2015.

Status of compliance with Mandatory and Discretionary Requirements under the SEBI Listing Regulations, 2015, during the year 2018-19:

Mandatory:

The Company has complied with the mandatory requirements of the SEBI Listing Regulations, 2015.

Discretionary:

The Company has also complied with the discretionary requirements as under:

1) The Board

The Company has a non-executive chairperson with effect from 1st June, 2018. A non-executive chairperson is entitled to maintain a chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

2) Shareholder rights

At present, the Company is not sending a half-yearly declaration of financial performance including summary of significant events in the preceding six months to each household of shareholders. However, after the declaration of quarterly financial results, a tele-call with investor community is arranged and the Company makes a presentation on its financial performance. A copy of the said presentation is available on the websites of the Company and the Stock Exchanges.

3) Modified opinion(s) in audit report

The Company confirms that its financial statements are with unmodified audit opinion.

4) Separate posts of Chairperson and Chief Executive Officer

With effect from 1st June, 2018, the Company has appointed separate persons to the posts of Chairman and Managing Director.

5) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee.

Information with respect to 'Commodity Price Risk or Foreign Exchange Risk and Hedging Activities' is provided in Note

No. 43 and 40 of the Standalone and Consolidated Financial Statements as at and for the year ended 31st March, 2019, respectively.

During the year under review, none of the Independent Directors resigned before the expiry of his / her term.

During the year under review, the Company did not raise funds through preferential allotment or qualified institutional placement.

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 2018-19 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.**

Means of Communication:

The Quarterly, Half-Yearly, Nine Monthly (Unaudited) and Yearly Standalone and Consolidated Audited Financial Results of the Company are announced / published within the prescribed time period stipulated under the 'SEBI Listing Regulations, 2015'. These financial results were published in The Economic Times - English Newspaper and The Maharashtra Times - Marathi Newspaper. The Notice of the Board Meetings pertaining to approval of Unaudited / Audited Financial Results were also published in the newspapers such as Financial Express, The Indian Express and Loksatta.

The Company also displays all unaudited / audited financial results on its website at <http://www.sudarshan.com/financial-reports-information.php>

The Company intimates official news releases, if any, to the stock exchanges and the same are displayed on the website of the Company.

Presentations made to the investors or to the analysts are also intimated to the stock exchanges and the same are displayed on the website of the Company.

Report on Corporate Governance

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 Information:

Shareholders information is separately provided in the Annual Report.

CEO and CFO Certification:

The 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 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 33(2) of the Listing Regulations, 2015. The annual certificate given by the Managing Director and the Acting CFO in terms of Regulation 17(8) 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.

Code of Conduct:

The Board has laid down a Code of Conduct for all members of the Board and Senior Management consisting of members of the Corporate Executive Committee and other Employees / Executives of the Company. The Code of Conduct is posted on the Company's website at <http://www.sudarshan.com/perch/resources/code-of-conduct-1.pdf>

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the period from 1st April, 2018 to 31st March, 2019. The declaration dated 26th April, 2019 received from Mr. R. B. Rathi, 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, 2018 to 31st March, 2019."

Date: 26th April, 2019
Place: Pune

Rajesh B. Rathi
Managing Director

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

Date: 24th May, 2019
Place: Pune

PRADEEP R. RATHI
CHAIRMAN

Report on Corporate Governance

ANNEXURE I

CERTIFICATE OF MANAGING DIRECTOR AND 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, 2019, 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 has not been any significant change in internal control over financial reporting during the year under reference;
 - ii. Changes in accounting policies consequent to the implementation of new Indian Accounting Standards (Ind AS) have been appropriately disclosed in the financial statements. The impact of the new Ind AS on the Company's financials is not material; and
 - iii. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

R. B. Rath
Managing Director

V. V. Thakur
Acting CFO

Pune : 24th May, 2019

Report on Corporate Governance

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 6th May, 2019.
- 2 We have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited ("the Company"), for the year ended 31st March, 2019, as per regulations 17 to 27, clauses (b) to (i) 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 (b) to (i) 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, 2015 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

Firm's Registration No. 116231W/W-100024

Shiraz Vastani

Partner

Membership No. 103334

Date: 24th May 2019

Place: Pune

ANNEXURE III**CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE****(Pursuant to clause 10 of Part C of Schedule V of SEBI Listing Regulations, 2015)**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the SEBI Listing Regulations, 2015, in respect of Sudarshan Chemical Industries Limited (CIN: L24119PN1951PLC008409), I hereby certify that:

On the basis of the verification as considered necessary and explanation furnished to me by the Company and its officials, as on 31st March, 2019, none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of the Company by the SEBI / Ministry of Corporate Affairs or any such Statutory Authority.

FOR RAJESH KARUNAKARAN & CO.,
COMPANY SECRETARIES

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

Date: 24th May, 2019
Place: Pune

Shareholder Information

1. ANNUAL GENERAL MEETING :

Day and Date	Wednesday, 7 th August, 2019
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 2019 TO MARCH 2020 (FINANCIAL YEAR OF THE COMPANY IS 1ST APRIL TO 31ST MARCH)

Sr. No.	Particulars & Meetings	Actual / Tentative Date
1	Audited Financial Results for the year ended 31 st March, 2019	24 th May, 2019
2	Unaudited Quarterly Results for the Quarter ended 30 th June, 2019	7 th August, 2019
3	68 th Annual General Meeting	7 th August, 2019
4	Unaudited Quarterly Results for the Quarter ended 30 th September, 2019	Within 45 days of the quarter ending September 2019
5	Unaudited Quarterly Results for the Quarter ended 31 st December, 2019	Within 45 days of the quarter ending December 2019
6	Audited Annual Results for the year ended on 31 st March, 2020	Within 60 days of the quarter and year ending March 2020

3. DATE OF BOOK CLOSURE :

Wednesday, 31st July, 2019 to Wednesday, 7th August, 2019 (both days inclusive).

4. DIVIDEND PAYMENT DATE:

The Board of Directors at its meeting held on 24th May, 2019 has recommended Final Dividend of ₹6.00 per equity share (@ 300%) on a face value of ₹2.00 for the year Financial Year ended 31st March, 2019 (including a Special Dividend of ₹2.50 per share i.e. 125%) subject to the approval of the shareholders in the Annual General Meeting. The Final Dividend, if approved by the shareholders at the 68th Annual General Meeting, will be paid by 31st August, 2019 to those members whose names appear on the Register of Members of the Company / beneficial owners as on Tuesday, 30th July, 2019.

5. DIVIDEND TREND FOR PAST FIVE YEARS:

Sr. No	Dividend Year	Dividend %	Dividend per share
1	2018-19 (Final Dividend)	300 (including Special Dividend 125)	₹6.00 per share of ₹2 each (including Special Dividend of ₹2.50 per share)
2	2017-18 (Interim Dividend) 2017-18 (Final Dividend)	175	₹2.50 per share of ₹2 each ₹1.00 per share of ₹2 each
3	2016-17 (Interim Dividend) 2016-17 (Final Dividend)		₹2.50 per share of ₹2 each ₹1.00 per share of ₹2 each
4	2015-16 (Interim Dividend) 2015-16 (Final Dividend)	150	₹2.50 per share of ₹2 each ₹0.50 per share of ₹2 each
5	2014-15 (Final Dividend)	87.50	₹1.75 per share of ₹2 each

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

Shareholder Information

6. LISTING ON STOCK EXCHANGES AND STOCK CODE:

Name	Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Telephone Nos.: 022 - 2272 1233 / 34 Facsimile No.: 022 - 2659 8120 e-mail: is@bseindia.com Website: www.bseindia.com	506655
The National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Telephone Nos.: 022 - 2659 8100 - 14 Facsimile No.: 022 - 2659 8120 e-mail: ignse@nse.co.in Website: www.nseindia.com	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 of BSE Limited and The National Stock Exchange of India Limited for the Financial Year 2019-20.

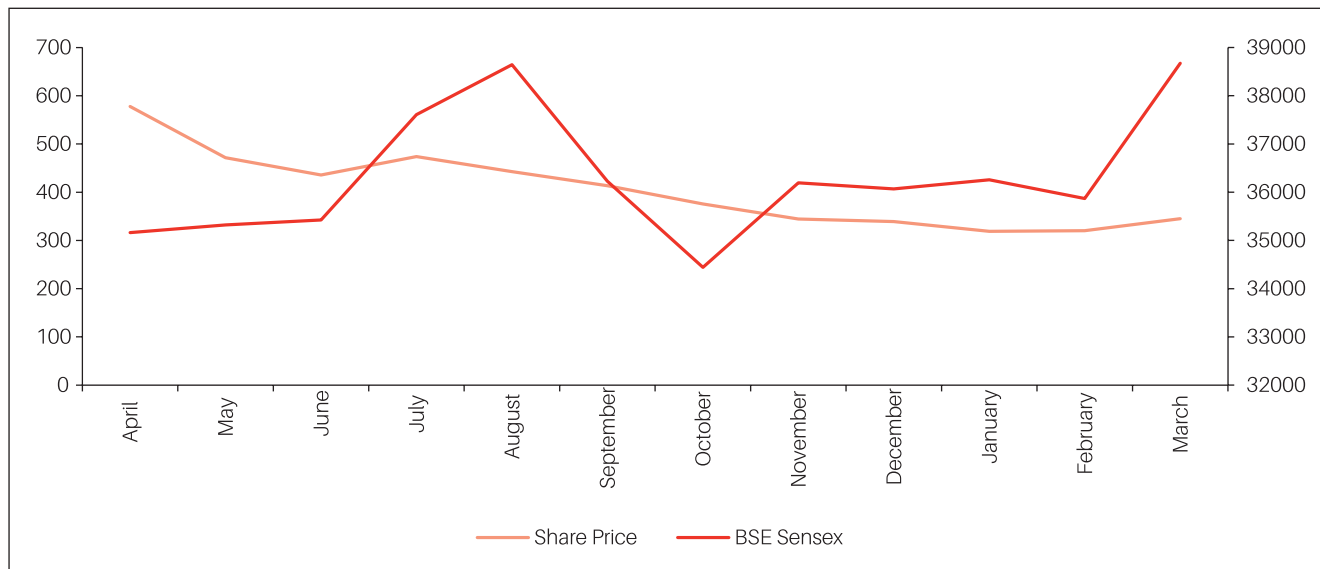
7. STOCK PRICES:

Month	BSE Limited		The National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2018	633.80	431.00	634.60	430.00
May, 2018	598.00	421.00	599.00	421.00
June, 2018	504.00	424.20	498.80	422.05
July, 2018	500.00	428.50	499.05	428.50
August, 2018	509.05	424.95	510.10	424.15
September, 2018	462.05	389.50	462.95	387.95
October, 2018	422.80	300.20	424.45	315.25
November, 2018	384.00	343.10	384.80	342.90
December, 2018	358.10	317.00	358.70	311.35
January, 2019	363.00	306.40	361.50	306.00
February, 2019	330.00	291.10	341.00	290.20
March, 2019	356.85	323.40	357.10	322.00

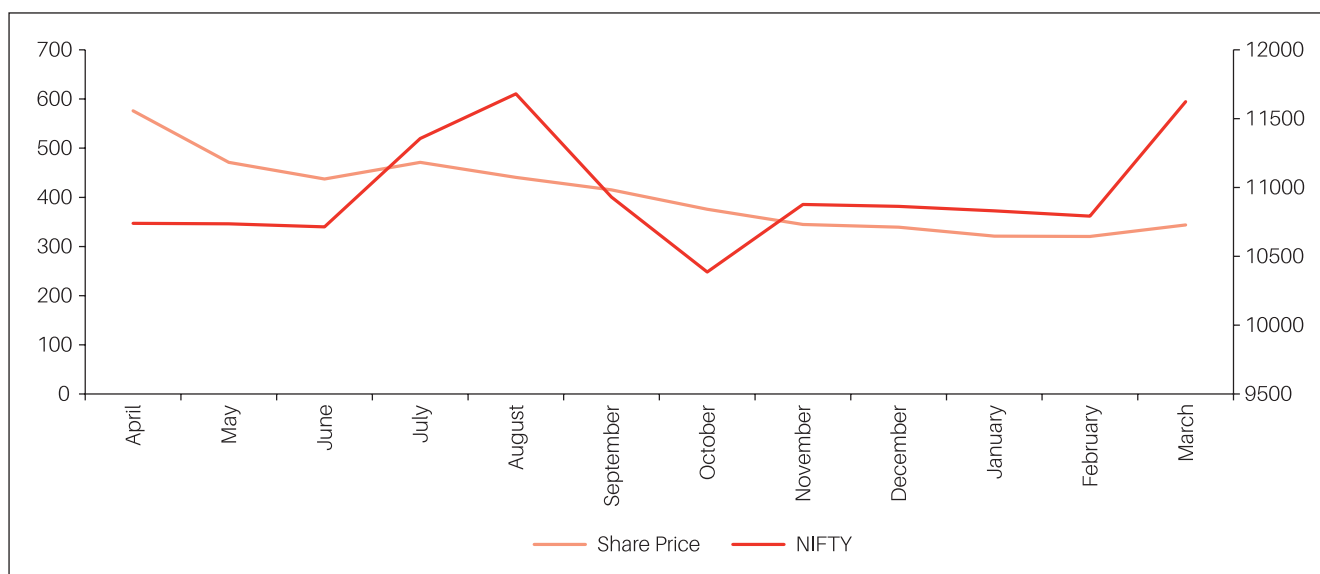
(Source: BSE and NSE - Websites)

Shareholder Information

Comparison of Sudarshan's share price with BSE Sensex - April, 2018 to March, 2019:



Comparison of Sudarshan's share price with NSE Nifty - April, 2018 to March, 2019



8. INVESTOR RELATIONS

Investor Relations (IR) at the Company aim 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 provision of timely and adequate information, the Company provides updates on its performance to all investors after the release of quarterly results.

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

Shareholder Information

9. REGISTRAR AND TRANSFER AGENTS:

Link Intime India Private Limited, Pune (SEBI Registration No. INR000004058) are acting as the Company's Registrar and Transfer Agents to handle requests for transfer, transmission, transposition, dematerialization, rematerialization of equity shares. These activities are handled under the supervision of the Company Secretary who is also the Compliance Officer under the Listing Regulations, 2015.

10. SHARE TRANSFER SYSTEM:

The Board has constituted a Shares Committee for expeditious processing of requests for transfer, transmission, transposition, dematerialization and rematerialization of equity shares in compliance with the provisions of the Companies Act, 2013 and applicable SEBI Listing Regulations, 2015. The shares lodged with the Company and complete in all respects are usually transferred within the applicable legal timeline.

Effective 1st April, 2019, transfer of shares of a listed company can only be affected in dematerialised form in terms of the SEBI SEBI Listing Regulations, 2015. Shareholders holding shares in the physical form are therefore requested to dematerialise their shares in their own interest. Communication in this respect has been sent by the Company during the year to the concerned shareholders. However, transfer deeds which were lodged with the Company on or before 31st March, 2019, but were returned due to any deficiency, will be processed upon re-lodgment.

11. DISTRIBUTION OF SHAREHOLDING:

(As on 31st March, 2019)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 3000	20,990	96.75	73,03,767	10.55
3001 - 5000	303	01.40	12,35,110	01.78
5001 & Above	401	01.85	6,06,88,373	87.67
Total	21,694	100.00	6,92,27,250	100.00

12. SHAREHOLDING PATTERN:

(As on 31st March, 2019)

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	3,32,426	00.48
FII's / FPIs / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	68,28,076	09.87
Corporate Bodies	17,99,824	02.60
Non Promoter Directors / Resident Individuals	2,36,50,664	34.16
Total	6,92,27,250	100.00

13. UNPAID / UNCLAIMED DIVIDEND:

In terms of the provisions of Section 124 of the Companies Act, 2013 the Company is required to transfer dividend 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 2010-11 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 unclaimed dividend at the earliest.

Shareholder Information

Dates of transfer of Unclaimed Dividend to the fund:

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years
1.	2011-12	10/08/2012	15/09/2019
2.	2012-13	20/09/2013	26/10/2020
3.	2013-14	09/08/2014	14/09/2021
4.	2014-15	14/08/2015	19/09/2022
5.	2015-16 (Interim Dividend)	10/03/2016 *	15/04/2023
6.	2015-16 (Final Dividend)	12/08/2016	17/09/2023
7.	2016-17 (Interim Dividend)	10/02/2017 *	15/03/2024
8.	2016-17 (Final Dividend)	10/08/2017	16/09/2024
9.	2017-18 (Interim Dividend)	08/02/2018 *	13/03/2025
10.	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	839	6,18,170
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	21	20,290
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	21	20,290
Number of Shares transferred to Demat Suspense Account on during 1 st April, 2018, to 31 st March, 2019	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	818	5,97,880

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. Accordingly, the Company has transferred 90 shares held by 2 shareholders to the IEPF Account during the year under review.

The Company had informed the concerned shareholders to claim their unpaid dividends for the previous seven consecutive years, failing which their relevant Equity Shares would be transferred to 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. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE659A01023. The Company's shares are actively traded on the stock exchanges. The Company's market capitalisation stood at approx. ₹2,388 Crores as on 31st March, 2019.

Promoters' shareholding is held in dematerialized form. As on 31st March, 2019, 97.43% of the total shareholding in the Company is held in dematerialized form which includes the promoters' shareholding of 52.89%.

Shareholder Information

17. OUTSTANDING GDRS / ADRS / WARRANTS AND OTHER CONVERTIBLE INSTRUMENTS, CONVERSION DATES AND LIKELY IMPACT ON EQUITY:

Not applicable as not issued.

18. POSTAL BALLOT AND E-VOTING:

During the financial year, no item of business was required to be transacted by means of Postal Ballot pursuant to the provisions of Section 110 of the Companies Act, 2013, and rules made thereunder.

Further, no Special Resolution requiring Postal Ballot is being proposed for the ensuing Annual General Meeting.

19. CREDIT RATINGS:

The Company has obtained rating from India Ratings & Research Private Limited (a Fitch Group Company), during the year ended 31st March, 2019. The rating is as follows:

Instrument Type	Rating / Outlook
Unsecured Loans	IND A+ / Stable
Non - Fund Based Working Capital Limits	IND A1+
Fund - Based Working Capital Limits	IND A+ / Stable / IND A1+
Term Loans	IND A+ / Stable
Term Deposits	IND tA+ / Stable
Commercial Paper	IND A1+

20. 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

21. ADDRESS FOR CORRESPONDENCE:

- 1) Mr. Mandar Velankar
Company Secretary and Compliance Officer
Sudarshan Chemical Industries Limited 162, Wellesley Road, Pune - 411 001, Maharashtra
Tel No. : 020-2622 6200
Email: grievance.redressal@sudarshan.com
- 2) Registrar and Transfer Agents (RTA)
Link Intime India Private Limited, "Akshay Complex"
Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune - 411 001, Maharashtra
Tel.No.: 020 - 2616 0084, 020 - 2616 1629
Telefax : 020-2616 3503
E-mail : pune@linkintime.co.in

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Sudarshan Chemical Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31st March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
Revenue recognition The Company's revenue is primarily derived from the sale of pigment products. The Company recognises revenue when the control is transferred to the customer in accordance with Ind AS 115 "Revenue from contracts with customers". The terms set out in the Company's sales contracts are varied. Accordingly, the timing of the transfer of control of the goods will be different for each sales contract depending upon the terms and conditions and when its performance obligations are met. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and is, therefore, subject to an inherent risk of misstatement and because errors in the recognition of revenue could have a material impact on the Company's financial statements. (Refer note 20 to the standalone financial statements)	Our audit procedures included: - evaluated the design, implementation and operating effectiveness of internal controls over the existence, accuracy and timing of revenue recognition; - performed substantive test of details over revenue recognised during the period by selecting a sample of transactions to ensure that the samples selected meet the revenue recognition criteria and are appropriately recorded; - tested sample transactions around the period end to ensure they were recorded in the correct accounting period; and - tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any.
Valuation of derivative financial instruments (held for hedging purposes) In line with its risk management policy, the Company enters into forward contract arrangements on highly probable forecast transactions to hedge its foreign currency exposure. Estimating	Our audit procedures included: evaluated the design, implementation and operating effectiveness of internal controls over the completeness, existence and accuracy of derivative instruments and management's documentation of the hedge effectiveness;

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

The key audit matter	How the matter was addressed in our audit
future cash flows is a significant factor in determining the accounting of such forward contracts and in the determination of its fair value. Judgement is applied in making these estimates. The Company adopted hedge accounting during the current year. We have identified the valuation of derivative financial instruments (held for hedging purposes) as a key audit matter considering the fact that judgement is applied in estimating future cash flows and effectiveness testing. Errors in the valuation of derivative financial instruments (held for hedging purposes) could have a material impact on the Company's financial statements. (Refer note 43 to the standalone financial statements)	- obtained valuation of the instruments from the management and their effectiveness testing; - performed substantive test of details by selecting sample of transactions to ensure that the aforesaid instruments meet the recognition criteria for cash flow hedge accounting and consequently, gains / losses are recognised in equity; - engaged independent specialist to assist in verifying the valuation and effectiveness testing of the derivative financial instruments held for hedging purposes; - assessed the appropriateness of the disclosure relating to derivatives and hedging activities.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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) specified 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 of the assets of the Company and for preventing and detecting frauds and

other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

- 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".
- (B) With respect to the other matters to be included in the Auditors' 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 as at 31st March 2019 on its financial position in its standalone financial statements - Refer Note 41 (b) to the standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings

in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31st March 2019.

- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024

Shiraz Vastani

Partner

Date: 24th May 2019

Place: Pune

Membership No. 103334

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, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) Immovable properties of land and buildings whose title deeds have been pledged as security for facilities taken from banks are held in the name of the Company based on the confirmations directly received by us from banks. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements and the buildings constructed on such leasehold land, whose lease deeds have been pledged as security for facilities taken from banks, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement based on the confirmations directly received by us from banks.
 - (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 one subsidiary company covered in the register maintained under Section 189 of the Act.
 - (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.
 - (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, goods and service tax, income-tax, duty of customs, cess and other material statutory dues with the appropriate authorities except that there have been slight delays in the deposit of dues in respect of provident fund, employees’ state insurance and tax deducted at source.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.

Annexure "A" to Independent Auditor's Report

(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, goods and 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	37,83,098	2004-05 to 2010-11 and 2014-15 to 2016-17	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	2,68,03,331	2008-09 to 2013-14	Custom, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	1,09,864	2014-15, 2015-16	Commissioner Appeal Central Excise
Maharashtra VAT Act, 2002	VAT	78,44,190	2006-07, 2008-09 and 2010-11 to 2014-15	Joint Commissioner of Sales Tax (Appeal)
Tamil Nadu VAT Act, 2006	VAT	6,23,691	2003-04	Assistant Commissioner, Commercial Tax Department Coimbatore
Andhra Pradesh VAT Act, 2005	VAT	8,26,015	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	3,30,35,612	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 31st March 2019 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.

Annexure “A” to Independent Auditor’s Report

(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. 116231W/W-100024

Shiraz Vastani

Partner

Date: 24th May 2019

Place: Pune

Membership No. 103334

Annexure B to the Independent Auditors' Report

REFERRED TO IN PARAGRAPH (1)(A)(F) IN REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUDARSHAN CHEMICAL INDUSTRIES LIMITED ON THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019.

Opinion

We have audited the internal financial controls with reference to financial statements of Sudarshan Chemical Industries Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 2019, based on the internal financial 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the 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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 controls 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 include 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.

Annexure B to the Independent Auditors' Report

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 controls 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.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024

Shiraz Vastani

Partner

Date: 24th May 2019

Place: Pune

Membership No. 103334

Standalone Balance Sheet

as at 31st March, 2019

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

Particulars	Note No.	As at 31 st March, 2019	As at 31 st March, 2018
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	45,355.7	44,953.1
(b) Capital work-in-progress	3	1,818.9	556.7
(c) Goodwill	4	-	287.7
(d) Other Intangible assets	4	1,073.8	1,272.0
(e) Intangible assets under development	4	577.0	-
(f) Investment in subsidiaries	5 (a)	2,394.0	5,283.3
(g) Financial assets			
i Investments	6 (a)	1.0	48.9
ii Loans	6 (b)	64.9	85.5
(h) Other non-current assets	7	2,962.6	2,119.8
(i) Non-current tax assets (net)	8 (a)	50.9	981.9
		54,298.8	55,588.9
II Current Assets			
(a) Inventories	9	24,759.7	19,552.9
(b) Investment in subsidiary (held for sale)	5 (b)	1,816.5	634.1
(c) Financial assets			
i Trade receivables	10 (a)	34,868.3	29,986.2
ii Cash and cash equivalents	10 (b)	190.7	382.2
iii Bank balances other than (ii) above	10 (c)	339.4	753.1
iv Loans	10 (d)	300.0	300.0
v Derivatives	10 (e)	718.4	3.7
vi Other financial assets	10 (f)	2,560.4	1,469.2
(d) Other current assets	11	4,991.1	5,693.7
		70,544.5	58,775.1
Assets classified as held for disposal	31	1,505.5	2,252.4
		126,348.8	116,616.4
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	58,473.8	43,853.6
		59,858.3	45,238.1
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	11,313.5	18,198.1
ii Other financial liabilities	14 (b)	150.6	173.2
(b) Provisions	15	1,422.2	1,627.1
(c) Deferred tax liabilities (net)	16	5,412.9	5,179.5
		18,299.2	25,177.9
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	17 (a)	13,397.1	11,331.7
ii Trade payables			
Dues of micro enterprises and small enterprises	17 (b)	319.1	396.2
Others	17 (b)	23,338.2	22,096.0
iii Derivatives	17 (c)	118.7	184.8
iv Other financial liabilities	17 (d)	8,819.9	9,572.2
(b) Other current liabilities	18	382.0	586.5
(c) Provisions	19	282.2	265.6
(d) Current tax liabilities (net)	8 (b)	802.1	372.0
		47,459.3	44,805.0
Liabilities associated with group of assets classified as held for disposal	31	732.0	1,395.4
		126,348.8	116,616.4
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 00025180

P.R.RATHI

Chairman
DIN 00018577

V.V.THAKUR

Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019

Standalone Statement of Profit & Loss

for the year ended 31st March, 2019

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

Particulars	Note No.	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Continuing Operations			
Income			
Revenue from operations	20	143,286.1	132,834.9
Other Income	21	579.2	1,078.8
Total Income		143,865.3	133,913.7
Expenses			
Cost of materials consumed	22	89,586.0	76,238.6
Purchase of stock-in-trade	23	28.7	18.0
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(3,321.6)	385.3
Excise duty on sale of goods		-	2,254.2
Employee benefits expense	25	9,482.6	7,701.5
Finance costs	26	1,384.7	2,330.7
Depreciation and amortisation expense	27	6,482.2	5,769.1
Other expenses	28	27,274.7	26,709.3
Total Expenses		130,917.3	121,406.7
Profit before exceptional items and tax from continuing operations		12,948.0	12,507.0
Exceptional Items	46	8,335.8	-
Profit before tax from continuing operations		21,283.8	12,507.0
Tax Expense	30		
Current Tax		4,151.5	3,303.7
Tax on Exceptional Items		2,037.0	-
Deferred Tax		143.4	720.3
Total Tax Expense		6,331.9	4,024.0
Profit for the year from continuing operations		14,951.9	8,483.0
Discontinued Operations			
Profit before tax for the year from discontinued operations	31	313.4	488.9
Tax expense of discontinued operations		109.5	169.2
Profit for the year from discontinued operations		203.9	319.7
Profit for the year		15,155.8	8,802.7
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations	32	(313.7)	(91.2)
Income tax relating to above		109.6	31.6
		(204.1)	(59.6)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	43	773.4	-
Income tax relating to above		(270.3)	-
		503.1	-
Total other comprehensive income for the year (net of taxes)		299.0	(59.6)
Total comprehensive income for the year		15,454.8	8,743.1
Earnings per share [Nominal Value per share ₹2 (31st March 2018 - ₹2)]	29		
- From Continuing Operations			
Basic and Diluted ₹ per share		21.60	12.25
- From Discontinued Operations			
Basic and Diluted ₹ per share		0.29	0.46
- From Total Operations			
Basic and Diluted ₹ per share		21.89	12.72
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 00025180

P.R.RATHI

Chairman
DIN 00018577

V.V.THAKUR

Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019

Standalone Statement of Changes in Equity

for the year ended 31st March, 2019

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

A. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

	Number	Amount
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
Changes in equity share capital during 2018-19	-	-
Balance as at 31st March, 2019	69,227,250	1,384.5

B. Other Equity

	Securities Premium	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss	Effective Portion of Cash Flow Hedge	Total
Balance as at 1st April, 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
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 Equity 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
Total comprehensive income for the year ended 31st March 2019						
Profit for the year	-	-	-	15,155.8	-	15,155.8
Other Comprehensive Income (net of tax)	-	-	-	(204.1)	503.1	299.0
Total	1,321.2	0.4	19,840.5	37,643.2	503.1	59,308.4
Transfer to General Reserve			1,500.0	(1,500.0)	-	-
Transactions with owners, recorded directly in equity						
Final Equity Dividend (Refer Note No. 12)	-	-	-	(692.3)	-	(692.3)
Tax on final equity dividend (Refer Note No. 12)	-	-	-	(142.3)	-	(142.3)
Total distributions to owners	-	-	-	(834.6)	-	(834.6)
Balance as at 31st March, 2019	1,321.2	0.4	21,340.5	35,308.6	503.1	58,473.8

Summary of significant accounting policies and key accounting estimates and judgments

The accompanying notes form an integral part of the Standalone Financial Statements.

As per 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 00025180

P.R.RATHI

Chairman

DIN 00018577

V.V.THAKUR

Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

Pune : 24th May, 2019

R.B.RATHI

Managing Director

DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Standalone Cash Flow Statement

for the year ended 31st March, 2019

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

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Cash flow from operating activities		
Profit before tax from operations from continuing operations including exceptional items	21,283.8	12,507.0
Adjustment for		
Depreciation / amortization	6,482.2	5,769.1
Loss on sale or write off of fixed assets	3.2	202.2
Provision no longer required written back	(94.4)	(372.2)
Gain on mutual fund revaluation/ sale	(3.5)	(1.4)
Provision for inventory obsolescence	(97.4)	144.8
Unrealized foreign exchange Loss / (Gain)	(994.1)	848.5
Fair value (Gain) / Loss on derivatives	(398.2)	452.3
Income on Financial Guarantees	(62.2)	(90.8)
Provision for expected credit loss	11.1	(31.9)
Bad Debts	77.4	16.2
Finance costs	1,384.7	2,330.7
Exceptional (gain)/ loss	(8,335.8)	-
Interest income	(363.8)	(217.7)
Operating profit before working capital changes	18,893.0	21,556.8
Working capital adjustments :		
Increase / (decrease) in trade payables	1,814.7	3,729.9
Increase / (decrease) in provisions	(392.4)	94.7
Increase / (decrease) in other current liabilities	(74.3)	(648.7)
Increase / (decrease) in other financial liabilities	(252.0)	(65.4)
Decrease / (increase) in trade receivables	(5,468.4)	(3,707.2)
Decrease / (increase) in inventories	(5,351.6)	(4,108.9)
Decrease / (increase) in other financial assets	(396.9)	909.3
Decrease / (increase) in other assets	733.6	(1,588.3)
Decrease / (increase) in other bank balances	413.7	(278.7)
Cash generated from operations	9,919.4	15,893.5
Income taxes paid (net of refunds) on total operations	(2,810.0)	(2,704.7)
Net cash flow from operating activities from continuing operations	7,109.4	13,188.8
Net cash flow from / (used in) operating activities from discontinued operations	1,401.3	2,277.8
Net cash flow from operating activities from continuing and discontinued operations (A)	8,510.7	15,466.6
Cash flows from investing activities :		
Purchase of fixed assets, including intangible assets, CWIP and capital advances and capital liabilities	(10,051.4)	(8,518.1)
Proceeds from sale of fixed assets	23.9	12.9
Proceeds from sale of division and subsidiary, net of incidental expenses and tax (Refer Note No. 46)	7,141.3	-
Proceeds from sale of mutual funds	51.4	-
Investment in subsidiaries	-	(411.3)
Interest received	363.8	229.2
Net cash flow used in investing activities from continuing operations	(2,471.0)	(8,687.3)
Net cash flow used in investing activities from discontinued operations	(15.2)	(142.7)
Net cash flow used in investing activities from continuing and discontinued operations (B)	(2,486.2)	(8,830.0)

Standalone Cash Flow Statement

for the year ended 31st March, 2019

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

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Cash flows from financing activities :		
Proceeds from long-term borrowings	648.2	23,003.5
Repayment of long-term borrowings	(6,955.9)	(22,345.2)
Dividend and tax thereon	(824.5)	(2,876.8)
Proceeds/ (Repayment) from short-term borrowings (net)	2,229.6	(2,329.9)
Finance costs paid	(1,384.7)	(2,378.6)
Income on Financial Guarantees	62.2	90.8
Net cash flow used in financing activities from continuing operations	(6,225.1)	(6,836.2)
Net cash flow used in financing activities from discontinued operations	(88.0)	(140.4)
Net cash flow used in financing activities from continuing and discontinued operations (C)	(6,313.1)	(6,976.6)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(288.6)	(340.0)
Cash and cash equivalents at the beginning of the year for continued operations	382.2	632.0
Cash and cash equivalents at the beginning of the year for discontinued operations	97.1	187.3
Cash and cash equivalents at the beginning of the year	479.3	819.3
Cash and cash equivalents at the end of the year for continued operations	190.7	382.2
Cash and cash equivalents at the end of the year for discontinued operations	-	97.1
Cash and cash equivalents at the end of the year	190.7	479.3
Components of cash and cash equivalents		
Cash on hand	6.6	6.5
On current account	184.1	472.8
Total cash and cash equivalents	190.7	479.3

Following is the net debt movement for continuing operations for the year ended 31st March 2019

	Opening balance	Cash Flows	Foreign Exchange Movement	Closing balance
Short term borrowings	11,331.7	2,229.6	(164.2)	13,397.1
Long term borrowings	18,198.1	(6,307.7)	(576.9)	11,313.5

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

Independent Director &

Audit Committee Chairman

DIN 00025180

P.R.RATHI

Chairman

DIN 00018577

V.V.THAKUR

Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

R.B.RATHI

Managing Director

DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

1. BACKGROUND:

Sudarshan Chemical 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 Chemical Industries Limited on 15th May, 1975 and the Company went Public in the year 1976 under the Companies Act, 1956. The CIN 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, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 24th May, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGMENTS:

(A) Basis of Preparation:

(a) 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.

(b) Historical cost convention:

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

Items	Measurement Basis
(1) Certain financial assets and liabilities (including derivatives instruments)	Fair Value
(2) Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(c) 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.

(B) 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 the 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 utilised. 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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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 analysing 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 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.

(C) Significant Accounting Policies:

(a) Foreign Currency Translation:

(i) 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.

(ii) Transactions and balances:

- 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).
- 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.
- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.
- Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

differences are recognised in the Statement of Profit or Loss except exchange difference arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

- On 28th March, 2018, the Ministry of Corporate Affairs ('the MCA') 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.

(b) Property, Plant and Equipment:

(i) 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.

(ii) Subsequent expenditure:

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

(iii) Depreciation:

- 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	5.0 - 6.0	8.00

*The above mentioned useful lives are on a three-shift basis, except for vehicles.

- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Goodwill and Other Intangible Assets:

(i) 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 recognised 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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(ii) 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.

(iii) Amortisation:

- The useful lives of intangible assets are assessed as either finite or indefinite.
- Intangible assets i.e. registrations, computer software and technical knowhow are amortised 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
Computer Software, Technical Know-How and Right to Use	5 - 10

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

(d) Investment in Subsidiaries:

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

(e) 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.

(i) Raw materials:

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t. taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

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

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

(iii) Stores and spares and packing material:

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition

(iv) Traded goods:

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

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

(f) 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.

(g) 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 are met:

- (i) decision has been made to sell.
- (ii) the assets are available for immediate sale in its present condition.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

- (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 coordinated 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.

(h) Financial Instruments:

(i) Financial Assets:

• 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.

• 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 in the period the Company changes its business model for managing financial assets.

• 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.

• Derivatives:

As permitted under "Ind AS 109 Financial Instruments", the Company has voluntarily adopted Hedge Accounting with effect from 1st July, 2018. This represents a change in accounting policy as compared to the previous periods presented in these results. Refer Note No. 43 for details.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in the Statement of Profit or Loss.

The Company designates certain derivatives as hedging instruments to hedge, the variability in the cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, interest rates and certain derivatives and non-derivatives financial liabilities as hedges of foreign exchange risks.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents economic relationship between the hedged items and hedging instruments including whether changes in cash flows of hedged item and hedged instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of change in the fair value of derivative is recognised in Other Comprehensive Income and accumulated in "Other Equity" as "effective portion cash flow hedge". Any ineffective portion of change in the fair value of derivative is recognised immediately in the Statement of Profit and Loss. The amount accumulated in Other Equity is reclassified to the Statement of Profit and Loss in the same period during which hedge expected future cash flow effects profit or loss.

If the hedge no longer meets the criteria of hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in Other Equity remains there until, for a hedge of a transaction resulting in recognition of known financial item, it is included in the non-financial item's costs on its initial recognition or, for other cash flow hedges it is re-classified to the Statement of Profit or Loss in the same period or periods as the hedged expected future cash flows affects profit or loss. If the hedged future cash flows are no longer expected to occur, then the amount that have been accumulated in Other Equity are immediately re-classified to the Statement of Profit and Loss.

- **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.

- **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) is recognised in the Statement of Profit and Loss.

(ii) Financial Liabilities:

- **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.

- **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.

- **Derecognition:**

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) 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.

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.

(i) Provisions and Contingent Liabilities:

- (i) 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.
- (ii) Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

- (iii) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

(j) Revenue :

(i) Revenue from contracts with customers:

Effective 1st April, 2018, the Company adopted Ind AS 115 - "Revenue from Contracts with Customers" (which replaces the earlier revenue recognition standards) using the cumulative effect method which is applied to contracts that were not completed as of 1st April, 2018. Accordingly, the comparative information is not restated. The adoption of the standard did not have any material impact on the financial results of the Company (Refer Note No. 47).

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company identifies the contract with a customer; identifies the performance obligations in the contract; determines the fair value transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative standalone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration

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is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

(ii) Sale of goods:

Revenue from the sale of goods is recognised net of returns trade discounts and volume rebates, at the point in time when the customer obtains control of the goods, which is generally at the time of delivery ex-factory or door delivery depending upon agreed upon terms.

(iii) Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

(iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) 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.

(vi) Other revenue is recognised when it is received or when the right to receive payment is established.

(k) Employee Benefits:

(i) Short-Term Employee Benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or

constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Post-Employment Benefits:

• 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.

• 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.

• Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise 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

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as at and for the year ended 31st March, 2019

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.

(l) 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.

(m) 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.

(i) 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.

(ii) 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:

- 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;
- 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
- 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).

(n) 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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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.

(o) Leases:

- (i) 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.
- (ii) 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.

(p) Earnings Per Share:

- (i) 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.
- (ii) 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.

(q) Dividends:

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

(r) 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.

(s) Recent Accounting Pronouncements:

Standards issued but not yet effective

Ministry of Corporate Affairs (MCA), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1st April, 2019:

Ind AS 116 - Leases

The Company is required to adopt Ind AS 116, Leases from 1st April, 2019. Ind AS 116 introduces a single, on Balance Sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its Standalone Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Standalone Financial Statements in the period of initial application is not reasonably estimable as at present.

i. Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities (Refer Note No.

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41). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Company will no longer recognise provisions for operating leases that it assesses to be onerous as described in Note No. 41. Instead, the Company will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets, to determine whether the right-of-use asset is impaired and to account for any impairment.

ii. Leases in which the Company is a lessor

Based on the information currently available, there are no such arrangements.

iii. Transition

The Company plans to apply Ind AS 116 initially on 1st April, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1st April, 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1st April, 2019 and identified as leases in accordance with Ind AS 17.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive

income or equity according to where the entity originally recognised those past transactions or events. The Company does not have any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following:

- the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty
- the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount
- entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not have any such instruments and hence no impact on its financial statements from this amendment.

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Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 - Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not have any such borrowings and hence no impact on its financial statements from this amendment.

Ind AS 28 - Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is not applicable to the Company as it does not carry interests in associate or joint venture.

Ind AS 103 - Business Combinations and Ind AS 111 - Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The amendment is not applicable to the Company as it does not currently carry control / joint controls in any joint operations.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

A. Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1st April, 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 amount as at 31st March, 2018 including assets held for sale	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
Less: Assets held for sale	-	-	-	8.2	-	1.9	0.8	-	-	-	-	10.9	-
Gross amount as at 31st March, 2018 for continuing operations	1,135.7	136.3	6,884.3	42,586.5	536.9	465.6	117.9	1,083.6	1,575.4	580.1	37.9	55,140.2	556.7
Accumulated depreciation as at 1st 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	-
Accumulated depreciation as at 31st March, 2018 including assets held for sale	-	3.6	395.8	9,073.0	197.9	90.7	44.9	29.6	296.8	52.0	7.3	10,191.6	-
Less: Assets held for sale	-	-	-	3.9	-	0.5	0.1	-	-	-	-	4.5	-
Accumulated depreciation as at 31st March, 2018 for continuing operations	-	3.6	395.8	9,069.1	197.9	90.2	44.8	29.6	296.8	52.0	7.3	10,187.1	-
Net amount as at 31st March, 2018 including assets held for sale	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	-
Net amount as at 31st March, 2018 for continuing operations	1,135.7	132.7	6,488.5	33,517.4	339.0	375.4	73.1	1,054.0	1,278.6	528.1	30.6	44,953.1	556.7

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2019

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

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS (CONTD.)

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1 st April, 2018	1,135.7	136.3	6,884.3	42,586.5	536.9	465.6	117.9	1,083.6	1,575.4	580.1	37.9	55,140.2	556.7
Additions	53.2	-	866.6	5,324.5	124.0	210.8	28.1	13.0	147.0	276.2	-	7,043.4	8,057.5
Disposals	-	-	-	270.3	48.7	17.9	0.4	-	11.3	-	-	348.6	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	6,795.3
Gross amount as at 31 st March, 2019 including assets held for sale	1,188.9	136.3	7,750.9	47,640.7	612.2	658.5	145.6	1,096.6	1,711.1	856.3	37.9	61,835.0	1,818.9
Less: Assets held for sale	-	-	-	192.9	7.2	7.9	2.9	-	-	-	-	210.9	-
Gross amount as at 31 st March, 2019 for continuing operations	1,188.9	136.3	7,750.9	47,447.8	605.0	650.6	142.7	1,096.6	1,711.1	856.3	37.9	61,624.1	1,818.9
Accumulated depreciation as at 1 st April, 2018	-	3.6	395.8	9,069.1	197.9	90.2	44.8	29.6	296.8	52.0	7.3	10,187.1	-
Depreciation for the year	-	1.9	237.7	5,542.2	130.7	51.4	24.0	18.2	197.9	80.4	7.2	6,291.6	-
Disposals	-	-	-	86.1	32.1	7.4	0.3	-	6.3	-	-	132.2	-
Accumulated depreciation as at 31 st March, 2019 including assets held for sale	-	5.5	633.5	14,525.2	296.5	134.2	68.5	47.8	488.4	132.4	14.5	16,346.5	-
Less: Assets held for sale	-	-	-	64.5	7.0	5.8	0.8	-	-	-	-	78.1	-
Accumulated depreciation as at 31 st March, 2019 for continuing operations	-	5.5	633.5	14,460.7	289.5	128.4	67.7	47.8	488.4	132.4	14.5	16,268.4	-
Net amount as at 31 st March, 2019 including assets held for sale	1,188.9	130.8	7,117.4	33,115.5	315.7	524.3	77.1	1,048.8	1,222.7	723.9	23.4	45,488.5	1,818.9
Less: Assets held for sale	-	-	-	128.4	0.2	2.1	2.1	-	-	-	-	132.8	-
Net amount as at 31 st March, 2019 for continuing operations	1,188.9	130.8	7,117.4	32,987.1	315.5	522.2	75.0	1,048.8	1,222.7	723.9	23.4	45,355.7	1,818.9

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 ₹3,622.9 Lakhs as at 31st March, 2019 (₹14.4 Lakhs as at 31st March, 2018).

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, 2019

(All amounts are in ₹ 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
Gross amount as at 1st 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 amount as at 31st March, 2018 including assets held for sale	422.7	257.5	998.4	150.0	1,828.6	119.4	287.7
Less : Assets held for sale	-	-	-	-	-	119.4	-
Gross amount as at 31st March, 2018 for continuing operations	422.7	257.5	998.4	150.0	1,828.6	-	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	-	-	-	-	-	-	-
Accumulated amortisation as at 31st March, 2018 including assets held for sale	127.8	198.8	214.5	15.5	556.6	-	-
Less : Assets held for sale	-	-	-	-	-	-	-
Accumulated amortisation as at 31st March, 2018 for continuing operations	127.8	198.8	214.5	15.5	556.6	-	-
Net amount as at 31st March, 2018 including assets held for sale	294.9	58.7	783.9	134.5	1,272.0	119.4	287.7
Less : Assets held for sale	-	-	-	-	-	119.4	-
Net amount as at 31st March, 2018 for continuing operations	294.9	58.7	783.9	134.5	1,272.0	-	287.7
Gross amount as at 1st April, 2018	422.7	257.5	998.4	150.0	1,828.6	-	287.7
Additions	8.0	-	137.0	-	145.0	577.0	-
Disposals	-	-	-	-	-	-	-
Gross amount as at 31st March, 2019 including assets held for sale	430.7	257.5	1,135.4	150.0	1,973.6	577.0	287.7
Less : Assets held for sale	1.6	69.6	-	-	71.2	-	287.7
Gross amount as at 31st March, 2019 for continuing operations	429.1	187.9	1,135.4	150.0	1,902.4	577.0	-
Accumulated amortisation as at 1st April, 2018	127.8	198.8	214.5	15.5	556.6	-	-
Amortisation for the year	156.9	8.8	113.2	14.9	293.8	-	-
Disposals	-	-	-	-	-	-	-
Accumulated amortisation as at 31st March, 2019 including assets held for sale	284.7	207.6	327.7	30.4	850.4	-	-
Less : Assets held for sale	0.2	21.6	-	-	21.8	-	-
Accumulated amortisation as at 31st March, 2019 for continuing operations	284.5	186.0	327.7	30.4	828.6	-	-
Net amount as at 31st March, 2019 including assets held for sale	146.0	49.9	807.7	119.6	1,123.2	577.0	287.7
Less : Assets held for sale	1.4	48.0	-	-	49.4	-	287.7
Net amount as at 31st March, 2019 for continuing operations	144.6	1.9	807.7	119.6	1,073.8	577.0	-

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2019

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

4 GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT (CONTD.)

B. Impairment tests for goodwill :

Goodwill represents goodwill recognised on acquisition of Industrial Mixing Solutions Division ("IMSD") business amounting to ₹287.7 Lakhs. IMSD designs and manufactures industrial mixers & agitators. IMSD is subsequently divested (Refer Note No. 31). There is no requirement of assessing the impairment as at 31st March, 2019, since the division is divested at the price higher than the carrying value.

For Impairment assessment as at 31st March 2018, 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
Discount rate	14.5%
Terminal value growth rate	5.0%
Budgeted EBITDA growth rate	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

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

5 INVESTMENT IN SUBSIDIARIES

	As at 31 st March, 2019	As at 31 st March, 2018
Unquoted, Fully paid up		
Carried at cost		
(a) Investments in Equity Instruments		
Sudarshan Europe B.V.		
28,100 (Previous Year : 28,100) Equity shares of € 100 each	1,916.4	1,916.4
RIECO Industries Limited		
Nil (Previous Year : 12,500,000) Equity shares of ₹10 each	-	2,889.3
(During F.Y 2018-19 this investment has been classified under Investment in Subsidiary (Held for Sale). Refer Note No. 31 of the Consolidated Financial Statements)		
Sudarshan (Shanghai) Trading Company Limited	477.6	477.6
\$ 739,990 (Previous Year : \$ 739,990) fully paid-up Equity share capital		
	2,394.0	5,283.3
(b) Investments in Subsidiary (Held for Sale)		
Prescient Color Limited		
Nil (Previous Year : 6,000,000) Equity shares of ₹10 each	-	634.1
(During F.Y. 2017-18 this investment has been classified under investment in subsidiary (held for sale). The sale of this investment was completed in F.Y. 2018-19. Refer Note No. 31 and 46 of the Consolidated Financial Statements)		
RIECO Industries Limited		
12,500,000 (Previous Year : Nil) Equity shares of ₹10 each	2,889.3	-
Less : Impairment (Refer Note No. 46)	1,072.8	-
	1,816.5	634.1
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	2,394.0	5,283.3
<i>Aggregate amount of unquoted investments held for sale</i>	1,816.5	634.1
<i>Aggregate amount of impairment in the value of investments</i>	1,072.8	-
As per the Company's policy, investment in subsidiaries include the fair value of financial guarantees issued as security for loan taken by subsidiaries. The details of such fair values included the investment above is as shown below:		
Prescient Color Limited	-	34.1
Sudarshan Europe B.V.	7.4	7.4
RIECO Industries Limited	89.3	89.3
	96.7	130.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

6 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) INVESTMENTS		
Investments in mutual funds - Unquoted and carried at Fair value through Profit and Loss (FVTPL)		
Nil (Previous Year : 202,715.67) Units of ₹10 each in UTI Gilt Advantage-LTP-Dividend Payout Fund.	-	47.9
Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹10 each	1.0	1.0
	1.0	48.9
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	1.0	48.9
Aggregate amount of impairment in the value of investments	-	-
(b) LOANS		
(Unsecured considered good unless stated otherwise)		
Security Deposits	64.9	85.5
	64.9	85.5

7 OTHER NON-CURRENT ASSETS

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Capital advances		
Considered good	1,085.8	81.8
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	1,085.8	81.8
(b) Advances other than capital advances:		
Balances with Government authorities	1,196.0	1,354.1
Prepaid expenses	1.6	2.0
Statutory receivables	276.1	276.1
Others	403.1	405.8
	1,876.8	2,038.0
	2,962.6	2,119.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Non-current tax assets (net)		
Income tax assets	14,446.9	7,827.1
Income tax liabilities	14,396.0	6,845.2
Net income tax assets	50.9	981.9
(b) Current tax liabilities (net)		
Income tax liabilities	11,805.9	3,083.8
Income tax assets	11,003.8	2,711.8
Net income tax liabilities	802.1	372.0

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Raw Materials	7,485.0	6,019.7
Raw materials in transit	2,282.3	1,555.3
	9,767.3	7,575.0
(b) Work-in-progress	4,178.9	3,547.4
(c) Finished Goods	9,063.4	6,354.4
Finished goods in transit	31.0	157.9
	9,094.4	6,512.3
(d) Stores and Spares	1,567.4	1,745.3
(e) Stock-in-trade	42.9	42.6
(f) Packing Materials	108.8	130.3
	24,759.7	19,552.9

During FY 2018-19 an amount of ₹97.4 Lakhs was written back in (Previous Year: ₹144.8 Lakhs was charged to) the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

10 FINANCIAL ASSETS: CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
(Refer Note No. 42 for details of related party balances)		
Trade receivables considered good	35,352.8	30,508.4
Less: Allowance for expected credit loss	484.5	522.2
	34,868.3	29,986.2
Trade receivables which have significant increase in credit risk	-	-
Trade receivables which have credit impaired	-	-
	34,868.3	29,986.2
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	6.6	6.5
Balance with Banks		
In Current Accounts	184.1	375.7
	190.7	382.2
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	178.7	168.8
Margin Money Deposits	160.7	584.3
	339.4	753.1
(d) LOANS		
(Unsecured and considered good unless otherwise stated)		
Loans to related parties (Refer Note No. 42)	300.0	300.0
	300.0	300.0
(e) DERIVATIVE ASSETS		
Foreign exchange forward contracts	718.4	3.7
	718.4	3.7
(f) OTHER FINANCIAL ASSETS		
Receivable from subsidiaries (Refer Note No. 42)	38.0	84.7
Export benefits receivable	1,307.6	1,229.8
Other Receivables (includes interest accrued on deposits)	224.6	154.7
Others	990.2	-
	2,560.4	1,469.2

11 OTHER CURRENT ASSETS

	As at 31 st March, 2019	As at 31 st March, 2018
Advances other than capital advances:		
Prepaid expenses	206.8	161.9
Balances with Government authorities	3,806.3	5,083.3
Other advances (includes advances for materials)	978.0	448.5
	4,991.1	5,693.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

12 EQUITY SHARE CAPITAL

	As at 31 st March, 2019	As at 31 st March, 2018
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) Equity Shares of ₹2 each.	1,500.0	1,500.0
ISSUED :		
*69,227,750 (Previous Year : 69,227,750) Equity Shares of ₹2 each.	1,384.5	1,384.5
SUBSCRIBED AND PAID-UP :		
*69,227,250 (Previous Year : 69,227,250) Equity Shares of ₹2 each fully paid up.	1,384.5	1,384.5

*Allotment of 500 Rights Equity Shares of ₹2 each is kept in abeyance, matter being sub-judice.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	As at 31 st March, 2019		As at 31 st March, 2018	
	No.	₹	No.	₹
At the beginning of the year	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

(b) Terms / Rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹2 per share (Previous Year : ₹2 each). Each holder of equity shares is entitled to one vote per share. The 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 the year ended 31st March, 2019 a Final Dividend of ₹3.5 per share was proposed to be paid for the Financial Year ended 31st March, 2019, subject to approval of shareholders. The Board has also recommended Special Dividend at ₹2.5 per share, subject to approval of shareholders. In view of this, the amount of dividend per share aggregates to ₹6.0 (Previous Year : ₹3.5) on a face value of ₹2 per share. During the year ended 31st March, 2018 an Interim Dividend of ₹2.5 and final dividend of ₹1.0 per share was paid.

(c) Details of shareholders holding more than 5% shares in the company :

	As at 31 st March, 2019		As at 31 st March, 2018	
	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
Mr. Rahul P. Rathi	4,754,540	6.87	4,754,540	6.87
Mr. Anuj N. Rathi	5,447,620	7.87	5,447,620	7.87
Mr. Rohit K. Rathi	4,651,600	6.72	4,651,600	6.72
Mr. Akash Bhanshali	5,567,711	8.04	-	-
DIC Corporation, Japan	-	-	5,579,890	8.06

(d) For a period of five years immediately preceding 31st March, 2019 :

- 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 ₹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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

13 OTHER EQUITY

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Capital Reserve	0.4	0.4
(b) Securities Premium	1,321.2	1,321.2
(c) General Reserve	21,340.5	19,840.5
(d) Effective Portion of Cash Flow Hedge	503.1	-
(e) Retained Earnings	35,308.6	22,691.5
	58,473.8	43,853.6
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) Securities Premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(c) General Reserve		
Balance at the beginning of the year	19,840.5	18,340.5
Additions during the year	1,500.0	1,500.0
Deductions during the year	-	-
Balance at the end of the year	21,340.5	19,840.5
(d) Effective Portion of Cash Flow Hedge		
Balance at the beginning of the year	-	-
Add : Other comprehensive income not recognised directly in retained earnings (net of taxes)	503.1	-
Balance at the end of the year	503.1	-
(e) Retained Earnings		
Balance at the beginning of the year	22,691.5	18,364.7
Add : Profit after tax for the year	15,155.8	8,802.7
Other comprehensive income recognised directly in retained earnings	(204.1)	(59.6)
Less : Appropriations (Refer Note No. 12(b))		
Final Equity Dividend	692.3	692.3
Interim Equity Dividend	-	1,730.7
Tax on Interim and Final Equity Dividend	142.3	493.3
Amount transferred to General Reserve	1,500.0	1,500.0
	35,308.6	22,691.5
	58,473.8	43,853.6

Description of nature and purpose of each reserve

- Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.
- Capital Reserve includes surplus on re-issue of shares in the financial year 1996-97 ₹0.4 Lakhs.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

13 OTHER EQUITY (CONTD.)

- 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.
- Cash flow hedging reserve -

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs.

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	-	374.0
Foreign Currency Loans	9,982.9	16,294.4
Unsecured		
Loans from Related Parties (Refer Note No. 42)		
Intercompany Deposits	1,330.6	1,529.7
(Refer Note No. 33 for details of security and terms of repayment)		
	11,313.5	18,198.1
(b) OTHER FINANCIAL LIABILITIES		
Deferred financial guarantee commission	-	17.8
Security Deposits	150.6	155.4
	150.6	173.2

15 PROVISIONS : NON-CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	862.8	832.7
Provision for compensated absences (Refer Note No. 32)	559.4	512.5
(b) OTHERS :		
Provision for Ex-Gratia payments	-	281.9
	1,422.2	1,627.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March, 2019	As at 31 st March, 2018
The major components of the deferred tax liabilities are :		
Property, plant and equipment	6,110.3	5,875.7
Others	100.2	43.7
	6,210.5	5,919.4
The major components of the deferred tax assets are :		
Impairment of investment	249.9	-
Allowance for expected credit loss	176.2	180.7
Indexed value investment in subsidiary classified as held for sale	95.7	153.5
Expenditure accrued, allowable on actual payment	275.8	405.7
	797.6	739.9
	5,412.9	5,179.5

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.

17 FINANCIAL LIABILITIES: CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) BORROWINGS		
Secured		
Loans repayable on demand		
From banks :		
Rupee Loans	4,276.7	3,482.0
Foreign Currency Loans	1,525.1	3,345.6
Unsecured		
Loans repayable on demand		
From banks :		
Rupee Loans	7,595.3	4,504.1
(Refer Note No. 33 for details of security and terms of repayment)		
	13,397.1	11,331.7
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises (Refer Note No. 34)	319.1	396.2
Other than Micro and Small Enterprises	23,338.2	22,096.0
	23,657.3	22,492.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

17 FINANCIAL LIABILITIES : CURRENT (CONTD.)

	As at 31 st March, 2019	As at 31 st March, 2018
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	96.8	71.6
Interest rate / currency swap contracts	21.9	113.2
	118.7	184.8
(d) OTHER FINANCIAL LIABILITIES		
Current maturities of long-term debt (including interest accrued thereon) (Refer Note No. 33)	6,402.6	6,976.2
Unclaimed Dividend	178.6	168.5
Unclaimed fixed deposits including interest thereon	23.4	6.7
Capital creditors	598.2	640.4
Deferred financial guarantee commission	-	56.6
Employee Dues	1,167.9	1,056.9
Other Liabilities (includes commission payable to directors and commission payable on sales)	449.2	666.9
	8,819.9	9,572.2

18 OTHER CURRENT LIABILITIES

	As at 31 st March, 2019	As at 31 st March, 2018
Statutory Dues	259.4	242.4
Other Liabilities (includes advances from customers)	122.6	344.1
	382.0	586.5

19 PROVISIONS : CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	115.0	69.4
Provision for gratuity (Refer Note No. 32)	96.3	145.8
Provision for compensated absences (Refer Note No. 32)	70.9	50.4
	282.2	265.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

20 REVENUE FROM OPERATIONS

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Sale of products	140,950.0	130,449.1
Sale of services	-	0.4
Other operating revenues		
Export Incentives	1,921.4	2,052.3
Miscellaneous Operating Income	414.7	333.1
(Refer Note No. 44 and 47)		
	143,286.1	132,834.9

21 OTHER INCOME

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	41.8	41.6
Others	322.0	176.1
Net gains / (losses) on fair value changes :		
Change in fair value of investments measured at FVTPL (Mutual Fund Units)	-	1.4
Gain on sale of mutual funds	3.5	-
Fair value gain / (loss) on derivatives not designated as hedges (net)	-	(90.1)
Other Non-Operating Income :		
Liabilities no longer required, written back	94.4	372.2
Allowance for expected credit loss, written back	-	31.9
Foreign Exchange Gain / (Loss) (net)	(29.7)	369.9
Income on Financial Guarantees	62.2	90.8
Miscellaneous Income	85.0	85.0
	579.2	1,078.8

22 COST OF MATERIALS CONSUMED

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Inventory of materials at the beginning of the year	7,468.2	4,241.0
(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)		
Add : Purchases	91,885.1	79,465.8
	99,353.3	83,706.8
Less: Inventory of materials at the end of the year	9,767.3	7,468.2
(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)		
	89,586.0	76,238.6

23 PURCHASE OF STOCK-IN-TRADE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Purchase of Stock- in-trade	28.7	18.0
	28.7	18.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Inventory at the end of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	9,094.4	6,487.1
Work-in-progress / Semi-finished Products	4,178.9	3,464.9
Stock-in-Trade	42.9	42.6
	13,316.2	9,994.6
Inventory at the beginning of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	6,487.1	6,446.5
Work-in-progress / Semi-finished Products	3,464.9	3,877.3
Stock-in-Trade	42.6	56.1
	9,994.6	10,379.9
	(3,321.6)	385.3

25 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Salaries, wages and bonus	8,672.9	6,946.1
Contribution to Provident and Other Funds	458.7	387.2
Staff Welfare Expenses	351.0	368.2
	9,482.6	7,701.5

26 FINANCE COSTS

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Interest expenses on financial liabilities measured at amortised cost	1,342.0	2,217.4
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	42.7	113.3
	1,384.7	2,330.7

27 DEPRECIATION AND AMORTISATION

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Depreciation of property, plant and equipment	6,368.6	5,587.1
Amortisation of other intangible assets	113.6	182.0
(Excludes depreciation on assets subsequently classified as held for sale)		
	6,482.2	5,769.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

28 OTHER EXPENSES

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Consumption of stores and spares	2,301.0	2,344.9
Consumption of packing material	1,668.9	1,638.9
Power and fuel	6,725.8	7,394.1
Water charges	1,114.9	1,207.3
Labour charges	3,224.1	3,046.0
Rent (Refer Note No. 41)	147.1	87.3
Repairs and maintenance	2,278.1	2,309.8
Insurance	301.5	249.7
Rates and taxes (excluding taxes on income)	100.9	208.2
Advertisement	417.5	270.1
Auditors' Remuneration (Refer Note No. 35)	42.7	26.8
Bad debts written off	77.4	16.2
Provision for expected credit loss allowance (Refer Note No. 43)	11.1	-
Bank charges	136.2	157.5
Commission to selling agents	1,465.5	1,220.7
Freight and forwarding expenses	959.3	974.0
Directors' sitting fees	21.2	17.9
ERP / Computer related expenses	232.6	257.8
Legal, professional and consultancy charges	2,700.9	2,970.5
Loss on sale / disposal / retirement of assets	3.2	202.2
Printing, stationery and communication expenses	342.0	278.5
Travelling and conveyance	1,237.1	1,031.6
Miscellaneous expenses (Refer Note No. 39)	1,526.2	1,272.6
Excise duty variation on opening and closing stock (Refer Note No. 44)	-	(662.3)
Expenditure towards Corporate Social Responsibility (Refer Note No. 38)	239.5	189.0
	27,274.7	26,709.3

29 EARNINGS PER SHARE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Number of 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 (Including Exceptional Items)		
Net Profit After Tax	14,951.9	8,483.0
Basic and Diluted earnings per share	21.60	12.25
From Discontinued Operations (Including Exceptional Items)		
Net Profit After Tax	203.9	319.7
Basic and Diluted earnings per share	0.29	0.46
From Total Operations (Including Exceptional Items)		
Net Profit After Tax	15,155.8	8,802.7
Basic and Diluted earnings per share	21.89	12.72

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

29 EARNINGS PER SHARE (CONTD.)

The profit and earnings per share for the year ended 31st March, 2019 are not comparable with those of the earlier periods because of the exceptional gain / loss (Refer Note No. 46). The table below explains the impact of this transaction on the profit and earnings per share. Below is the earnings per share on the Continuing business without exceptional gain / (losses).

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Profit before tax and exceptional items from continuing operations	12,948.0	12,507.0
Tax expense excluding tax on exceptional items	4,294.9	4,024.0
Profit from continuing operations excluding exceptional items	8,653.1	8,483.0
Basic and diluted earnings per share from continuing operations (excluding exceptional items)	12.50	12.25

30 INCOME TAX

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year for continuing operations	4,074.2	3,078.5
Adjustment of current tax relating to earlier years	77.3	225.2
	4,151.5	3,303.7
Current tax for the year for discontinued operations	109.5	169.2
	4,261.0	3,472.9
Deferred tax (b)		
Relating to origination and reversal of temporary differences	343.8	893.2
Adjustment of deferred tax relating to earlier years	(200.4)	(172.9)
	143.4	720.3
Tax on Exceptional Items (c)	2,037.0	-
Total tax expenses (a+b+c)	6,441.4	4,193.2
B Reconciliation of effective tax rate		
Profit before tax from continuing operations	12,948.0	12,507.0
Profit before tax from discontinued operations	313.4	488.9
	13,261.4	12,995.9
Income tax calculated at corporate tax rate	4,589.5	4,497.6
Tax effect of:		
- non deductible expenses	152.7	71.8
- incremental deduction on account of research and development costs	(364.3)	(275.1)
- deferred tax recognised on impairment provision	(249.9)	-
- income tax relating to prior years	123.1	52.3
- tax on exceptional items	2,037.0	-
- indexation benefit on investment held for sale	57.8	(153.4)
- others	95.5	-
Income tax expenses	6,441.4	4,193.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

30 INCOME TAX (CONTD.)

C. Movement in deferred tax liabilities and assets

(i) Deferred tax liabilities

	Property, Plant and Equipments	Other deferred tax liabilities	Total
As at 1st April, 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
Charged / (credited)			
- to Statement of Profit and Loss	234.6	56.5	291.1
- to Other Comprehensive Income	-	-	-
As at 31st March, 2019	6,110.3	100.2	6,210.5

(ii) Deferred tax assets

	Allowance for Expected Credit Loss	Indexation benefit on investment held for sale	Deferred tax recognised on Impairment	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1st April, 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
(Charged) / credited						
- to Statement of Profit and Loss	(4.5)	(57.8)	249.9	(129.9)	90.0	147.7
- to Other Comprehensive Income	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	(90.0)	(90.0)
As at 31st March, 2019	176.2	95.7	249.9	275.8	-	797.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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 Company used to deal in insecticides, fungicides, herbicides and plant growth regulators from its Agro Chemical Division located at its facilities at Roha and was also engaged in trading of generic products. During the previous year the Company decided to discontinue its Agro Chemical manufacturing business and sell its trading business on a going concern basis. The Company entered into a Business Transfer Agreement dated 16th July, 2018 for transfer of its Agro formulation trading business on a going concern basis. The transaction was completed on 20th September, 2018. Profit for the period upto 20th September, 2018 has been classified under profit from discontinued operations. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this was classified as held for sale / discontinued operations as on 31st March, 2018. The Company continues to classify the manufacturing business as discontinued operations/ held for sale as on 31st March 2019.

Industrial Mixing Solutions Division ("IMSD")

The Company entered into a Business Transfer Agreement dated 12th April, 2019 for transfer of its Industrial Mixing Solutions Division on a going concern basis. According to the requirements of Ind AS 105 - "Non-current Assets held for Sale and Discontinued Operations", the operations related to the Industrial Mixing Solutions Division have been shown as held for sale / discontinued operations as on 31st March 2019.

(b) The Assets and Liabilities of disposal groups classified as held for sale as on 31st March, 2019 are as under:

Particulars	As at 31 st March, 2019			As at 31 st March, 2018
	IMSD	Agro Chemicals	Total	Agro Chemicals
Assets				
(a) Property, plant and equipment & Intangible Assets	469.9	-	469.9	6.4
(b) Intangible assets under development	-	-	-	119.4
(c) Other non-current assets	5.7	-	5.7	-
(d) Inventories	340.5	-	340.5	989.5
(e) Current financial assets				
i. Trade receivables	671.2	12.7	683.9	1,028.5
ii. Cash and cash equivalents	-	-	-	97.1
(f) Other current assets	5.5	-	5.5	11.5
Total assets	1,492.8	12.7	1,505.5	2,252.4
Liabilities				
(a) Non-current financial liabilities				
i. Other financial liabilities	-	-	-	143.8
(b) Non-current provisions	16.7	-	16.7	104.8
(c) Current financial liabilities				
i. Trade payables	442.3	126.7	569.0	736.1
ii. Other financial liabilities	1.2	-	1.2	40.6
(d) Other current liabilities	114.9	-	114.9	370.1
(e) Current provisions	30.2	-	30.2	-
Total liabilities	605.3	126.7	732.0	1,395.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

31 DISCLOSURE AS REQUIRED BY IND AS 105 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTD.)

(c) Statement of Profit and Loss for Discontinued Operations

Particulars	Year ended 31 st March, 2019			Year ended 31 st March, 2018		
	IMSD	Agro Chemical	Total	IMSD	Agro Chemical	Total
Income						
Revenue from operations	3,230.9	3,687.3	6,918.2	1,735.1	11,676.6	13,411.7
Other income	58.8	-	58.8	113.8	65.6	179.4
Total revenue	3,289.7	3,687.3	6,977.0	1,848.9	11,742.2	13,591.1
Expenses						
Cost of raw materials consumed	1,245.0	-	1,245.0	670.2	4,786.9	5,457.1
Cost of Goods Traded	-	2,745.1	2,745.1	-	3,556.6	3,556.6
Changes in inventories	(97.0)	509.2	412.2	(37.7)	703.6	665.9
Excise duty on sale of goods	-	-	-	14.4	292.3	306.7
Employee benefits expense	369.8	140.6	510.4	301.9	635.3	937.2
Finance Costs	88.0	-	88.0	46.9	93.5	140.4
Depreciation and amortisation	46.2	57.0	103.2	52.1	80.6	132.7
Other expenses	1,110.8	448.9	1,559.7	648.2	1,257.4	1,905.6
Total expenses	2,762.8	3,900.8	6,663.6	1,696.0	11,406.2	13,102.2
Profit before tax	526.9	(213.5)	313.4	152.9	336.0	488.9
Tax expense	184.1	(74.6)	109.5	52.9	116.3	169.2
Profit after tax	342.8	(138.9)	203.9	100.0	219.7	319.7

(d) Net Cash Flows attributable to the operating, investing and financing activities of Discontinued Operations

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Operating Activities	1,401.3	2,277.8
Investing Activities	(15.2)	(142.7)
Financing Activities	(88.0)	(140.4)

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%).

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

32 EMPLOYEE BENEFITS

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, 2019	Year ended 31 st March, 2018
Employer's Contribution to Provident Fund	378.7	316.4
Employer's Contribution to Superannuation Fund	35.0	46.0

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 the 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

b Attrition / Withdrawal Assumption

If actual withdrawal rates are higher than assumed withdrawal rate assumption, than 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.

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

32 EMPLOYEE BENEFITS (CONTD.)

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of gratuity recognised in employee benefit expenses (includes net employee benefit of discontinued operations.)

As per Indian Accounting Standards - 19, Employee Benefits, the disclosures are given below:

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Current service cost	134.3	122.5
Net interest (income) / expense	5.3	(4.9)
Net benefit expense	139.5	117.6

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Defined benefit obligation as at the beginning of the year	2,099.6	1,888.5
Interest cost	155.7	136.0
Current service cost	134.3	122.5
Benefit payments from plan assets	(265.7)	(88.9)
Acquisition / Divestiture	(72.5)	-
Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	195.7	90.5
Actuarial (gain) / loss - Financial	16.1	(49.0)
Defined benefit obligation as at the end of the year	2,263.2	2,099.6

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Fair value of plan assets at the beginning of the year	1,953.8	1,904.0
Expected returns on plan assets	150.4	140.9
Employer's contributions	373.1	7.2
Mortality charges and taxes	-	-
Benefits paid	(265.7)	(88.9)
Acquisition / Divestiture	(72.5)	-
Re-measurement gain / (loss) in Other Comprehensive Income (OCI)		
Actuarial gain / (loss) - Experience	(2.6)	(9.4)
Fair value of plan assets at the end of year	2,136.5	1,953.8

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(Gain) / loss on defined benefit obligation - Experience	195.7	90.5
(Gain) / loss on defined benefit obligation - Financial	16.1	(49.0)
(Gain) / loss on plan assets - Experience	2.6	9.4
Amount recognised in the statement of OCI	214.4	50.9

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

32 EMPLOYEE BENEFITS (CONTD.)

Net Defined Benefit Liability / (Asset) for the period		
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Defined benefit obligation	2,263.2	2,099.6
Fair value of plan assets	2,136.5	1,953.8
Closing net defined benefit liability / (asset)	126.7	145.8

Above current year's liabilities includes liabilities of discontinued operations ₹30.4 Lakhs (Refer Note No. 31)

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, 2019	31 st March, 2018
Investments with insurer	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, 2019	As at 31 st March, 2018
Employee turnover		
age upto 30 years	3.0%	3.0%
age 31-45 years	2.0%	2.0%
age above 45 years	1.0%	1.0%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Discount rate	7.6%	7.7%
Expected rate of increment in compensation levels	7.0%	7.0%

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2019		As at 31 st March, 2018	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(152.9)	171.9	(151.2)	170.8
Expected rate of increment in compensation levels	171.2	(155.0)	159.7	(144.3)

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 assumptions for mortality and attrition do not have a significant impact on the liability, hence are not considered as significant actuarial assumptions for the purpose of sensitivity analysis.

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

32 EMPLOYEE BENEFITS (CONTD.)

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Within the next 12 months (next annual reporting period)	216.2	156.2
Between 2 and 5 years	691.8	644.5
Beyond 5 years	1,676.4	1,331.8

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 14.6 years (Previous Year : 14.3 years).

The following payments are expected contributions to the defined benefit plan in the next year:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Within the next 12 months (next annual reporting period)	216.2	156.2
Total expected payments	216.2	156.2

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 (includes net employee benefit of discontinued operations.)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Current service cost	5.6	5.1
Net interest (income) / expense	66.8	60.4
Past service cost	-	15.8
Net benefit expense	72.4	81.3

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Defined benefit obligation as at the beginning of the year	902.1	846.5
Interest cost	66.8	60.4
Current service cost	5.6	5.1
Benefit payments directly by employer	(96.0)	(66.0)
Past service cost	-	15.8
Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	90.8	65.0
Actuarial (gain) / loss - Financial	8.5	(24.7)
Defined benefit obligation as at the end of the year	977.8	902.1

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as at and for the year ended 31st March, 2019

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

32 EMPLOYEE BENEFITS (CONTD.)

Re-measurements for the period (Actuarial (gain) / loss)		
Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(Gain) / loss on defined benefit obligation - Experience	90.8	65.0
(Gain) / loss on defined benefit obligation - Financial	8.5	(24.7)
Amount recognised in the statement of OCI	99.3	40.3
Net Defined Benefit Liability / (Asset) for the period		
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Defined benefit obligation	977.8	902.1
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	977.8	902.1

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, 2019	As at 31 st March, 2018
Discount rate	7.6%	7.7%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2019		As at 31 st March, 2018	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(74.8)	88.6	(69.0)	81.7
Pension increase rate	26.1	(25.7)	24.1	(23.7)

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 assumption for mortality and attrition do not have a significant impact on the liability, hence are not considered as significant actuarial assumptions for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Within the next 12 months (next annual reporting period)	115.0	69.4
Between 2 and 5 years	587.0	331.0
Beyond 5 years	1,130.7	512.1

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

32 EMPLOYEE BENEFITS (CONTD.)

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Company's liability for sick and earned leave (includes net employee benefit of discontinued operations)

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, 2019	As at 31 st March, 2018
Current leave obligations expected to be settled within the next 12 Months	70.9	50.4
Leave obligations expected to be settled beyond 12 months	576.1	512.5

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.

Above current year's liabilities includes liabilities of discontinued operations ₹16.7 Lakhs

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, 2019	31 st March, 2018
Discount rate	7.6%	7.7%
Expected rate of increment in compensation levels	7.0%	7.0%
Employee turnover		
age upto 30 years	3.0%	3.0%
age 31-45 years	2.0%	2.0%
age above 45 years	1.0%	1.0%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

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

33 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Maturity Date	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2019		As at 31 st March, 2018	
				Current	Non-Current	Current	Non-Current
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), Amralewadi, 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), Amralewadi, Dist. Pune	31-Mar-20	16 equal quarterly instalments	9.75%	-	-	476.0	374.0
The said loan has been prepaid in full during the year. No charge outstanding as on 31 st March, 2019							
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), Amralewadi, Dist. Pune.	31-Mar-19	20 equal quarterly instalments	9.90%	-	-	606.4	-
The said loan has been prepaid in full during the year. No charge outstanding as on 31 st March, 2019							
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), Amralewadi, Dist. Pune and further secured by way of Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune	30-Apr-20	11 equal quarterly instalments	3 months EURIBOR + 1.55%	2,044.9	498.7	2,128.0	2,631.5
	30-Dec-21	18 equal quarterly instalments	3 months EURIBOR + 1.55%	1,665.6	2,895.3	1,742.4	4,763.8
	26-Mar-23	16 equal quarterly instalments	3 months EURIBOR + 1.00%	1,362.4	3,985.9	-	5,619.5
	31-Jan-23	20 equal quarterly instalments	1 month LIBOR + 1.25%	871.7	2,603.0	821.8	3,279.6

Notes to the Standalone Financial Statements

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33 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE (CONTD.)

Security	Maturity Date	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2019		As at 31 st March, 2018	
				Current	Non-Current	Current	Non-Current
iii) Working capital loans repayable on demand from banks							
	1-3 months	Repayable on demand	0.50% to 9.40%	5,801.8	-	6,827.6	-
Working Capital Borrowings from Bank of Maharashtra, State Bank of India, ICICI Bank Limited, HDFC Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited and Standard Chartered Bank are secured by First Passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage.							
b) UNSECURED							
i) Working capital loans repayable on demand from banks	1 month	Repayable on demand	8.30% to 8.60%	7,595.3	-	4,504.1	-
ii) Loans and Advances from related parties							
Inter corporate Deposits	Various	Repayable on demand	7.75% to 9.00%	458.0	1,330.6	684.5	1,529.7
iii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	23.4	-	523.8	-
				19,823.1	11,313.5	18,314.6	18,198.1
The bifurcation of total borrowings is as follows:							
Non-current borrowings	Note 14(a)			-	11,313.5	-	18,198.1
Current borrowings	Note 17(a)			13,397.1	-	11,331.7	-
Current maturities of long-term debts	Note 17(d)			6,402.6	-	6,976.2	-
Unclaimed deposits including interest thereon	Note 17(d)			23.4	-	6.7	-
				19,823.1	11,313.5	18,314.6	18,198.1

Notes to the Standalone Financial Statements

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34 DISCLOSURE FOR MICRO, SMALL AND MEDIUM ENTERPRISE CREDITORS

Outstanding to Micro, Small and Medium Enterprise : ₹319.1 Lakhs (Previous Year : ₹396.2 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, 2019	31 st March, 2018
(a) Principal amount due	75.3	-
(b) Interest paid under MSMED Act, 2006	-	-
(c) Interest due	53.1	41.0
(d) Interest accrued and due	-	-
(e) Interest due and payable till actual payment	53.1	41.0

35 AUDITORS' REMUNERATION

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(a) Audit Fees	14.0	14.0
Audit Fees for earlier year	6.0	-
(b) Tax Audit Fees	2.0	2.0
(c) Other services -		
Certification and Limited Review	17.0	10.6
(d) Reimbursement of Expenses	3.7	0.2
	42.7	26.8

36 FIXED DEPOSITS (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(a) Fixed Deposits with Maturity less than 12 months	-	517.1
(b) Fixed Deposits with Maturity more than 12 months	-	-
(c) Unclaimed Matured Fixed Deposits	23.4	6.7
	23.4	523.8

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, Pune and Mahad approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(a) Revenue Expenditure		
Roha Unit	593.4	460.7
Pune Unit	796.4	613.2
Mahad Unit	30.8	-
	1,420.6	1,073.9
(b) Capital Expenditure		
Roha Unit	294.6	334.0
Pune Unit	141.6	442.1
Mahad Unit	-	-
	436.2	776.1

Notes to the Standalone Financial Statements

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(All amounts are in ₹ 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 ₹239.5 Lakhs. (Previous Year : ₹189.0 Lakhs)

During the year the Company has incurred CSR expenses of ₹239.5 Lakhs (Previous Year : ₹189.0 Lakhs) which includes contribution / donation of ₹35.0 Lakhs (Previous Year : ₹30.0 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 ₹204.5 Lakhs (Previous Year : ₹159.0 Lakhs) directly incurred by the Company.

In addition to the above, a contribution of ₹0.4 Lakhs (Previous Year : ₹0.9 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, vermiculture, organic farming etc.

39 DONATIONS

Miscellaneous expenses include donation to Political Party Nil (Previous Year : ₹17.0 Lakhs to Nationalist Congress Party)

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 ₹147.1 Lakhs (Previous Year : ₹87.3 Lakhs).

(b) Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Excise duty	306.9	307.5
VAT / CST	93.7	199.3
Custom duty	330.4	330.4
Electricity duty on Power Generation	899.3	-

- 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 tax / VAT 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

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(All amounts are in ₹ 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. Rathi	Chairman (Chairman and Managing Director upto 31 st May, 2018)
- Mr. R. B. Rathi	Managing Director (Deputy Managing Director upto 31 st May, 2018)
- Mr. A. V. Vij	Wholetime Director w.e.f. 24 th May, 2018 (COO upto 23 rd 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. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Mr. K. L. Rathi	Non-Executive - Non-Independent Director (resigned effective 1 st June, 2018)
- Mr. N. J. Rathi	Non-Executive - Non-Independent Director
- Mr. Ajoy B. Rathi	Non-Executive - Non-Independent Director (resigned effective 1 st May, 2019)
- Dr. Deepak Parikh	Non-Executive - Additional Director (Independent) (w.e.f 1 st April, 2019)
- Mr. Mandar Velankar	Company Secretary (w.e.f. 10 th August 2018)
- Mr. P.S. Raghavan	Company Secretary (Retired on 9 th August 2018)
- 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
- 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
- Mr. A. N. Rathi	Son of Mr. N. J. 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 Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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) (CONTD.)

(c) Subsidiary Companies :

- Prescient Color Limited (Upto 31st May 2018)
- 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. (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. The 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 :

- | | |
|--|---|
| - Rath Brothers Poona Limited * | - Rabro Speciality Chemicals Private Limited |
| - Rath Brothers Madras Limited * | - Laxminarayan Finance Private Limited |
| - Rath Brothers Calcutta Limited * | - Mr. Ajoy B. Rath HUF |
| - Rath Brothers Delhi Limited * | - Anahita Trust |
| - Manan Rath Trust | - Mr. Anuj N. Rath HUF |
| - Balkrishna Rath Finance Private Limited | - Natasha Trust |
| - PRR Finance Private Limited | - Mr. R.B.Rath HUF |
| - Marathwada Chemical Industries Private Limited | - Rath Mixers Private Limited |
| - Rath Vessels and Systems LLP | - Breakthrough Management Group India Private Limited |
| - NJR Finance Private Limited | - Shri Jagannath Rath Trust |
| - Rath Brothers Private Limited | - Crawford Bayley & Co. |
| - Rath Enterprises Private Limited | |
| - Forbes Marshall Private Limited | - Centre For Advancement Of Philanthropy |
| - Aquapharm Chemicals Private Limited | - Krohne Marshall Private Limited |

* Later merged into Rabro Speciality Chemicals Private Limited w.e.f. 27th October, 2017

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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) (CONTD.)

Nature of Transactions	For the year ended 31 st March 2019					For the year ended 31 st March 2018				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
e Acceptance of Deposits :	-	-	-	633.3	633.3	1.0	-	-	820.0	821.0
Rathi Brothers Poona Ltd.	-	-	-	-	-	-	-	-	139.0	139.0
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	-	-	121.0	121.0
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	-	-	120.0	120.0
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	524.0	524.0	-	-	-	238.0	238.0
Others	-	-	-	109.3	109.3	1.0	-	-	202.0	203.0
f Repayments of Deposits :	-	-	-	1,058.8	1,058.8	393.9	761.4	-	366.0	1,521.3
Mr. Anuj N. Rathi	-	-	-	-	-	-	166.8	-	-	166.8
Mrs. Kusum R. Rathi	-	-	-	-	-	-	166.9	-	-	166.9
PRR Finance Pvt. Ltd.	-	-	-	121.3	121.3	-	-	-	-	-
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	115.0	115.0	-	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	820.5	820.5	-	-	-	-	-
Others	-	-	-	2.0	2.0	393.9	427.7	-	366.0	1,187.6
g Sale of Fixed Asset:	5.5	-	-	-	5.5	7.6	-	-	-	7.6
Mr. A.V.Vij	-	-	-	-	-	7.6	-	-	-	7.6
Mr. K. L. Rathi	5.5	-	-	-	5.5	-	-	-	-	-
h Sale of Chemicals :	-	-	26,112.4	6.7	26,119.1	-	-	24,743.4	6.5	24,749.9
Sudarshan Europe B.V.	-	-	19,191.7	-	19,191.7	-	-	18,516.8	-	18,516.8
Sudarshan North America, Inc.	-	-	4,820.4	-	4,820.4	-	-	4,239.4	-	4,239.4
Others	-	-	2,100.3	6.7	2,107.0	-	-	1,987.2	6.5	1,993.7
i Purchase of Goods / Services :	-	-	2,402.5	166.8	2,569.3	-	-	536.3	1.4	537.7
Sudarshan Europe B. V.	-	-	-	-	-	-	-	198.6	-	198.6
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	2,376.8	-	2,376.8	-	-	164.8	-	164.8
RIECO Industries Ltd.	-	-	21.4	-	21.4	-	-	171.4	-	171.4
Others	-	-	4.3	166.8	171.1	-	-	1.5	1.4	2.9
j Professional Fees Paid :	11.0	-	-	87.3	98.3	10.5	-	-	142.8	153.3
Breakthrough Management Group India Private Limited	-	-	-	72.3	72.3	-	-	-	132.2	132.2
Crawford Bayley & Co.	-	-	-	15.0	15.0	-	-	-	-	-
Mr. S.N. Inamdar	11.0	-	-	-	11.0	10.5	-	-	10.6	21.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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) (CONTD.)

k	Subscription to Share Capital	Sudarshan (Shanghai) Trading Co. Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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) (CONTD.)

Nature of Transactions	For the year ended 31 st March 2019				For the year ended 31 st March 2018			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies
t Reimbursement of Expenses (Net) :	-	-	(450.6)	5.6	(445.0)	-	-	41.4
Sudarshan Europe B.V.	-	-	(284.7)	-	(284.7)	-	-	4.0
Prescient Color Ltd.	-	-	-	-	-	-	-	18.5
Sudarshan (Shanghai) Trading Co. Ltd	-	-	(192.5)	-	(192.5)	-	-	-
RIECO Industries Ltd.	-	-	63.5	-	63.5	-	-	14.9
Others	-	-	(36.9)	5.6	(31.3)	-	-	4.0
u Corporate guarantee issued / renewed :	-	-	-	-	-	-	-	5,236.2
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
Others	-	-	-	-	-	-	-	-
v Interest on corporate guarantee received:	-	-	62.3	-	62.3	-	-	90.8
Sudarshan Europe B.V.	-	-	18.7	-	18.7	-	-	7.0
Sudarshan North America, Inc.	-	-	7.9	-	7.9	-	-	4.6
Prescient Color Limited	-	-	3.4	-	3.4	-	-	34.4
RIECO Industries Ltd.	-	-	31.5	-	31.5	-	-	44.8
Others	-	-	0.8	-	0.8	-	-	-
w Purchase of Fixed Asset	-	-	-	13.2	13.2	-	-	-
Rathi Mixers Private Limited	-	-	-	13.2	13.2	-	-	-
x Car deposit taken	9.7	-	-	-	9.7	-	-	-
Mr. A.V.Vij	9.7	-	-	-	9.7	-	-	-
y Compensation of Key Management Personnel	807.9	-	-	-	807.9	868.2	-	868.2
Short-term employee benefits (compensation)	490.1	-	-	-	490.1	587.2	-	587.2
Pension	62.6	-	-	-	62.6	53.0	-	53.0
Post - employment gratuity benefits	146.6	-	-	-	146.6	8.6	-	8.6
Leave benefits	16.4	-	-	-	16.4	3.7	-	3.7
Sitting fees	21.2	-	-	-	21.2	17.3	-	17.3
Professional fees	11.0	-	-	-	11.0	10.5	-	10.5
Commission	60.0	-	-	-	60.0	187.9	-	187.9

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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) (CONTD.)

C Balances due from / to related parties:

Nature of Transactions	As at 31 st March 2019					As at 31 st March 2018				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
a Customer / (Vendor) Account	-	-	6,098.6	10.3	6,108.9	-	-	5,506.4	0.8	5,507.2
Sudarshan Europe B.V.	-	-	3,115.8	-	3,115.8	-	-	3,794.6	-	3,794.6
Sudarshan North America, Inc.	-	-	2,103.9	-	2,103.9	-	-	625.9	-	625.9
Sudarshan Mexico S. de R.L. de C.V.	-	-	1,155.0	-	1,155.0	-	-	877.3	-	877.3
Others	-	-	(276.1)	10.3	(265.8)	-	-	208.6	0.8	209.4
b Loan given	-	-	300.0	-	300.0	-	-	300.0	-	300.0
RIECO Industries Ltd.	-	-	300.0	-	300.0	-	-	300.0	-	300.0
c Corporate guarantee given (INR)	-	-	17,440.0	-	17,440.0	-	-	21,221.0	-	21,221.0
Sudarshan North America Inc. (in USD)	-	-	30.0	-	30.0	-	-	30.0	-	30.0
Sudarshan North America Inc. (in INR)	-	-	2,079.0	-	2,079.0	-	-	1,951.3	-	1,951.3
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	60.0	-	-	60.0	-	60.0
Sudarshan Europe B.V. (in INR)	-	-	4,668.0	-	4,668.0	-	-	4,837.3	-	4,837.3
Prescient Color Ltd.	-	-	-	-	-	-	-	3,782.0	-	3,782.0
RIECO Industries Ltd.	-	-	10,000.0	-	10,000.0	-	-	10,000.0	-	10,000.0
Sudarshan (Shanghai) Trading Co. Ltd. (in USD)	-	-	10.0	-	10.0	-	-	10.0	-	10.0
Sudarshan (Shanghai) Trading Co. Ltd. (in INR)	-	-	693.0	-	693.0	-	-	650.4	-	650.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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) (CONTD.)

Nature of Transactions	As at 31 st March 2019					As at 31 st March 2018				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
d Deposits Payable	-	-	-	1,788.7	1,788.7	-	16.0	-	2,214.3	2,230.3
Balkrishna Rathii Finance Pvt. Ltd.	-	-	-	344.7	344.7	-	-	-	459.7	459.7
Rathii Vessels and Systems LLP	-	-	-	307.8	307.8	-	-	-	290.8	290.8
NJR Finance Pvt. Ltd.	-	-	-	179.9	179.9	-	-	-	179.9	179.9
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	684.5	684.5	-	-	-	981.0	981.0
Others	-	-	-	271.8	271.8	-	16.0	-	302.9	318.9
e Guarantee Fee Receivable	-	-	27.4	-	27.4	-	-	135.4	-	135.4
Sudarshan Europe B.V.	-	-	18.7	-	18.7	-	-	7.4	-	7.4
Sudarshan North America, Inc.	-	-	7.9	-	7.9	-	-	4.6	-	4.6
Prescient Color Ltd.	-	-	-	-	-	-	-	34.1	-	34.1
RIECO Industries Ltd.	-	-	-	-	-	-	-	89.3	-	89.3
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	0.8	-	0.8	-	-	-	-	-
f Salary and Commission Payable	60.0	-	-	-	60.0	187.9	-	-	-	187.9
Mr. P. R. Rathii	7.0	-	-	-	7.0	70.0	-	-	-	70.0
Mr. R. B. Rathii	-	-	-	-	-	70.0	-	-	-	70.0
Mr. S. N. Inamdar	8.0	-	-	-	8.0	7.4	-	-	-	7.4
Mr. D. N. Damania	6.0	-	-	-	6.0	5.4	-	-	-	5.4
Mr. S. Padmanabhan	7.0	-	-	-	7.0	5.4	-	-	-	5.4
Mrs. S. A. Panse	7.0	-	-	-	7.0	5.4	-	-	-	5.4
Mr. S. K. Asher	7.0	-	-	-	7.0	3.6	-	-	-	3.6
Mr. N. J. Rathii	7.0	-	-	-	7.0	4.5	-	-	-	4.5
Mr. K. L. Rathii	-	-	-	-	-	5.4	-	-	-	5.4
Others	11.0	-	-	-	11.0	10.8	-	-	-	10.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

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, 2019 and 31st March, 2018.

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 ₹77.8 lakhs (2017-18 : ₹91.0 lakhs) loss 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 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 ₹225.1 Lakhs loss in Other Comprehensive Income (2017-18: loss of ₹474.3 Lakhs). A 2% decrease in spot price would have led to an equal but opposite effect.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Foreign currency exposure and sensitivity	As at 31 st March, 2019		As at 31 st March, 2018	
	Exposure in USD	Exposure in EUR	Exposure in USD	Exposure in EUR
Amounts given below are in ₹ Lakhs				
Trade receivables	13,437.8	3,283.7	11,325.6	4,055.7
Loans and other receivables	-	-	-	-
Cash and bank balances	-	-	-	-
Forward contracts for trade receivables	(10,105.3)	(777.0)	(7,860.5)	(2,792.7)
Foreign currency borrowings	(4,025.6)	(13,538.0)	(5,898.3)	(18,544.5)
Trade payables	(3,572.9)	(23.0)	(3,918.4)	(80.4)
Other payables	-	(3,485.1)	-	(4,109.1)
Currency swaps	3,485.1	-	4,109.1	-
Forward contracts for trade payables	1,925.2	2,141.0	-	-
Total	1,144.3	(12,398.4)	(2,242.5)	(21,471.0)

Impact of hedge accounting and disclosure

As permitted under Ind AS 109 "Financial Instruments", the Company has voluntarily adopted Hedge Accounting with effect from 1st July, 2018. This represents a change in accounting policy as compared to the previous periods presented in these results. Pursuant to this change the effective portion of the hedges have been accumulated in the Other Comprehensive Income as follows.

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	773.4	-

Disclosure

How the risk arises	How the Company manages risks
The Company has a significant portion of its revenue in foreign currency (other than INR). This exposure in foreign exchange risk affects the profitability and financial position of the Company due to variation in the foreign exchange rates.	The risk management strategy is as follows: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.
The Company has certain amount of its purchases in foreign currency (other than INR) which results in exposure to fluctuation of exchange rate affecting the profitability and the financial position of the Company.	The risk management strategy is to use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted purchases.
The Company has taken loans denominated in EUR which have floating interest rate. This results in exposing the Company to fluctuations in cash flow due to floating interest rate risk.	The risk management strategy is to use the Interest Rate Swap (IRS) to hedge the interest rate risk associated with floating interest rate cash flow.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The Company uses derivatives (Forward Contract, Interest Rate Swap) or non-derivative or a combination of both to hedge its exposure of forex / interest rate related risk. These instruments are either used to lock in a lower purchase price or / and a higher sales prices / fixed interest rate. The gain or loss on hedging instruments are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties

The Company's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the Company uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly

Hedging Instruments as at 31st March, 2019

Foreign Currency Risk	Nature	Currency	Notional Value	Maturity Date	Weighted Average Forward Rate
Forward contracts					
Forward contracts	Import	USD	20.0	Apr-2019	69.25
Forward contracts	Export	USD	118.3	Apr-2019 to Dec-2019	73.50
Forward contracts	Export	EUR	10.0	Jun-2019	82.24
Non-derivative contracts	Export	EUR	161.4	Apr-2019 to Mar-2023	79.95
Non-derivative contracts with Swap	Export	EUR	40.4	Apr-2019 to Jan-2023	79.95
Interest rate risk					
Interest rate swap		EUR	70.0	Mar-2023	NA

Items designated as hedging instruments separately by risk category for each type of hedge as at 31st March, 2019

	Currency	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument (INR)		Change in fair value of hedging instrument (INR)
			Assets	Liabilities	
Cash Flow Hedges					
Foreign Exchange Risk					
Forward contracts - Import	USD	20.0	2.7	-	2.7
Forward contracts - Export	USD	118.3	390.8	-	390.8
Forward contracts - Export	EUR	10.0	30.6	-	30.6
Non-derivative contract	EUR	161.4	157.7	-	346.4
Combination of derivative & non-derivative	EUR	40.4	56.0	-	182.3
Interest rate risk					
Interest rate swap	EUR	70.0	5.5	-	(17.9)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Hedged items bifurcated by risk category for the types of hedges

	Line item in the statement of financial position in which the hedged item is included	Change in value of the hedged item used for calculating hedge ineffectiveness for March 2019
Cash flow hedges		
Foreign Exchange Price Risk		
Forecast purchases (USD)	NA	(2.7)
Forecast sales (USD)	NA	(390.8)
Forecast sales (EUR)	NA	(559.2)
Interest rate risk		
Floating Interest rate loan	Long-term borrowing	17.9

Risk category for the types of hedges

Particulars	Change in the value of the instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in Profit or Loss	Line item in Profit or Loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to Profit or Loss	Line item affected in Profit or Loss because of the reclassification
Cash flow hedges					
Foreign Exchange Price Risk					
Forward contract (Import) (USD)	2.7	-	NA	-	NA
Forward contract (Export) (USD)	390.8	-	NA	-	NA
Forward contract (Export) (EUR)	30.6	-	NA	-	NA
Non-derivative instrument (EUR)	299.8	46.6	Forenexchange gain / loss	-	NA
Combination of non-derivative & derivative instrument (EUR)	72.8	109.5		-	NA
Interest rate risk					
Swap contract (EUR)	(17.9)	-	Forenexchange gain / loss	-	NA

(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 ₹ 34,868.3 Lakhs, ₹ 29,986.2 Lakhs for 31st March, 2019 and 31st March, 2018 respectively. Against these receivables, a provision for expected loss allowance is recognised.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Reconciliation of provision for expected credit loss	
Balance as at 1 st April, 2017	554.1
Provision recognised for expected credit loss including discontinued operations	(31.9)
Balance as at 31 st March, 2018	522.2
Provision recognised for expected credit loss	11.1
Debtors written off against provisions	48.8
Balance as at 31 st March, 2019	484.5

(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, 2019

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The table below summarises the maturity profile of the Company financial liabilities based on contractual undiscounted payments:

Particulars	Note	6 months or less	6-12 months	1 year to 5 years	more than 5 years	Total
Year ended 31st March, 2019						
Borrowings - Current	17(a)	13,397.1	-	-	-	13,397.1
Borrowings - Non Current	14(a)	-	-	11,313.5	-	11,313.5
Current Maturity of debts	17(d)	3,278.4	3,124.2	-	-	6,402.6
Other financial liabilities	14(b) and 17(d)	2,417.3	-	150.6	-	2,567.9
Trade payables	17(b)	23,657.3	-	-	-	23,657.3
Derivatives	17(c)	118.7	-	-	-	118.7
Total		42,868.8	3,124.2	11,464.1	-	57,457.1
Year ended 31st March, 2018						
Borrowings - Current	17(a)	11,331.7	-	-	-	11,331.7
Borrowings - Non Current	14(a)	-	-	18,198.1	-	18,198.1
Current Maturity of debts	17(d)	3,053.4	3,922.8	-	-	6,976.2
Other financial liabilities	14(b) and 17(d)	2,539.4	56.6	173.2	-	2,769.2
Trade payables	17(b)	22,492.2	-	-	-	22,492.2
Derivatives	17(c)	184.8	-	-	-	184.8
Total		39,601.5	3,979.4	18,371.3	-	61,952.2

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 the Company 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.

	31 st March, 2019	31 st March, 2018
Total Debt	31,136.6	36,512.7
Total Equity	59,858.3	45,238.1
Debt-Equity ratio	0.52	0.81

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, 2019 is net of Goods and Service Tax (GST). However, revenue for the year ended 31st March, 2018 is inclusive of excise duty. Hence revenue and excise duty on sale of goods for the year ended 31st March, 2019 are not comparable with corresponding figures for the previous year. Comparable revenue (net of excise duty and GST) is as follows:

	31 st March, 2019	31 st March, 2018
Sale of products and services as per Note No. 20	140,950.0	130,449.5
Less: Excise duty collected on revenue	-	2,254.2
Comparable Revenue from Operations	140,950.0	128,195.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

44 IMPACT ON TRANSITION TO GOODS AND SERVICE TAX (CONTD.)

b Cost of goods sold and other expenses

Similarly, post applicability of GST, the inventory of finished goods as at 31st March, 2019 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, 2019	31 st March, 2018
Cost of materials consumed as per Note No. 22	89,586.0	76,238.6
Purchase of Stock-in-trade as per Note No. 23	28.7	18.0
Changes in inventories as per Note No. 24	(3,321.6)	385.3
Cost of goods sold	86,293.1	76,641.9
Less: Increase / (decrease) in Excise duty provision on finished goods	-	(662.3)
Comparable cost of goods sold	86,293.1	75,979.6
Other Expenses as per Note No. 28	27,274.7	26,709.3
Less: Increase / (decrease) in Excise duty provision on finished goods	-	662.3
Comparable other expenses	27,274.7	27,371.6

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. 42 of the Consolidated Financial Statements.

46 EXCEPTIONAL ITEMS :

Exceptional item pertains to the following -

Gain from Divestment of Prescient Color Limited ("PCL")

The Company divested its holding in PCL, which was in the business of manufacturing of plastic master batch to Americhem Inc., U.S.A. for an "Enterprise Value" ₹117 Crores. The transaction was completed on 31st May, 2018, resultant gain, net of related cost of the transaction has been accounted as exceptional income.

Gain from Sale of Agro Formulation Branding Business

The Company entered into a Business Transfer Agreement dated 16th July, 2018 for transfer of its Agro Formulation Brand Business on a going concern basis to KIE Crop Solutions (I) Private Limited for ₹7 Crores. The transaction was completed on 20th September, 2018. Resultant gain, net of related cost on the transaction has been accounted as exceptional income.

Impairment of Investment in RIECO Industries Limited ("RIECO")

Company's wholly owned subsidiary RIECO Industries Limited, which deals in Air Pollution Control Equipments, Size Reduction Equipments and Pneumatic Handling System. The Company assessed its investment in RIECO Industries Limited and consequently provided for impairment amounting to ₹1,072.8 Lakhs for the year ended 31st March, 2019. Following key assumptions were applied in the calculation of the value in use.

Discount rate	16.0%
Terminal value growth rate	5.0%
Budgeted EBITDA growth rate	7.5%
Gain from divestment of investments in subsidiary, Prescient Color Limited	8,886.9
Gain from sale of Agro Formulation Branding Business	521.7
Loss due to impairment of investment in RIECO Industries Limited	(1,072.8)
	8,335.8

Refer Note No. 31 for additional details

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

46 EXCEPTIONAL ITEMS (CONTD.)

Owing to these transactions, the profit and earnings per share for the year ended 31st March, 2019 are not comparable with those of the earlier periods. The table below explains the impact of this transaction on the profit and earnings per share:

	31 st March, 2019	31 st March, 2018
Profit before tax and exceptional items from continuing operations	12,948.0	12,507.0
Tax expense excluding tax on exceptional items	4,294.9	4,024.0
Profit from continuing operations excluding exceptional items	8,653.1	8,483.0
Basic and diluted earnings per share from continuing operations (excluding exceptional items)	12.50	12.25

47 DISCLOSURE PURSUANT TO IND AS 115

Effective 1st April, 2018, the Company adopted Ind AS 115 - "Revenue from Contracts with Customers" (which replaces the earlier revenue recognition standards) using the cumulative effect method which is applied to contracts that were not completed as of 1st April, 2018. Accordingly, the comparative information is not restated. The adoption of the standard did not have any material impact on the financial results of the Company.

(a) Revenue streams

The Company generates revenue primarily from the sale of pigments (Continuing operations) and other businesses which are now shown under discontinued operation (Refer Note No. 31). Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

Particulars	Continuing Operations	
	Year ended 31 st March 2019	Year ended 31 st March 2018
i) Revenue from contracts with customer	140,950.0	130,449.1
ii) Other Revenue	2,336.1	2,385.8
	143,286.1	132,834.9

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers (including revenue related to a discontinued operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments.

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
1 Major Product Lines		
Continuing Operations		
Sale of Pigments	140,950.0	130,449.1
2 Primary Geographical Market		
In India	75,146.9	69,845.3
Outside India	65,803.1	60,603.8
Total	140,950.0	130,449.1
3 Timing of revenue recognition		
Products transferred at point in time	140,950.0	130,449.1
Products transferred over a period of time	-	-
Total	140,950.0	130,449.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

47 DISCLOSURE PURSUANT TO IND AS 115 (CONTD.)

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Receivables, which are included in 'trade and other receivables'	35,352.8	30,508.4
Receivables, which are included in 'assets held for sale'	703.5	1,028.5
Contract Assets	-	-
Contract Liabilities	-	-
	36,056.3	31,536.9

The receivable above excludes the provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹484.5 lakhs for continuing operations and ₹19.6 lakhs for discontinued operations.

Since the product of the company sold is such that the entire revenue is delivery at a point in time, and there are no contract assets and liabilities, the movements in the contracts assets and liabilities disclosure is not applicable.

(d) Performance Obligation and revenue recognition policies -

The Company satisfies its performance obligations pertaining to the sale of pigments at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract and does not contain any financing component. The payment is generally due within 45-60 days. There are no other significant obligations attached in the contract with customer.

48 FINANCIAL INSTRUMENTS - FAIR VALUES:

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as on 31st March, 2019.

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
Investments	1.0	-	-	1.0
Loans	364.9	-	-	364.9
Trade receivables	34,868.3	-	-	34,868.3
Cash and cash equivalents	190.7	-	-	190.7
Bank balances other than cash and cash equivalents	339.4	-	-	339.4
Derivatives-Forward Contracts Receivable	-	-	718.4	718.4
Other financial assets	2,560.4	-	-	2,560.4
Total	38,324.7	-	718.4	39,043.1
Financial liabilities				
Borrowings	24,710.6	-	-	24,710.6
Trade payables	23,657.3	-	-	23,657.3
Derivative-Forward Contracts Payable	-	-	96.8	96.8
Derivative-Interest Rate Swap	-	-	21.9	21.9
Other financial liabilities	8,970.5	-	-	8,970.5
Total	57,338.4	-	118.7	57,457.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

48 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD.)

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as on 31st March, 2018.

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
Investments	1.0	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	1,469.2	-	-	1,469.2
Total	32,977.2	51.6	-	33,028.8
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

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- Fair value of the mutual fund is based on the price at reporting date.
- The fair value of unquoted instruments, loans from banks, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The Company enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign Exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

49 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, 2019 and 31st March, 2018.

Quantitative disclosures fair value measurement hierarchy:

Reporting Date	Date of valuation	Amount	Fair value measurement using		
			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, 2019	31 st March, 2019	-	-	-	-
As at 31 st March, 2018	31 st March 2018	47.9	47.9	-	-
Foreign exchange forward contracts					
As at 31 st March, 2019	31 st March, 2019	718.4	-	718.4	-
As at 31 st March, 2018	31 st March 2018	3.7	-	3.7	-
Financial Assets measured at amortised cost					
Loans					
As at 31 st March, 2019	31 st March, 2019	364.9	-	364.9	-
As at 31 st March, 2018	31 st March 2018	385.5	-	385.5	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2019	31 st March, 2019	96.8	-	96.8	-
As at 31 st March, 2018	31 st March 2018	71.6	-	71.6	-
Interest Rate Swap					
As at 31 st March, 2019	31 st March, 2019	21.9	-	21.9	-
As at 31 st March, 2018	31 st March 2018	113.2	-	113.2	-
Financial Liabilities measured at amortised cost					
Borrowings					
As at 31 st March, 2019	31 st March, 2019	24,710.6	-	24,710.6	-
As at 31 st March, 2018	31 st March 2018	29,529.8	-	29,529.8	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the Balance Sheet, as well as the significant unobservable inputs used.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2019

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

49 FAIR VALUE HIERARCHY (CONTD.)

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.

50 The previous year's numbers have been regrouped wherever necessary to meet current year's classification.

As per our report of even date attached

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

SHIRAZ VASTANI
Partner
Membership No.: 103334

Pune : 24th May, 2019

For and on behalf of the Board of Directors

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN 00025180

P.R.RATHI
Chairman
DIN 00018577

V.V.THAKUR
Acting CFO

R.B.RATHI
Managing Director
DIN 00018628

MANDAR VELANKAR
Company Secretary

Pune : 24th May, 2019

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March

2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
Revenue recognition The Group's revenue is primarily derived from the sale of pigment products. The Group recognises revenue when the control is transferred to the customer in accordance with Ind AS 115 "Revenue from contracts with customers". The terms set out in the Group's sales contracts are varied. Accordingly, the timing of the transfer of control of the goods will be different for each sales contract depending upon the terms and conditions of sales contracts and when its performance obligations are met. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and is, therefore, subject to an inherent risk of misstatement and because errors in the recognition of revenue could have a material impact on the Group's financial statements. (Refer note 20 to the consolidated financial statements)	Our audit procedures included: - evaluated the design, implementation and operating effectiveness of internal controls over the existence, accuracy and timing of revenue recognition; - performed substantive test of details over revenue recognised during the period by selecting a sample of transactions to ensure that the samples selected meet the revenue recognition criteria and are appropriately recorded; - tested sample transactions around the period end to ensure they were recorded in the correct accounting period; and - tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

The key audit matter	How the matter was addressed in our audit
Valuation of derivative financial instruments (held for hedging purposes) In line with its risk management policy, the Group enters into forward contract arrangements on highly probable forecast transactions to hedge its foreign currency exposure. Estimating future cash flows is a significant factor in determining accounting of such forward contracts and in the determination of its fair value. Judgement is applied in making these estimates. The Group adopted hedge accounting during the current year. We have identified the valuation of derivative financial instruments (held for hedging purposes) as a key audit matter considering the fact that judgement is applied is estimating future cash flows and effectiveness testing. Errors in the valuation of derivative financial instruments (held for hedging purposes) could have a material impact on the Group's financial statements. (Refer note 40 to the consolidated financial statements)	Our audit procedures included: - evaluated the design, implementation and operating effectiveness of internal controls over the completeness, existence and accuracy of derivative instruments and management's documentation of effectiveness; - obtained valuation of the instruments from the management and their effectiveness testing; - performed substantive test of details by selecting sample of transactions to ensure that the aforesaid instruments meet the recognition criteria for cash flow hedge accounting; - engaged independent specialist to assist in verifying the valuation and effectiveness testing of the derivative financial instruments held for hedging purposes; - assessed the appropriateness of the disclosure relating to derivatives and hedging activities.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The financial information of one subsidiary whose financial information reflect total assets of Rs. Nil as at 31st March 2019 and total revenues of Rs.1,192.8 Lakhs and net cash inflows amounting to Rs. 564.6 lakhs for the year ended on that date, as considered in the consolidated annual financial statements, have not been audited either by us or by other auditors. These unaudited financial information has been furnished to us by the Management and our opinion on the consolidated annual financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of other matter as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- 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.
 - 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.

- The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Holding Company and its subsidiary company incorporated in India as on 31st March 2019 and taken on record by the Board of Directors of the Holding Company and the directors of its subsidiary company incorporated in India respectively, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations as at 31st March 2019 on the consolidated financial position of the Group. Refer Note 38 (b) to the consolidated financial statements.
 - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group; and
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31st March 2019.

- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company incorporated in India, is in

accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024

Shiraz Vastani

Partner

Membership No. 103334

Date: 24th May 2019

Place: Pune

Annexure “A” to Independent Auditor’s Report on the consolidated financial statements

REFERRED TO IN PARAGRAPH (A)(F) IN REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF SUDARSHAN CHEMICAL INDUSTRIES LIMITED ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019.

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31st March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as “the Holding Company”) and such companies incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The respective Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company’s considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in

accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company’s internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

Annexure “A” to Independent Auditor’s Report on the consolidated financial statements

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 consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference

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

For **B S R & Associates LLP**

Chartered Accountants

Firm’s Registration No. 116231W/W-100024

Shiraz Vastani

Partner

Membership No. 103334

Date: 24th May 2019

Place: Pune

Consolidated Balance Sheet

as at 31st March, 2019

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

Particulars	Note No.	As at 31 st March, 2019	As at 31 st March, 2018
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	45,422.3	45,269.6
(b) Capital work-in-progress	3	1,818.9	556.7
(c) Goodwill	4	-	972.1
(d) Other Intangible assets	4	1,073.8	1,295.7
(e) Intangible assets under development	4	577.0	-
(f) Financial assets			
i Investments	5 (a)	1.0	48.9
ii Loans	5 (b)	74.0	93.9
(g) Deferred tax assets (net)	6	207.6	703.9
(h) Other non-current assets	7	2,962.6	2,119.9
(i) Non-current tax assets (net)	8 (a)	176.6	1,049.0
		52,313.8	52,109.7
II Current Assets			
(a) Inventories	9	30,766.1	27,291.7
(b) Financial assets			
i Trade receivables	10 (a)	34,614.5	33,329.9
ii Cash and cash equivalents	10 (b)	474.7	666.1
iii Bank balances other than (ii) above	10 (c)	339.4	753.1
iv Derivatives	10 (d)	718.4	3.7
v Other financial assets	10 (e)	2,543.9	2,173.2
(c) Other current assets	11	5,140.7	7,059.2
		74,597.7	71,276.9
Assets classified as held for disposal	31	9,130.9	7,684.0
		136,042.4	131,070.6
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	55,386.8	42,612.2
		56,771.3	43,996.7
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	11,313.5	18,198.5
ii Other financial liabilities	14 (b)	150.6	183.0
(b) Provisions	15	1,422.2	1,742.7
(c) Deferred tax liabilities (net)	16	5,662.8	5,179.5
		18,549.1	25,303.7
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	17 (a)	18,993.1	17,915.3
ii Trade payables			
Dues of micro enterprises and small enterprises	17 (b)	319.1	407.8
Others	17 (b)	23,896.1	26,033.3
iii Derivatives	17 (c)	118.7	184.8
iv Other financial liabilities	17 (d)	8,839.1	9,929.8
(b) Other current liabilities	18	486.9	2,570.1
(c) Provisions	19	282.2	293.4
(d) Current tax liabilities (net)	8 (b)	870.0	403.3
		53,805.2	57,737.8
Liabilities associated with group of assets classified as held for disposal	31	6,916.8	4,032.4
		136,042.4	131,070.6
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 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 00025180

P.R.RATHI

Chairman
DIN 00018577

V.V.THAKUR

Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2019

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

Particulars	Note No.	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Continuing Operations			
Income			
Revenue from operations	20	147,651.0	135,195.4
Other Income	21	567.0	917.2
Total Income		148,218.0	136,112.6
Expenses			
Cost of materials consumed	22	87,223.8	76,069.8
Purchase of stock-in-trade	23	3,229.1	1,123.9
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(4,455.4)	(879.7)
Excise duty on sale of goods		-	2,254.2
Employee benefits expense	25	11,305.9	9,443.2
Finance costs	26	1,516.8	2,342.8
Depreciation and amortisation expense	27	6,489.7	5,774.0
Other expenses	28	29,265.2	28,456.5
Total Expenses		134,575.1	124,584.7
Profit before exceptional items and tax from continuing operations		13,642.9	11,527.9
Exceptional Items	43	7,227.0	-
Profit before tax from continuing operations		20,869.9	11,527.9
Tax Expense	30		
Current Tax		4,344.9	3,443.8
Tax on Exceptional Items		2,037.0	-
Deferred Tax		513.6	392.6
Total Tax Expense		6,895.5	3,836.4
Profit for the year from continuing operations		13,974.4	7,691.5
Discontinued Operations			
Profit before tax for the year from discontinued operations	31	(434.0)	1,146.2
Tax expense of discontinued operations		30.5	365.2
Profit for the year from discontinued operations		(464.5)	781.0
Profit for the year		13,509.9	8,472.5
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations	32	(434.2)	(9.4)
Income tax relating to above		140.9	10.3
		(293.3)	0.9
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	40	773.4	-
Income tax relating to above		(270.3)	-
Gain / (loss) on translation of foreign operations		34.0	333.9
		537.1	333.9
Total other comprehensive income for the year (net of taxes)		243.8	334.8
Total comprehensive income for the year		13,753.7	8,807.3
Earnings per share [Nominal Value per share ₹2 (31st March 2018 - ₹2)]	29		
- From Continuing Operations			
Basic and Diluted ₹ per share		20.19	11.11
- From Discontinued Operations			
Basic and Diluted ₹ per share		(0.67)	1.13
- From Total Operations			
Basic and Diluted ₹ per share		19.52	12.24
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 &
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Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2019

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

A. Equity Share Capital

Equity shares of ₹ 2 each issued, subscribed and fully paid

	Number	Amount
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
Changes in equity share capital during 2018-19	-	-
Balance as at 31st March, 2019	69,227,250	1,384.5

B. Other Equity

	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve	Surplus in the Statement of Profit and Loss	Foreign Currency Translation Reserve	Effective Portion of Cash Flow Hedge	Total
Balance as at 1st April, 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
Transfer to General Reserve								
Transactions with owners, recorded directly in equity								
Final Equity Dividend	-	-	-	-	(1,500.0)	-	-	-
Interim Equity Dividend	-	-	-	-	(692.3)	-	-	(692.3)
Tax on interim and final equity dividend	-	-	-	-	(1,730.7)	-	-	(1,730.7)
Others	-	-	-	-	(493.3)	-	-	(493.3)
Total distributions to owners								
Balance as at 31st March, 2018	1,321.2	0.4	410.0	19,840.5	20,897.8	142.3	-	(2,916.2)
Total comprehensive income for the year ended 31st March 2019								
Profit for the year	-	-	-	-	13,509.9	-	-	13,509.9
Other Comprehensive Income (net of tax)	-	-	-	-	(293.3)	34.0	503.1	243.8
Total	1,321.2	0.4	410.0	19,840.5	34,114.4	176.3	503.1	56,365.9
Transfer to General Reserve								
Transactions with owners, recorded directly in equity								
Adjustment on initial application of Ind AS 115 (Refer Note No. 44)	-	-	-	-	(144.5)	-	-	(144.5)
Final Equity Dividend (Refer Note No. 12)	-	-	-	-	(692.3)	-	-	(692.3)
Tax on final equity dividend (Refer Note No. 12)	-	-	-	-	(142.3)	-	-	(142.3)
Total distributions to owners								
Balance as at 31st March, 2019	1,321.2	0.4	410.0	21,340.5	31,635.3	176.3	503.1	55,386.8
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 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

SHIRAZ VASTANI

Partner

Membership No.: 103334

Pune : 24th May, 2019

S.N.INAMDAR

Independent Director &

Audit Committee Chairman

DIN 00025180

P.R.RATHI

Chairman

Audit Committee Chairman

DIN 00018577

R.B.RATHI

Managing Director

DIN 00018628

V.V.THAKUR

Acting CFO

MANDAR VELANKAR

Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2019

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

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Cash flow from operating activities		
Profit before tax from operations from continuing operations including exceptional items	20,869.9	11,527.9
Adjustment for		
Depreciation / amortization	6,489.7	5,774.0
Loss on sale or write off of fixed assets	3.2	202.2
Provision no longer required written back	(94.4)	(390.8)
Gain on mutual fund revaluation/ sale	(3.5)	(1.4)
Provision for inventory obsolescence	(97.4)	315.0
Unrealized foreign exchange Loss / (Gain)	(996.7)	845.5
Fair value (Gain) / Loss on derivatives	(398.2)	452.3
Provision for expected credit loss	45.7	(63.2)
Advance written-off	-	0.5
Bad Debts	77.4	16.2
Finance costs	1,516.8	2,342.8
Exceptional (gain)/ loss	(7,227.0)	-
Interest income	(368.2)	(176.2)
Operating profit before working capital changes	19,817.3	20,844.8
Working capital adjustments :		
Increase / (decrease) in trade payables	2,080.9	3,522.9
Increase / (decrease) in provisions	(481.5)	132.0
Increase / (decrease) in other current liabilities	(20.6)	(896.7)
Increase / (decrease) in other financial liabilities	(392.9)	170.5
Decrease / (increase) in trade receivables	(5,421.6)	(3,342.5)
Decrease / (increase) in inventories	(6,470.9)	(5,360.8)
Decrease / (increase) in other assets	680.0	(1,940.1)
Decrease / (increase) in other financial assets	(522.3)	(40.0)
Decrease / (increase) in other bank balances	413.7	545.5
Cash generated from operations	9,682.1	13,635.6
Income taxes paid (net of refunds) on total operations	(3,118.5)	(2,781.4)
Net cash flow from operating activities from continuing operations	6,563.6	10,854.2
Net cash flow from / (used in) operating activities from discontinued operations	518.7	3,901.3
Net cash flow from operating activities from continuing and discontinued operations (A)	7,082.3	14,755.5
Cash flows from investing activities :		
Purchase of fixed assets, including intangible assets, CWIP and capital advances and capital liabilities	(10,155.2)	(8,726.9)
Proceeds from sale of fixed assets	23.9	36.4
Proceeds from sale of division and subsidiary, net of incidental expenses and tax (Refer Note No. 43)	7,141.3	-
Proceeds from sale of mutual funds	51.4	-
Interest received	368.2	189.7
Net cash flow used in investing activities from continuing operations	(2,570.4)	(8,500.8)
Net cash flow used in investing activities from discontinued operations	(63.5)	(231.4)
Net cash flow used in investing activities from continuing and discontinued operations (B)	(2,633.9)	(8,732.2)

Consolidated Cash Flow Statement

for the year ended 31st March, 2019

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

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Cash flows from financing activities :		
Proceeds from long-term borrowings	648.2	23,003.5
Repayment of long-term borrowings	(6,955.9)	(22,344.8)
Dividend and tax thereon	(824.5)	(2,876.7)
Proceeds from short-term borrowings (net)	2,877.2	(150.3)
Finance costs paid	(1,516.8)	(2,388.7)
Net cash flow used in financing activities from continuing operations	(5,771.8)	(4,757.0)
Net cash flow used in financing activities from discontinued operations	1,008.2	(1,490.4)
Net cash flow used in financing activities from continuing and discontinued operations (C)	(4,763.6)	(6,247.4)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(315.2)	(224.1)
Cash and cash equivalents at the beginning of the year for continued operations	666.1	943.7
Cash and cash equivalents at the beginning of the year for discontinued operations	125.6	72.1
Cash and cash equivalents at the beginning of the year	791.7	1,015.8
Cash and cash equivalents at the end of the year for continued operations	474.7	666.1
Cash and cash equivalents at the end of the year for discontinued operations	1.8	125.6
Cash and cash equivalents at the end of the year	476.5	791.7
Components of cash and cash equivalents		
Cash on hand	8.4	8.7
On current account	468.1	783.0
Total cash and cash equivalents	476.5	791.7

Following is the net debt movement for continuing operations for the year ended 31st March 2019

	Opening balance	Cash Flows	Foreign Exchange Movement	Closing balance
Short term borrowings	17,915.3	2,877.2	(1,799.4)	18,993.1
Long term borrowings	18,198.5	(6,307.7)	(577.3)	11,313.5

Notes :

The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

Summary of significant accounting policies and key accounting estimates and judgments 2

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For and on behalf of the Board of Directors

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

S.N.INAMDAR
Independent Director &
Audit Committee Chairman
DIN 00025180

P.R.RATHI
Chairman
DIN 00018577

V.V.THAKUR
Acting CFO

SHIRAZ VASTANI
Partner
Membership No.: 103334

R.B.RATHI
Managing Director
DIN 00018628

MANDAR VELANKAR
Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

1. BACKGROUND:

Sudarshan Chemical 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 Chemical Industries Limited on 15th May, 1975 and the Company went Public in the year 1976 under the Companies Act, 1956. The CIN 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 and Agro Chemicals. The Group also manufactures Vessels, Agitators, Pollution Control Equipment, Size Reduction Equipment and Pneumatic Conveying Systems for industrial applications.

The financial statements of the Group for the year ended 31st March, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 24th May, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGMENTS:

(A) Basis of Preparation:

(a) 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.

(b) Historical cost convention:

The Consolidated Financial Statements have been

prepared on the historical cost basis except for the following items

Items	Measurement Basis
(1) Certain financial assets and liabilities (including derivatives instruments)	Fair Value
(2) Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

(c) 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.

(B) 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.

(C) Key Accounting Estimates and Judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments,

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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 the 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 utilised. 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 analysing 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 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 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.

(D) Significant Accounting Policies:

(a) Foreign Currency Translation:

(i) 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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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').

(ii) Transactions and balances:

- 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).
- 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.
- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.
- Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange differences are recognised in the Statement of Profit or Loss except exchange difference arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items

whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

- On 28th March 2018, the Ministry of Corporate Affairs ('the MCA') 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.

(iii) 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:

- the assets and liabilities are translated at the rate on the date of that Balance Sheet.
- the income and expenses are translated at the monthly average exchange rates.
- Resulting foreign currency differences are recognised in Other Comprehensive Income and presented within equity as part of foreign currency translation reserves (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.

(iv) 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.

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On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

(b) Property, Plant and Equipment:

(i) Recognition and measurement:

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.

(ii) Subsequent expenditure:

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

(iii) Depreciation:

- 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	5.0 - 6.0	8.00

*The above mentioned useful lives are on a three-shift basis, except for vehicles.

- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Goodwill and Other Intangible Assets:

(i) 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.

(ii) 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,

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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.

(iii) Amortisation:

- The useful lives of intangible assets are assessed as either finite or indefinite.
- Intangible assets i.e. registrations, computer software and technical knowhow are amortised 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
Computer Software, Technical Know-How and Right to Use	5 - 10

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

(d) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(i) Raw materials:

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t. taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

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

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

(iii) Stores and spares and packing material:

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

(iv) Traded goods:

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

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

(e) 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.

(f) 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 are met:

- decision has been made to sell.
- the assets are available for immediate sale in its present condition.
- the assets are being actively marketed and
- 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 coordinated 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.

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(g) Financial Instruments:

(i) Financial Assets:

• 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.

• 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 in the period

the Group changes its business model for managing financial assets.

• 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.

• Derivatives:

As permitted under "Ind AS 109 Financial Instruments", the Company has voluntarily adopted Hedge Accounting with effect from 1st July, 2018. This represents a change in accounting policy as compared to the previous periods presented in these results. Refer Note No. 40 for details.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in the Statement of Profit or Loss.

The Group designates certain derivatives as hedging instruments to hedge, the variability in the cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, interest rates and certain derivatives and non-derivatives financial liabilities as hedges of foreign exchange risks.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents economic relationship between the hedged items and hedging instruments including whether changes in cash flows of hedged item and hedged instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of change in the fair value of derivative is recognised in Other Comprehensive Income and accumulated in "Other Equity" as "effective portion cash flow hedge". Any ineffective portion of change in the fair value of derivative

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is recognised immediately in the Statement of Profit and Loss. The amount accumulated in Other Equity is reclassified to the Statement of Profit and Loss in the same period during which hedge expected future cash flow effects profit or loss.

If the hedge no longer meets the criteria of hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in Other Equity remains there until, for a hedge of a transaction resulting in recognition of known financial item, it is included in the non-financial item's costs on its initial recognition or, for other cash flow hedges it is re-classified to the Statement of Profit or Loss in the same period or periods as the hedged expected future cash flows affects profit or loss. If the hedged future cash flows are no longer expected to occur, then the amount that have been accumulated in Other Equity are immediately re-classified to the Statement of Profit and Loss.

- **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.

- **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) is recognised in the Statement of Profit and Loss.

(ii) Financial Liabilities:

- **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.

- **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.

- **Derecognition:**

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

(iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require specified payments to be made to reimburse the holder for

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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.

(h) Provisions and Contingent Liabilities:

- (i) Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (ii) Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
- (iii) 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.
- (iv) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(i) Revenue :

(i) Revenue from contracts with customers:

Effective 1st April, 2018, the Group adopted Ind AS 115 - "Revenue from Contracts with Customers" (which replaces the earlier revenue recognition standards) using the cumulative effect method which is applied to contracts that were not completed as of 1st April, 2018. Accordingly, the comparative information is not restated. The adoption of the standard did not have any material impact on the financial results of the Group (Refer Note No. 44).

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the fair value transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative standalone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

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(ii) Sale of goods:

Revenue from the sale of goods is recognised net of returns trade discounts and volume rebates, at the point in time when the customer obtains control of the goods, which is generally at the time of delivery ex-factory or door delivery depending upon agreed upon terms.

- (iii) Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.
- (iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (v) 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.

(vi) Construction contracts:

One of the subsidiary companies is engaged in the manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment are customised based on specific customer requirements. Each equipment / system is a separate performance obligation. The performance obligations are satisfied over a period of time. The group measures the progress towards complete satisfaction of performance obligation based on input method. The stage of completion of the contract is measured by comparing the cost incurred on the project with the total estimated cost for the project. Consequently the costs of fulfilling the contracts are recognised as expense in the period in which the costs are incurred and corresponding revenue recognised based on stage of completion over the period of time.

- (vii) Other revenue is recognised when it is received or when the right to receive payment is established.

(j) Employee Benefits:

(i) Short-Term Employee Benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the

service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Post-Employment Benefits:

• 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.

• 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.

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• **Compensated absences:**

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise 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.

(k) Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) 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.

(l) 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.

(i) 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.

(ii) 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:

- 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;
- 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
- 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).

(m) 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

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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.

(n) Leases:

- (i) 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.
- (ii) 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.

(o) Earnings Per Share:

- (i) 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.

- (ii) 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.

(p) Dividends:

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

(q) 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.

(r) Recent Accounting Pronouncements:

Standards issued but not yet effective

Ministry of Corporate Affairs (MCA), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 1st April, 2019:

Ind AS 116 - Leases

The Group is required to adopt Ind AS 116, Leases from 1st April, 2019. Ind AS 116 introduces a single, on Balance Sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its Consolidated Financial Statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the Consolidated Financial Statements in the period of initial application is not reasonably estimable as at present.

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i. Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities (Refer Note No. 38). The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous as described in Note No. 38. Instead, the Group will include the payments due under the lease in its lease liability and apply Ind AS 36, Impairment of Assets, to determine whether the right-of-use asset is impaired and to account for any impairment.

ii. Leases in which the Group is a lessor

Based on the information currently available, there are no such arrangements.

iii. Transition

The Group plans to apply Ind AS 116 initially on 1st April, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1st April, 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1st April, 2019 and identified as leases in accordance with Ind AS 17.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive

income or equity according to where the entity originally recognised those past transactions or events. The Group does not have any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following:

- the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty
- the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount
- entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit / (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 - Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not have any such instruments and hence no impact on its financial statements from this amendment.

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Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 - Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not have any such borrowings and hence no impact on its financial statements from this amendment.

Ind AS 28 - Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is not applicable to the Group as it does not carry interests in associate or joint venture.

Ind AS 103 - Business Combinations and Ind AS 111 - Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The amendment is not applicable to the Group as it does not currently carry control / joint controls in any joint operations.

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

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

A. Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1st April, 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 amount as at 31st March, 2018 including assets held for sale	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
Less: Assets held for sale	271.5	-	426.3	564.9	114.9	74.5	12.2	313.7	944.8	43.5	1.3	2,767.6	1.3
Gross amount as at 31st March, 2018 for continuing operations	1,136.3	136.3	6,999.6	42,741.8	665.1	470.3	123.8	1,083.7	1,554.3	580.2	38.0	55,529.4	556.7
Accumulated depreciation as at 1st 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	-
Accumulated depreciation as at 31st March, 2018 including assets held for sale	-	3.6	433.2	9,277.5	241.1	107.4	52.6	49.4	498.6	60.0	7.8	10,731.2	-
Less: Assets held for sale	-	-	28.3	182.7	9.4	15.6	5.2	19.8	201.9	8.0	0.5	471.4	-
Accumulated depreciation as at 31st March, 2018 for continuing operations	-	3.6	404.9	9,094.8	231.7	91.8	47.4	29.6	296.7	52.0	7.3	10,259.8	-
Net amount as at 31st March, 2018 including assets held for sale	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 amount as at 31st March, 2018 for continuing operations	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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS (CONTD.)

	Other than Research and Development							Research and Development				Total	Capital Work-in-Progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1 st April, 2018	1,136.3	136.3	6,999.6	42,741.8	665.1	470.3	123.8	1,083.7	1,554.3	580.2	38.0	55,529.4	556.7
Additions	53.2	-	866.8	5,457.0	124.0	211.6	32.1	13.0	168.0	276.2	-	7,201.9	8,057.5
Disposals	-	-	-	292.9	53.1	17.9	0.4	-	11.3	-	-	375.6	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	6,795.3
Gross amount as at 31 st March, 2019 including assets held for sale	1,189.5	136.3	7,866.4	47,905.9	736.0	664.0	155.5	1,096.7	1,711.0	856.4	38.0	62,355.7	1,818.9
Less: Assets held for sale	0.6	-	115.3	334.4	118.3	11.6	9.7	-	-	-	-	589.9	-
Gross amount as at 31 st March, 2019 for continuing operations	1,188.9	136.3	7,751.1	47,571.5	617.7	652.4	145.8	1,096.7	1,711.0	856.4	38.0	61,765.8	1,818.9
Accumulated depreciation as at 1 st April, 2018	-	3.6	404.9	9,094.8	231.7	91.8	47.4	29.6	296.7	52.0	7.3	10,259.8	-
Depreciation for the year	-	1.9	242.4	5,634.4	142.7	52.3	26.0	18.2	197.9	80.4	7.2	6,403.4	-
Disposals	-	-	-	86.1	32.1	7.4	0.3	-	6.3	-	-	132.2	-
Accumulated depreciation as at 31 st March, 2019 including assets held for sale	-	5.5	647.3	14,643.1	342.3	136.7	73.1	47.8	488.3	132.4	14.5	16,531.0	-
Less: Assets held for sale	-	-	14.0	123.3	38.8	7.7	3.7	-	-	-	-	187.5	-
Accumulated depreciation as at 31 st March, 2019 for continuing operations	-	5.5	633.3	14,519.8	303.5	129.0	69.4	47.8	488.3	132.4	14.5	16,343.5	-
Net amount as at 31 st March, 2019 including assets held for sale	1,189.5	130.8	7,219.1	33,262.8	393.7	527.3	82.4	1,048.9	1,222.7	724.0	23.5	45,824.7	1,818.9
Less: Assets held for sale	0.6	-	101.3	211.1	79.5	3.9	6.0	-	-	-	-	402.4	-
Net amount as at 31 st March, 2019 for continuing operations	1,188.9	130.8	7,117.8	33,051.7	314.2	523.4	76.4	1,048.9	1,222.7	724.0	23.5	45,422.3	1,818.9

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 ₹3,622.9 Lakhs as at 31st March, 2019 (₹52.0 Lakhs as at 31st March, 2018).

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, 2019

(All amounts are in ₹ 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
Gross amount as at 1st April, 2017	481.7	257.5	812.7	-	1,551.9	27.5	972.1
Additions	46.2	-	185.7	150.0	381.9	91.9	-
Disposals	-	-	-	-	-	-	-
Gross amount as at 31st March, 2018 including assets held for sale	527.9	257.5	998.4	150.0	1,933.8	119.4	972.1
Less : Assets held for sale	54.3	-	-	-	54.3	119.4	-
Gross amount as at 31st March, 2018 for continuing operations	473.6	257.5	998.4	150.0	1,879.5	-	972.1
Accumulated amortisation as at 1st April, 2017	76.0	188.0	119.9	-	383.9	-	-
Amortisation for the year	82.5	10.8	94.6	15.5	203.4	-	-
Disposals	-	-	-	-	-	-	-
Accumulated amortisation as at 31st March, 2018 including assets held for sale	158.5	198.8	214.5	15.5	587.3	-	-
Less : Assets held for sale	3.5	-	-	-	3.5	-	-
Accumulated amortisation as at 31st March, 2018 for continuing operations	155.0	198.8	214.5	15.5	583.8	-	-
Net amount as at 31st March, 2018 including assets held for sale	369.4	58.7	783.9	134.5	1,346.5	119.4	972.1
Less : Assets held for sale	50.8	-	-	-	50.8	119.4	-
Net amount as at 31st March, 2018 for continuing operations	318.6	58.7	783.9	134.5	1,295.7	-	972.1
Gross amount as at 1st April, 2018	473.6	257.5	998.4	150.0	1,879.5	-	972.1
Additions	28.6	-	137.0	-	165.6	577.0	-
Disposals	-	-	-	-	-	-	-
Gross amount as at 31st March, 2019 including assets held for sale	502.2	257.5	1,135.4	150.0	2,045.1	577.0	972.1
Less : Assets held for sale	72.8	69.6	-	-	142.4	-	972.1
Gross amount as at 31st March, 2019 for continuing operations	429.4	187.9	1,135.4	150.0	1,902.7	577.0	-
Accumulated amortisation as at 1st April, 2018	155.0	198.8	214.5	15.5	583.8	-	-
Amortisation for the year	162.8	8.8	113.2	14.9	299.7	-	-
Disposals	-	-	-	-	-	-	-
Accumulated amortisation as at 31st March, 2019 including assets held for sale	317.8	207.6	327.7	30.4	883.5	-	-
Less : Assets held for sale	33.0	21.6	-	-	54.6	-	-
Accumulated amortisation as at 31st March, 2019 for continuing operations	284.8	186.0	327.7	30.4	828.9	-	-
Net amount as at 31st March, 2019 including assets held for sale	184.4	49.9	807.7	119.6	1,161.6	577.0	972.1
Less : Assets held for sale	39.8	48.0	-	-	87.8	-	972.1
Net amount as at 31st March, 2019 for continuing operations	144.6	1.9	807.7	119.6	1,073.8	577.0	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

4 GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT (CONTD.)

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
	972.1

IMSD in subsequently divested (Refer Note No. 31). There is no requirement of assessing the impairment as at 31st March, 2019, since the division is divested at the price higher than the carrying value.

The recoverable amount of the RIECO, cash-generating units (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. As at March 31st, 2019, classified as held for sale, Refer Note No. 31 for more details.

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

	As at 31 st March, 2019	As at 31 st March, 2018
Discount rate	16.0%	14.5%
Terminal value growth rate	5.0%	5.0%
Budgeted EBITDA growth rate	7.5%	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, 2019

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

5 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) INVESTMENTS		
Investments in mutual funds - Unquoted and carried at Fair value through Profit and Loss (FVTPL)		
Nil (Previous Year : 202,715.67) Units of ₹10 each in UTI Gilt Advantage-LTP-Dividend Payout Fund.	-	47.9
Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹10 each	1.0	1.0
	1.0	48.9
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	1.0	48.9
<i>Aggregate amount of impairment in the value of investments</i>	-	-
(b) LOANS		
(Unsecured considered good unless stated otherwise)		
Security Deposits	74.0	93.9
	74.0	93.9

6 DEFERRED TAX ASSETS (NET)

	As at 31 st March, 2019	As at 31 st March, 2018
The major components of the deferred tax assets are :		
Unrealised profit on intra-group transfer of inventories	207.6	308.0
Allowance for expected credit loss	-	360.4
Others	-	68.5
	207.6	736.9
The major components of the deferred tax liabilities are :		
Property, plant and equipment	-	33.0
	-	33.0
<i>For movement in deferred tax assets and liabilities Refer Note No. 30.</i>	207.6	703.9

7 OTHER NON-CURRENT ASSETS

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Capital advances		
Considered good	1,085.8	81.8
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	1,085.8	81.8
(b) Advances other than capital advances:		
Balances with Government authorities	1,196.0	1,354.2
Prepaid expenses	1.6	2.0
Statutory receivables	276.1	276.1
Others	403.1	405.8
	1,876.8	2,038.1
	2,962.6	2,119.9

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Non-current tax assets (net)		
Income tax assets	14,758.2	7,967.9
Income tax liabilities	14,581.6	6,918.9
Net income tax assets	176.6	1,049.0
(b) Current tax liabilities (net)		
Income tax liabilities	12,144.5	3,083.8
Income tax assets	11,274.5	2,680.5
Net income tax liabilities	870.0	403.3

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Raw Materials	7,470.4	6,495.4
Raw materials in transit	2,282.3	1,555.3
	9,752.7	8,050.7
(b) Work-in-progress	4,178.9	5,339.8
(c) Finished Goods	15,084.4	11,743.5
Finished goods in transit	31.0	157.9
	15,115.4	11,901.4
(d) Stores and Spares	1,567.4	1,826.9
(e) Stock-in-trade	42.9	42.6
(f) Packing Materials	108.8	130.3
	30,766.1	27,291.7

During FY 2018-19 an amount of ₹97.4 Lakhs was written back in (Previous Year: ₹315.0 Lakhs was charged to) the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

10 FINANCIAL ASSETS: CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
(Refer Note No. 39 for details of related party balances)		
Trade receivables considered good	35,175.9	34,929.1
Less: Allowance for expected credit loss	561.4	1,599.2
	34,614.5	33,329.9
Trade receivables which have significant increase in credit risk	-	-
Trade receivables which are credit impaired	-	-
	34,614.5	33,329.9
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	6.6	7.7
Balance with Banks		
In Current Accounts	468.1	658.4
	474.7	666.1
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	178.7	168.8
Margin Money Deposits	160.7	584.3
	339.4	753.1
(d) DERIVATIVE ASSETS		
Foreign exchange forward contracts	718.4	3.7
	718.4	3.7
(e) OTHER FINANCIAL ASSETS		
Export benefits receivable	1,307.6	1,229.8
Other Receivables (includes interest accrued on deposits)	1,214.8	154.7
Unbilled revenue	-	774.0
Deposits	21.5	19.7
Less: Allowance for expected credit loss	-	5.0
	2,543.9	2,173.2

11 OTHER CURRENT ASSETS

	As at 31 st March, 2019	As at 31 st March, 2018
Advances other than capital advances:		
Prepaid expenses	306.6	200.6
Net defined benefit asset - Gratuity fund (Refer Note No. 32)	-	16.3
Balances with Government authorities	3,806.3	5,351.3
Other advances (includes advances for materials)	1,027.8	1,491.0
	5,140.7	7,059.2

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

12 EQUITY SHARE CAPITAL

	As at 31 st March, 2019	As at 31 st March, 2018
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) Equity Shares of ₹2 each.	1,500.0	1,500.0
ISSUED :		
*69,227,750 (Previous Year : 69,227,750) Equity Shares of ₹2 each.	1,384.5	1,384.5
SUBSCRIBED AND PAID-UP :		
*69,227,250 (Previous Year : 69,227,250) Equity Shares of ₹2 each fully paid up.	1,384.5	1,384.5

*Allotment of 500 Rights Equity Shares of ₹2 each is kept in abeyance, matter being sub-judice.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	As at 31 st March, 2019		As at 31 st March, 2018	
	No.	₹	No.	₹
At the beginning of the year	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

(b) Terms / Rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹2 per share (Previous Year : ₹2 each). Each holder of equity shares is entitled to one vote per share. The 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 the year ended 31st March, 2019 a Final Dividend of ₹3.5 per share was proposed to be paid for the Financial Year ended 31st March, 2019, subject to approval of shareholders. The Board has also recommended Special Dividend at ₹2.5 per share, subject to approval of shareholders. In view of this, the amount of dividend per share aggregates to ₹6.0 (Previous Year : ₹3.5) on a face value of ₹2 per share. During the year ended 31st March, 2018 an Interim Dividend of ₹2.5 and final dividend of ₹1.0 per share was paid.

(c) Details of shareholders holding more than 5% shares in the company :

	As at 31 st March, 2019		As at 31 st March, 2018	
	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
Mr. Rahul P. Rathi	4,754,540	6.87	4,754,540	6.87
Mr. Anuj N. Rathi	5,447,620	7.87	5,447,620	7.87
Mr. Rohit K. Rathi	4,651,600	6.72	4,651,600	6.72
Mr. Akash Bhanshali	5,567,711	8.04	-	-
DIC Corporation, Japan	-	-	5,579,890	8.06

(d) For a period of five years immediately preceding 31st March, 2019 :

- 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 ₹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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

13 OTHER EQUITY

	As at 31 st March, 2019	As at 31 st March, 2018
(a) Capital Reserve	0.4	0.4
(b) Capital Redemption Reserve	410.0	410.0
(c) Securities Premium	1,321.2	1,321.2
(d) General Reserve	21,340.5	19,840.5
(e) Foreign Currency Translation Reserve	176.3	142.3
(f) Effective Portion of Cash Flow Hedge	503.1	-
(g) Retained Earnings	31,635.3	20,897.8
	55,386.8	42,612.2
MOVEMENTS IN OTHER EQUITY		
(a) Capital Reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital Redemption Reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0
(c) Securities Premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(d) General Reserve		
Balance at the beginning of the year	19,840.5	18,340.5
Additions during the year	1,500.0	1,500.0
Deductions during the year	-	-
Balance at the end of the year	21,340.5	19,840.5
(e) Foreign Currency Translation Reserve		
Balance at the beginning of the year	142.3	(191.6)
Add : Other comprehensive income not recognised directly in retained earnings	34.0	333.9
Balance at the end of the year	176.3	142.3
(f) Effective Portion of Cash Flow Hedge		
Balance at the beginning of the year	-	-
Add : Other comprehensive income not recognised directly in retained earnings (net of taxes)	503.1	-
Balance at the end of the year	503.1	-
(g) Retained Earnings		
Balance at the beginning of the year	20,897.8	16,840.6
Add : Profit after tax for the year	13,509.9	8,472.5
Other comprehensive income recognised directly in retained earnings	(293.3)	0.9
Adjustment on initial application of Ind AS 115 (Refer Note No. 44)	(144.5)	-
Others	-	0.1
Less : Appropriations (Refer Note No. 12(b))		
Final Equity Dividend	692.3	692.3
Interim Equity Dividend	-	1,730.7
Tax on Interim and Final Equity Dividend	142.3	493.3
Amount transferred to General Reserve	1,500.0	1,500.0
	31,635.3	20,897.8
	55,386.8	42,612.2

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

(All amounts are in ₹ 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 re-issue of shares in the financial year 1996-97 ₹0.4 Lakhs.
- Capital Redemption Reserve is created pursuant to redemption of Preference Share Capital (₹400.0 Lakhs) in the Financial Year 2013-14 and buy-back of Equity Shares (₹10.0 Lakhs) in the Financial Year 2006-07
- General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income.
- Cash flow hedging reserve -

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs.

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	-	374.4
Foreign Currency Loans	9,982.9	16,294.4
Unsecured		
Loans from Related Parties (Refer Note No. 39)		
Intercompany Deposits	1,330.6	1,529.7
(Refer Note No. 33 for details of security and terms of repayment)		
	11,313.5	18,198.5
(b) OTHER FINANCIAL LIABILITIES		
Security Deposits	150.6	183.0
	150.6	183.0

15 PROVISIONS : NON-CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	862.8	895.2
Provision for compensated absences (Refer Note No. 32)	559.4	565.7
(b) OTHERS :		
Provision for Ex-Gratia payments	-	281.8
	1,422.2	1,742.7

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

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March, 2019	As at 31 st March, 2018
The major components of the deferred tax liabilities are :		
Property, plant and equipment	6,110.3	5,875.7
Others	47.2	43.7
	6,157.5	5,919.4
The major components of the deferred tax assets are :		
Allowance for expected credit loss	176.2	180.7
Indexed value investment in subsidiary classified as held for sale	95.6	153.5
Expenditure accrued, allowable on actual payment	222.9	405.7
	494.7	739.9
	5,662.8	5,179.5

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.

17 FINANCIAL LIABILITIES: CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) BORROWINGS		
Secured		
Loans repayable on demand		
From banks :		
Rupee Loans	4,276.7	5,117.3
Foreign Currency Loans	7,121.1	8,294.0
Unsecured		
Loans repayable on demand		
From banks :		
Rupee Loans	7,595.3	4,504.0
(Refer Note No. 33 for details of security and terms of repayment)		
	18,993.1	17,915.3
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises	319.1	407.8
Other than Micro and Small Enterprises	23,896.1	26,033.3
	24,215.2	26,441.1

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

17 FINANCIAL LIABILITIES : CURRENT (CONTD.)

	As at 31 st March, 2019	As at 31 st March, 2018
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	96.8	71.6
Interest rate / currency swap contracts	21.9	113.2
	118.7	184.8
(d) OTHER FINANCIAL LIABILITIES		
Current maturities of long-term debt (including interest accrued thereon) (Refer Note No. 33)	6,402.6	6,976.2
Unclaimed Dividend	178.6	168.5
Unclaimed fixed deposits including interest thereon	23.4	6.7
Capital creditors	598.2	640.4
Employee Dues	1,178.0	1,366.8
Other Liabilities (includes commission payable to directors and commission payable on sales)	458.3	771.2
	8,839.1	9,929.8

18 OTHER CURRENT LIABILITIES

	As at 31 st March, 2019	As at 31 st March, 2018
Statutory Dues	341.6	377.1
Deferred Revenue	-	183.0
Other Liabilities (includes advances from customers)	145.3	2,010.0
	486.9	2,570.1

19 PROVISIONS : CURRENT

	As at 31 st March, 2019	As at 31 st March, 2018
(a) PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	115.0	72.4
Provision for gratuity (Refer Note No. 32)	96.3	145.9
Provision for compensated absences (Refer Note No. 32)	70.9	55.6
	282.2	273.9
(b) OTHERS :		
Provision for warranty	-	19.5
	282.2	293.4

Notes to the Consolidated Financial Statements

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

20 REVENUE FROM OPERATIONS

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Sale of products	145,314.9	132,809.5
Sale of services	-	0.4
Other operating revenues		
Export Incentives	1,921.4	2,052.4
Miscellaneous Operating Income	414.7	333.1
(Refer Note No. 41 and 44)		
	147,651.0	135,195.4

21 OTHER INCOME

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	41.8	57.0
Others	326.4	119.2
Net gains / (losses) on fair value changes :		
Change in fair value of investments measured at FVTPL (Mutual Fund Units)	-	1.4
Gain on sale of mutual funds	3.5	-
Fair value gain / (loss) on derivatives not designated as hedges (net)	-	(90.1)
Other Non-Operating Income :		
Liabilities no longer required, written back	94.4	390.8
Foreign Exchange Gain / (Loss) (net)	(63.7)	336.6
Miscellaneous Income	164.6	102.3
	567.0	917.2

22 COST OF MATERIALS CONSUMED

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Inventory of materials at the beginning of the year	7,468.2	3,222.7
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
Add : Purchases	89,522.9	80,315.3
	96,991.1	83,538.0
Less: Inventory of materials at the end of the year	9,767.3	7,468.2
(Excluding Inventories pertaining to Discontinued Operations. Refer Note No. 31)		
	87,223.8	76,069.8

23 PURCHASE OF STOCK-IN-TRADE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Purchase of Stock-in-trade	3,229.1	1,123.9
	3,229.1	1,123.9

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as at and for the year ended 31st March, 2019

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

24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Inventory at the end of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	15,115.4	11,374.3
Work-in-progress / Semi-finished Products	4,178.9	3,464.9
Stock-in-Trade	42.9	42.6
	19,337.2	14,881.8
Inventory at the beginning of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	11,374.3	10,050.4
Work-in-progress / Semi-finished Products	3,464.9	3,907.7
Stock-in-Trade	42.6	44.0
	14,881.8	14,002.1
	(4,455.4)	(879.7)

25 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Salaries, wages and bonus	10,283.4	8,501.8
Contribution to Provident and Other Funds	671.5	573.1
Staff Welfare Expenses	351.0	368.3
	11,305.9	9,443.2

26 FINANCE COSTS

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Interest expenses on financial liabilities measured at amortised cost	1,437.6	2,298.7
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	79.2	44.1
	1,516.8	2,342.8

27 DEPRECIATION AND AMORTISATION

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Depreciation of property, plant and equipment	6,376.1	5,591.6
Amortisation of other intangible assets	113.6	182.4
(Excludes depreciation on assets subsequently classified as held for sale)		
	6,489.7	5,774.0

Notes to the Consolidated Financial Statements

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

28 OTHER EXPENSES

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Consumption of stores and spares	2,321.2	2,344.8
Consumption of packing material	1,668.9	1,638.9
Power and fuel	6,725.8	7,394.1
Water charges	1,114.9	1,208.1
Labour charges	3,224.1	3,396.4
Rent (Refer Note No. 38)	474.9	243.0
Repairs and maintenance	2,278.1	2,314.0
Insurance	340.4	319.6
Rates and taxes (excluding taxes on income)	104.0	208.8
Advertisement	437.7	214.3
Auditors' Remuneration (Refer Note No. 34)	51.3	35.7
Bad debts written off	77.4	16.2
Provision for expected credit loss allowance (Refer Note No. 40)	45.7	(63.2)
Advance written off	-	0.5
Bank charges	156.8	121.9
Commission to selling agents	1,541.0	1,266.5
Freight and forwarding expenses	959.3	1,324.9
Directors' sitting fees	21.2	17.9
ERP / Computer related expenses	234.2	257.8
Legal, professional and consultancy charges	3,199.4	3,266.8
Loss on sale / disposal / retirement of assets	3.2	202.2
Printing, stationery and communication	377.0	304.3
Travelling and conveyance	1,622.6	1,596.8
Miscellaneous expenses (Refer Note No. 37)	2,046.6	1,299.5
Excise duty variation on opening and closing stock (Refer Note No. 41)	-	(662.3)
Expenditure towards Corporate Social Responsibility (Refer Note No. 36)	239.5	189.0
	29,265.2	28,456.5

29 EARNINGS PER SHARE

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Number of 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 (Including Exceptional Items)		
Net Profit After Tax	13,974.4	7,691.5
Basic and Diluted earnings per share	20.19	11.11
From Discontinued Operations (Including Exceptional Items)		
Net Profit After Tax	(464.5)	781.0
Basic and Diluted earnings per share	(0.67)	1.13
From Total Operations (Including Exceptional Items)		
Net Profit After Tax	13,509.9	8,472.5
Basic and Diluted earnings per share	19.52	12.24

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

29 EARNINGS PER SHARE (CONTD.)

The profit and earnings per share for the year ended 31st March, 2019 are not comparable with those of the earlier periods because of the exceptional gain / loss (Refer Note No.43). The table below explains the impact of this transaction on the profit and earnings per share. Below is the earnings per share on the Continuing business without exceptional gain / (losses).

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Profit before tax and exceptional items from continuing operations	13,642.9	11,527.9
Tax expense excluding tax on exceptional items	4,858.5	3,836.4
Profit from continuing operations excluding exceptional items	8,784.4	7,691.5
Basic and diluted earnings per share from continuing operations (excluding exceptional items)	12.69	11.11

30 INCOME TAX

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year for continuing operations	4,267.6	3,218.5
Adjustment of current tax relating to earlier years	77.3	225.3
	4,344.9	3,443.8
Current tax for the year for discontinued operations	30.5	365.2
	4,375.4	3,809.0
Deferred tax (b)		
Relating to origination and reversal of temporary differences	714.0	565.5
Adjustment of deferred tax relating to earlier years	(200.4)	(172.9)
	513.6	392.6
Tax on Exceptional Items (c)	2,037.0	-
Total tax expenses (a+b+c)	6,926.0	4,201.6
B Reconciliation of effective tax rate		
Profit before tax from continuing operations	13,642.9	11,527.9
Profit before tax from discontinued operations	(434.0)	1,146.2
	13,208.9	12,674.1
Income tax calculated at corporate tax rate	4,571.3	4,366.6
Tax effect of:		
- non deductible expenses	152.7	71.8
- incremental deduction on account of research and development costs	(364.3)	(353.2)
- income tax relating to prior years	123.1	52.4
- tax on exceptional items	2,037.0	-
- indexation benefit on investment held for sale	57.8	(153.5)
- deferred tax not recognised on loss making entities	90.6	163.7
- deferred tax recognised at lower rate	68.4	11.8
- others	189.4	42.0
Income tax expenses	6,926.0	4,201.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

30 INCOME TAX (CONTD.)

C. Movement in deferred tax liabilities and assets

(i) Deferred tax liabilities

	Property, Plant and Equipments	Other deferred tax liabilities	Total
As at 1st April, 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
Charged / (credited)			
- Statement of Profit and Loss	361.5	72.0	433.5
- to Other Comprehensive Income	-	-	-
- transfer pertaining to discontinued business	(390.4)	(68.6)	(459.0)
As at 31st March, 2019	6,141.8	47.2	6,189.0

(ii) 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, 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
(Charged) / credited							
- to Statement of Profit and Loss	(100.4)	449.6	(284.6)	(57.9)	(176.8)	90.0	(80.1)
- to Other Comprehensive Income	-	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	-	(90.0)	(90.0)
- transfer pertaining to discontinued business sold	-	(215.4)	-	-	(48.6)	(555.2)	(819.2)
As at 31st March, 2019	207.6	449.6	236.7	95.6	248.7	-	1,238.2

The above movement of deferred tax assets and liabilities include the following balances

	As at 31 st March, 2019	As at 31 st March, 2018
Deferred tax assets (Refer Note No. 6)	207.6	703.9
Deferred tax assets of discontinued operations	504.4	488.6
Deferred tax (liabilities) (Refer Note No. 16)	(5,662.8)	(5,179.5)
Deferred tax assets / (liabilities) net	(4,950.8)	(3,987.0)

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

30 INCOME TAX (CONTD.)

D. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the carried forward losses of following entities, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	As at 31 st March, 2019		As at 31 st March, 2018	
	Gross Amount	Unrecognised Deferred Tax Assets	Gross Amount	Unrecognised Deferred Tax Assets
Sudarshan Mexico S de R.L.de CV	19.7	5.9	19.7	5.9
Sudarshan (Shanghai) Trading Company Limited	613.8	184.1	521.9	156.6
Sudarshan North America Inc.	1,878.2	563.5	1,598.3	479.5
	2,511.7	753.5	2,139.9	642.0

31 DISCLOSURE AS REQUIRED BY IND AS 105 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

(a) Description

Agro Chemical Division

The Group used to deal in insecticides, fungicides, herbicides and plant growth regulators from its Agro Chemical Division located at its facilities at Roha and was also engaged in trading of generic products. During the previous year the Group decided to discontinue its Agro Chemical manufacturing business and sell its trading business on a going concern basis. The Group entered into a Business Transfer Agreement dated 16th July, 2018 for transfer of its Agro formulation trading business on a going concern basis. The transaction was completed on 20th September, 2018. Profit for the period upto 20th September, 2018 has been classified under profit from discontinued operations. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this was classified as held for sale / discontinued operations as on 31st March, 2018. The Group continues to classify the manufacturing business as discontinued operations/ held for sale as on 31st March 2019.

Prescient Color Limited ("PCL")

Prescient Color Limited, a wholly owned subsidiary of the Company is engaged in the manufacture of masterbatches. During FY 2017-18 the Company decided to divest its holding in Prescient Color Limited on a going concern basis and the transaction for sale was concluded on 31st May 2018. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", the profit / loss from the operations of PCL have been classified as held for sale / discontinued operations as on 31st March, 2019.

Industrial Mixing Solutions Division ("IMSD")

The Group entered into a Business Transfer Agreement dated 12th April, 2019 for transfer of its Industrial Mixing Solutions Division on a going concern basis. According to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", the operations related to the Industrial Mixing Solutions Division have been shown as held for sale / discontinued operations as on 31st March 2019.

RIECO Industries Limited ("RIECO")

Pursuant to its objective of focusing on its core business i.e. Pigment, the Group is actively looking to divest its holdings in its wholly owned subsidiary, RIECO Industries Limited, on a going concern basis. RIECO is engaged in the business of Size reduction equipments, Pneumatic conveying system and Air Pollution Control System. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", the operations of this subsidiary has been classified as held for sale / discontinued operations as on 31st March 2019.

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

31 DISCLOSURE AS REQUIRED BY IND AS 105 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTD.)

(b) The Assets and Liabilities of disposal groups classified as held for sale as on 31st March, 2019 are as under:

Particulars	As at 31 st March, 2019				As at 31 st March, 2018		
	Agro Chemicals	IMSD	RIECO	Total	Agro Chemicals	PCL	Total
Assets							
(a) Property, plant and equipment & Intangible Assets	-	469.9	308.0	777.9	6.4	2,290.0	2,296.4
(b) Capital work in progress	-	-	-	-	-	1.3	1.3
(c) Goodwill on consolidation	-	-	684.4	684.4	-	-	-
(d) Other intangible assets	-	-	-	-	-	50.8	50.8
(e) Intangible assets under development	-	-	-	-	119.4	-	119.4
(f) Deferred tax assets (net)	-	-	504.4	504.4	-	488.5	488.5
(g) Other non-current assets	-	5.7	87.0	92.7	-	70.4	70.4
(h) Inventories	-	340.5	1,961.3	2,301.8	989.5	1,065.0	2,054.5
(i) Current financial assets							
i. Trade receivables	12.7	671.2	3,080.7	3,764.6	1,028.5	1,306.0	2,334.5
ii. Cash and cash equivalents	-	-	1.8	1.8	97.1	28.5	125.6
iii. Bank balances other than above	-	-	-	-	-	38.4	38.4
iv. Other financial assets	-	-	350.5	350.5	-	1.8	1.8
(j) Other current assets	-	5.5	647.3	652.8	11.5	90.9	102.4
Total assets	12.7	1,492.8	7,625.4	9,130.9	2,252.4	5,431.6	7,684.0
Liabilities							
(a) Non-current financial liabilities							
i. Borrowings	-	-	-	-	-	393.9	393.9
ii. Other financial liabilities	-	-	35.0	35.0	143.8	42.2	186.0
(b) Non-current provisions	-	16.7	66.2	82.9	104.8	63.0	167.8
(c) Current financial liabilities							
i. Borrowings	-	-	2,328.8	2,328.8	-	901.7	901.7
ii. Trade payables	126.7	442.3	2,067.5	2,636.5	736.1	670.9	1,407.0
iii. Other financial liabilities	-	1.2	62.5	63.7	40.6	406.3	446.9
(d) Other current liabilities	-	114.9	1,586.5	1,701.4	370.1	57.1	427.2
(e) Current provisions	-	30.2	32.2	62.4	-	70.1	70.1
(f) Current tax liabilities (net)	-	-	6.1	6.1	-	31.8	31.8
Total liabilities	126.7	605.3	6,184.8	6,916.8	1,395.4	2,637.0	4,032.4

Notes to the Consolidated Financial Statements

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31 DISCLOSURE AS REQUIRED BY IND AS 105 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTD.)

(c) Statement of Profit and Loss for Discontinued Operations

Particulars	Year ended 31 st March, 2019					Year ended 31 st March, 2018				
	Agro Chemicals	PCL	IMSD	RIECO	Total	Agro Chemicals	PCL	IMSD	RIECO	Total
Income										
Revenue from operations	3,687.3	1,192.8	3,230.9	11,653.8	19,764.8	11,676.6	7,934.4	1,735.1	10,885.5	32,231.6
Other income	-	-	58.8	158.3	217.1	65.6	12.9	113.8	60.1	252.4
Total revenue	3,687.3	1,192.8	3,289.7	11,812.1	19,981.9	11,742.2	7,947.3	1,848.9	10,945.6	32,484.0
Expenses										
Cost of raw materials consumed	-	720.6	1,245.0	7,238.6	9,204.2	4,786.9	4,609.2	670.2	6,609.7	16,676.0
Cost of Goods Traded	2,745.1	-	-	303.8	3,048.9	3,556.6	-	-	479.7	4,036.3
Changes in inventories	509.2	(29.6)	(97.0)	680.3	1,062.9	703.6	(22.2)	(37.7)	(155.6)	488.1
Excise duty on sale of goods	-	-	-	-	-	292.3	245.6	14.4	70.3	622.6
Employee benefits expense	140.6	-	369.8	1,135.5	1,645.9	635.3	631.6	301.9	1,181.6	2,750.4
Finance Costs	-	34.9	88.0	244.5	367.4	93.5	166.5	46.9	331.8	638.7
Depreciation and amortisation	57.0	38.4	46.2	67.7	209.3	80.6	238.5	52.1	37.0	408.2
Other expenses	448.9	379.5	1,110.8	2,938.1	4,877.3	1,257.4	1,513.8	648.2	2,298.1	5,717.5
Total expenses	3,900.8	1,143.8	2,762.8	12,608.5	20,415.9	11,406.2	7,383.0	1,696.0	10,852.6	31,337.8
Profit before tax	(213.5)	49.0	526.9	(796.4)	(434.0)	336.0	564.3	152.9	93.0	1,146.2
Tax expense	(74.6)	18.0	184.1	(97.0)	30.5	116.3	130.6	52.9	65.4	365.2
Profit after tax	(138.9)	31.0	342.8	(699.4)	(464.5)	219.7	433.7	100.0	27.6	781.0

(d) Net Cash Flows attributable to the operating, investing and financing activities of Discontinued Operations

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Operating Activities	518.7	3,901.3
Investing Activities	(63.5)	(231.4)
Financing Activities	1,008.2	(1,490.4)

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%).

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32 EMPLOYEE BENEFITS

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, 2019	Year ended 31 st March, 2018
Employer's Contribution to Provident Fund	378.7	316.4
Employer's Contribution to Superannuation Fund	35.0	46.0

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 the 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

b Attrition / Withdrawal Assumption

If actual withdrawal rates are higher than assumed withdrawal rate assumption, than 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.

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32 EMPLOYEE BENEFITS (CONTD.)

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in Balance Sheet for the plan.

Net employee benefit expense on account of gratuity recognised in employee benefit expenses (includes net employee benefit of discontinued operations)

As per Indian Accounting Standard - 19, Employee Benefits, the disclosures as defined are give below :

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Current service cost	144.5	135.0
Net interest (income) / expense	7.5	(6.7)
Net benefit expense	152.0	128.3

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Defined benefit obligation as at the beginning of the year	2,288.6	2,277.5
Interest cost	170.2	157.0
Current service cost	144.5	135.0
Benefit payments from plan assets	(440.6)	(136.2)
Acquisition / Divestiture	(72.5)	(101.4)
Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	312.8	10.9
Actuarial (gain) / loss - Financial	19.6	(54.2)
Defined benefit obligation as at the end of the year	2,422.6	2,288.6

Changes in the fair value of plan assets are as follows:

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Fair value of plan assets at at the beginning of the year	2,159.0	2,227.3
Adjustment to opening fair value	-	(75.1)
Expected returns on plan assets	162.7	163.7
Employer's contributions	447.4	7.4
Mortality charges and taxes	-	-
Benefits paid	(440.6)	(136.2)
Acquisition / Divestiture	(72.5)	(11.2)
Re-measurement gain / (loss) in Other Comprehensive Income (OCI)		
Actuarial gain / (loss) - Experience	(2.5)	(16.9)
Fair value of plan assets at the end of year	2,253.5	2,159.0

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(Gain) / loss on defined benefit obligation - Experience	312.8	10.9
(Gain) / loss on defined benefit obligation - Financial	19.6	(54.2)
(Gain) / loss on plan assets - Experience	2.5	16.9
Amount recognised in the statement of OCI	334.9	(26.4)

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32 EMPLOYEE BENEFITS (CONTD.)

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Defined benefit obligation	2,422.6	2,288.6
Fair value of plan assets	2,253.5	2,159.0
Closing net defined benefit liability / (asset)	169.1	129.6

Above current year's liabilities includes liabilities of discontinued operations ₹72.8 Lakhs (Refer Note No. 31)

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, 2019	31 st March, 2018
Investments with insurer	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, 2019	As at 31 st March, 2018
Employee turnover		
age upto 30 years	3.0%	3.0%
age 31-45 years	2.0%	2.0%
age above 45 years	1.0%	1.0%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Discount rate	7.0% to 7.6%	7.6% to 7.7%
Expected rate of increment in compensation levels	7.0% to 10.0%	7.0% to 10.0%

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2019		As at 31 st March, 2018	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(150.1)	169.2	(164.6)	186.3
Expected rate of increment in compensation levels	168.8	(152.6)	174.7	(157.6)

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 as significant actuarial assumptions for the purpose of sensitivity analysis.

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

32 EMPLOYEE BENEFITS (CONTD.)

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Within the next 12 months (next annual reporting period)	216.2	190.4
Between 2 and 5 years	802.0	712.7
Beyond 5 years	1,720.6	1,398.0

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 14.6 years (Previous Year : 14.3 years).

The following payments are expected contributions to the defined benefit plan in the next year:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Within the next 12 months (next annual reporting period)	216.2	190.4
Total expected payments	216.2	190.4

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 (includes net employee benefit of discontinued operations)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Current service cost	5.6	7.3
Net interest (income) / expense	66.8	64.8
Past service cost	-	15.9
Net benefit expense	72.4	88.0

Changes in the present value of the defined benefit obligation are, as follows :

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Defined benefit obligation as at the beginning of the year	967.6	909.7
Less : Obligations pertaining to discontinued operations	(65.5)	-
Interest cost	66.8	64.8
Current service cost	5.6	7.3
Benefit payments directly by employer	(96.0)	(65.9)
Past service cost	-	15.9
Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	90.8	65.3
Actuarial (gain) / loss - Financial	8.5	(29.5)
Defined benefit obligation as at the end of the year	977.8	967.6

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

32 EMPLOYEE BENEFITS (CONTD.)

Re-measurements for the period (Actuarial (gain) / loss)		
Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(Gain) / loss on defined benefit obligation - Experience	90.8	65.3
(Gain) / loss on defined benefit obligation - Financial	8.5	(29.5)
Amount recognised in the statement of OCI	99.3	35.8
Net Defined Benefit Liability / (Asset) for the period		
Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Defined benefit obligation	977.8	967.6
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	977.8	967.6

The principal assumptions used in determining pension obligations for the Group's plan are shown below:

Demographic assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2006-08) ultimate.

Financial assumptions

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Discount rate	7.6%	7.6% to 7.7%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	As at 31 st March, 2019		As at 31 st March, 2018	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(74.8)	88.6	(78.6)	93.4
Pension increase rate	26.1	(25.7)	24.1	(23.7)

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 assumption for mortality and attrition do not have a significant impact on the liability, hence are not considered as significant actuarial assumptions for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Within the next 12 months (next annual reporting period)	115.0	72.7
Between 2 and 5 years	587.0	342.3
Beyond 5 years	1,130.7	524.0

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32 EMPLOYEE BENEFITS (CONTD.)

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Group's liability for sick and earned leave (includes net employee benefit of discontinued operations)

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, 2019	As at 31 st March, 2018
Current leave obligations expected to be settled within the next 12 Months	81.3	55.6
Leave obligations expected to be settled beyond 12 months	616.2	565.7

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.

Above current year's liabilities includes liabilities of discontinued operations ₹67.2 Lakhs

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, 2019	31 st March, 2018
Discount rate	7.0% to 7.6%	7.6% to 7.7%
Expected rate of increment in compensation levels	7.0% to 10.0%	7.0% to 10.0%
Employee turnover		
age upto 30 years	3.0%	3.0%
age 31-45 years	2.0%	2.0%
age above 45 years	1.0%	1.0%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

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33 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Maturity Date	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2019		As at 31 st March, 2018	
				Current	Non-Current	Current	Non-Current
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), Amralewadi, 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), Amralewadi, Dist. Pune	31-Mar-20	16 equal quarterly instalments	9.75%	-	-	476.0	374.4
The said loan has been prepaid in full during the year. No charge outstanding as on 31 st March, 2019							
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), Amralewadi, Dist. Pune.	31-Mar-19	20 equal quarterly instalments	9.90%	-	-	606.4	-
The said loan has been prepaid in full during the year. No charge outstanding as on 31 st March, 2019							
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), Amralewadi, Dist. Pune and further secured by way of Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune	30-Apr-20	11 equal quarterly instalments	3 months EURIBOR + 1.55%	2,044.9	498.7	2,128.0	2,631.5
	30-Dec-21	18 equal quarterly instalments	3 months EURIBOR + 1.55%	1,665.6	2,895.2	1,742.4	4,763.8
	26-Mar-23	16 equal quarterly instalments	3 months EURIBOR + 1.00%	1,362.4	3,985.9	-	5,619.5
	31-Jan-23	20 equal quarterly instalments	1 month LIBOR + 1.25%	871.7	2,603.0	821.8	3,279.6

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33 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE (CONTD.)

Security	Maturity Date	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2019		As at 31 st March, 2018	
				Current	Non-Current	Current	Non-Current
iii) Working capital loans repayable on demand from banks							
Working Capital Borrowings from Bank of Maharashtra, State Bank of India, ICICI Bank Limited, HDFC Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited and Standard Chartered Bank are secured by First Pari Passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrlewadi, Dist. Pune by creation of a joint registered mortgage.	1-3 months	Repayable on demand	0.50% to 9.40%	11,397.8	-	13,411.3	-
Subsidiary loans are secured by hypothecation of inventory and receivables and corporate guarantee of Holding Company.							
b) UNSECURED							
i) Working capital loans repayable on demand from banks	1 month	Repayable on demand	8.30% to 8.60%	7,595.3	-	4,504.0	-
ii) Loans and Advances from related parties							
Intercompany Deposits	Various	Repayable on demand	7.75% to 9.00%	458.0	1,330.7	684.5	1,529.7
iii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	23.4	-	523.8	-
				25,419.1	11,313.5	24,898.2	18,198.5
The bifurcation of total borrowings is as follows:							
Non-current borrowings	Note 14(a)			-	11,313.5	-	18,198.5
Current borrowings	Note 17(a)			18,993.1	-	17,915.3	-
Current maturities of long-term debts	Note 17(d)			6,402.6	-	6,976.2	-
Unclaimed deposits including interest thereon	Note 17(d)			23.4	-	6.7	-
				25,419.1	11,313.5	24,898.2	18,198.5

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

34 AUDITORS' REMUNERATION

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
(a) Audit Fees	22.6	22.9
Audit Fees for earlier year	6.0	-
(b) Tax Audit Fees	2.0	2.0
(c) Other services -		
Certification and Limited Review	17.0	10.6
(d) Reimbursement of Expenses	3.7	0.2
	51.3	35.7

35 FIXED DEPOSITS (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(a) Fixed Deposits with Maturity less than 12 months	-	517.1
(b) Fixed Deposits with Maturity more than 12 months	-	-
(c) Unclaimed Matured Fixed Deposits	23.4	6.7
	23.4	523.8

36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was ₹239.5 Lakhs. (Previous Year : ₹189.0 Lakhs)

During the year the Company has incurred CSR expenses of ₹239.5 Lakhs (Previous Year : ₹189.0 Lakhs) which includes contribution / donation of ₹35.0 Lakhs (Previous Year : ₹30.0 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 ₹204.5 Lakhs (Previous Year : ₹159.0 Lakhs) directly incurred by the Company.

In addition to the above, a contribution of ₹0.4 Lakhs (Previous Year : ₹0.9 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 Nil (Previous Year: ₹17.0 Lakhs to Nationalist Congress Party)

38 COMMITMENTS AND CONTINGENCIES:

(a) Leases

Operating leases : Company as lessee

The Group 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 ₹474.9 Lakhs (Previous Year : ₹243.0 Lakhs).

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38 COMMITMENTS AND CONTINGENCIES (CONTD.)

(b) Contingent liabilities

Claims against the Group not acknowledged as debts

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Excise duty	306.9	307.5
VAT / CST	116.6	260.8
Custom duty	330.4	330.4
Electricity duty on Power Generation	899.3	-

- 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 tax / VAT and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Financial Statements.

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 (Chairman and Managing Director upto. 31 st May, 2018)
- Mr. R. B. Rathi	Managing Director (Deputy Managing Director upto. 31 st May, 2018)
- Mr. A. V. Vij	Wholetime Director w.e.f. 24 th May, 2018 (COO upto 23 rd 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. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Mr. K. L. Rathi	Non-Executive - Non-Independent Director (resigned effective 1 st June, 2018)
- Mr. N. J. Rathi	Non-Executive - Non-Independent Director
- Mr. Ajay B. Rathi	Non-Executive - Non-Independent Director (resigned effective 1 st May, 2019)
- Dr. Deepak Parikh	Non-Executive - Additional Director (Independent) (w.e.f 1 st April, 2019)
- Mr. Mandar Velankar	Company Secretary (w.e.f. 10 th August 2018)
- Mr. P. S. Raghavan	Company Secretary (Retired on 9 th August 2018)
- Mr. Vivek V. Thakur	Acting CFO

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39 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) (CONTD.)

(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
- 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
- Mr. A. N. Rath	Son of Mr. N. J. 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

(c) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence:

- Rath Brothers Poona Limited *	- Rabro Speciality Chemicals Private Limited
- Rath Brothers Madras Limited *	- Laxminarayan Finance Private Limited
- Rath Brothers Calcutta Limited *	- Mr. Ajoy B. Rath HUF
- Rath Brothers Delhi Limited *	- Anahita Trust
- Manan Rath Trust	- Mr. Anuj N. Rath HUF
- Balkrishna Rath Finance Private Limited	- Natasha Trust
- PRR Finance Private Limited	- Mr. R.B.Rath HUF
- Marathwada Chemical Industries Private Limited	- Rath Mixers Private Limited
- Rath Vessels and Systems LLP	- Breakthrough Management Group India Private Limited
- NJR Finance Private Limited	- Shri Jagannath Rath Trust
- Rath Brothers Private Limited	- Crawford Bayley & Co.
- Rath Enterprises Private Limited	- Sudarshan CSR Foundation **
- Forbes Marshall Private Limited	- Centre For Advancement Of Philanthropy
- Aquapharm Chemicals Private Limited	- Krohne Marshall Private Limited

** (Sudarshan CSR Foundation (CSR foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (Company), is a "not for profit Company" under Section 8 of the Companies Act, 2013. The main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.)

* Later merged into Rabro Speciality Chemicals Private Limited w.e.f. 27th October, 2017

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39 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD.)

Nature of Transactions	For the year ended 31 st March 2019					For the year ended 31 st March 2018				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
e Acceptance of Deposits:										
Rathi Brothers Poona Ltd.	-	-	-	633.3	633.3	1.0	-	-	820.0	821.0
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	-	-	139.0	139.0
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	-	-	121.0	121.0
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	524.0	524.0	-	-	-	120.0	120.0
Others	-	-	-	109.3	109.3	1.0	-	-	238.0	238.0
f Repayments of Deposits:										
Mr. Anuj N. Rathi	-	-	-	1,058.8	1,058.8	393.9	761.4	-	366.0	1,521.3
Mrs. Kusum R. Rathi	-	-	-	-	-	-	166.8	-	-	166.8
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	166.9	-	-	166.9
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	121.3	121.3	-	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	115.0	115.0	-	-	-	-	-
Others	-	-	-	820.5	820.5	-	-	-	-	-
g Sale of Fixed Asset:										
Mr. A.V.Vij	5.5	-	-	2.0	2.0	393.9	427.7	-	366.0	1,187.6
Mr. K. L. Rathi	5.5	-	-	-	-	7.6	-	-	-	7.6
h Sale of Chemicals:										
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	6.7	6.7	-	-	-	6.5	6.5
i Purchase of Goods / Services:										
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	-	-	-	-	-	1.4	1.4
j Professional Fees Paid:										
Breakthrough Management Group India Private Limited	11.0	-	-	87.3	98.3	10.5	-	-	142.8	153.3
Crawford Bayley & Co.	-	-	-	72.3	72.3	-	-	-	132.2	132.2
Mr. S.N. Inamdar	11.0	-	-	15.0	15.0	-	-	-	10.6	10.6
k Commission on Sales (Incl. Taxes):										
Rathi Brothers Delhi Ltd.	-	-	-	1,168.6	1,168.6	-	-	-	1,054.7	1,054.7
Rathi Brothers Poona Ltd.	-	-	-	-	-	-	-	-	147.3	147.3
Rabro Speciality Chemicals Pvt Ltd	-	-	-	1,168.6	1,168.6	-	-	-	317.7	317.7
Others	-	-	-	-	-	-	-	-	513.9	513.9
	-	-	-	-	-	-	-	-	75.8	75.8

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(All amounts are in ₹ 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) (CONTD.)

Nature of Transactions	For the year ended 31 st March 2019					For the year ended 31 st March 2018				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
l Rent received (Incl. Taxes) :	-	-	-	7.1	7.1	-	-	-	5.4	5.4
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	5.8	5.8	-	-	-	5.4	5.4
Others	-	-	-	1.3	1.3	-	-	-	-	-
m Rent Paid	-	-	-	3.0	3.0	-	-	-	-	-
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	3.0	3.0	-	-	-	-	-
n Donation Paid :	-	-	0.4	55.0	55.4	-	-	0.1	40.0	40.1
Shri Jagannath Rathii Charity Trust	-	-	-	55.0	55.0	-	-	-	40.0	40.0
Others	-	-	0.4	-	0.4	-	-	0.1	-	0.1
o Reimbursement of Expenses (Net) :	-	-	-	5.6	5.6	-	1.8	-	9.6	11.4
Mr. R. K. Rathii	-	-	-	-	-	-	1.8	-	-	1.8
Rathii Brothers Poona Ltd.	-	-	-	-	-	-	-	-	4.8	4.8
Rabro Speciality Chemicals Pvt Ltd	-	-	-	1.1	1.1	-	-	-	0.6	0.6
Rathii Mixers Pvt. Ltd.	-	-	-	4.5	4.5	-	-	-	4.2	4.2
Others	-	-	-	-	-	-	-	-	-	-
p Purchase of Fixed Assets	-	-	-	13.2	13.2	-	-	-	-	-
Rathii Mixers Private Limited	-	-	-	13.2	13.2	-	-	-	-	-
q Car deposit taken	9.7	-	-	-	9.7	-	-	-	-	-
Mr. A.V.Vij	9.7	-	-	-	9.7	-	-	-	-	-
r Compensation of Key Management Personnel	1,036.7	-	-	-	1,036.7	964.8	-	-	-	964.8
Short-term employee benefits (compensation)	577.5	-	-	-	577.5	683.8	-	-	-	683.8
Pension	62.6	-	-	-	62.6	53.0	-	-	-	53.0
Post - employment gratuity benefits	288.0	-	-	-	288.0	8.0	-	-	-	8.0
Leave benefits	16.4	-	-	-	16.4	3.5	-	-	-	3.5
Sitting fees	21.2	-	-	-	21.2	18.1	-	-	-	18.1
Professional fees	11.0	-	-	-	11.0	10.5	-	-	-	10.5
Commission	60.0	-	-	-	60.0	187.9	-	-	-	187.9

as at and for the year ended 31st March, 2019

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

339 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD.)

C Balances due from / to related parties:

236 SUDARSHAN CHEMICAL INDUSTRIES LIMITED

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

40 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, 2019 and 31st March, 2018.

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 ₹91.8 lakhs (2017-18: ₹107.7 lakhs) loss 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 ₹352.6 Lakhs loss in Other Comprehensive Income (2017-18: loss of ₹474.7 Lakhs). A 2% decrease in spot price would have led to an equal but opposite effect.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Foreign currency exposure and sensitivity	As at 31 st March, 2019		As at 31 st March, 2018	
	Exposure in USD	Exposure in EUR	Exposure in USD	Exposure in EUR
Amounts given below are in ₹ Lakhs				
Trade receivables	11,914.9	4,857.1	12,717.6	7,937.7
Cash and bank balances	-	-	250.3	32.4
Forward contracts for trade receivables	(10,105.3)	(777.0)	(7,860.5)	(2,792.7)
Foreign currency borrowings	(5,322.0)	(17,837.5)	(7,230.4)	(22,160.8)
Trade payables	(3,927.9)	(497.9)	(4,137.2)	(464.8)
Other payables	-	(3,485.1)	16.6	(4,151.3)
Currency swaps	3,485.1	-	4,109.1	-
Forward contracts for trade payables	1,925.2	2,141.0	-	-
Total	(2,030.0)	(15,599.4)	(2,134.5)	(21,599.5)

Impact of hedge accounting and disclosure

As permitted under Ind AS 109 "Financial Instruments", the Group has voluntarily adopted Hedge Accounting with effect from 1st July, 2018. This represents a change in accounting policy as compared to the previous periods presented in these results. Pursuant to this change the effective portion of the hedges have been accumulated in the Other Comprehensive Income as follows:

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Effective portion of gains / (losses) on hedging instruments in cash flow hedges	773.4	-

Disclosure

How the risk arises	How the Group manages risks
The Group has a significant portion of its revenue in foreign currency (other than INR). This exposure in foreign exchange risk affects the profitability and financial position of the Group due to variation in the foreign exchange rates.	The risk management strategy is as follows: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.
The Group has certain amount of its purchases in foreign currency (other than INR) which results in exposure to fluctuation of exchange rate affecting the profitability and the financial position of the Group.	The risk management strategy is to use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted purchases.
The Group has taken loans denominated in EUR which have floating interest rate. This results in exposing the Group to fluctuations in cash flow due to floating interest rate risk.	The risk management strategy is to use the Interest Rate Swap (IRS) to hedge the interest rate risk associated with floating interest rate cash flow.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The Group uses derivatives (Forward Contract, Interest Rate Swap) or non-derivative or a combination of both to hedge its exposure of forex / interest rate related risk. These instruments are either used to lock in a lower purchase price or / and a higher sales prices / fixed interest rate. The gain or loss on hedging instruments are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties

The Group's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the Group uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly

Hedging Instruments as at 31st March, 2019

Foreign Currency Risk	Nature	Currency	Notional Value	Maturity Date	Weighted Average Forward Rate
Forward contracts					
Forward contracts	Import	USD	20.0	Apr-2019	69.25
Forward contracts	Export	USD	118.3	Apr-2019 to Dec-2019	73.50
Forward contracts	Export	EUR	10.0	Jun-2019	82.24
Non-derivative contracts	Export	EUR	161.4	Apr-2019 to Mar-2023	79.95
(Non-derivative contracts with Swap)	Export	EUR	40.4	Apr-2019 to Jan-2023	79.95
Interest rate risk					
Interest rate swap		EUR	70.0	Mar-2023	NA

Items designated as hedging instruments separately by risk category for each type of hedge as at 31st March, 2019

	Currency	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument (INR)		Change in fair value of hedging instrument (INR)
			Assets	Liabilities	
Cash Flow Hedges					
Foreign Exchange Risk					
Forward contracts - Import	USD	20.0	2.7	-	2.7
Forward contracts - Export	USD	118.3	390.8	-	390.8
Forward contracts - Export	EUR	10.0	30.6	-	30.6
Non-derivative contract	EUR	161.4	157.7	-	346.4
Combination of derivative & non-derivative	EUR	40.4	56.0	-	182.3
Interest rate risk					
Interest rate swap	EUR	70.0	5.5	-	(17.9)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Hedged items bifurcated by risk category for the types of hedges

	Line item in the statement of financial position in which the hedged item is included	Change in value of the hedged item used for calculating hedge ineffectiveness for March 2019
Cash flow hedges		
Foreign Exchange Price Risk		
Forecast purchases (USD)	NA	(2.7)
Forecast sales (USD)	NA	(390.8)
Forecast sales (EUR)	NA	(559.2)
Interest rate risk		
Floating Interest rate loan	Long-term borrowing	17.9

Risk category for the types of hedges

Particulars	Change in the value of the instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in Profit or Loss	Line item in Profit or Loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to Profit or Loss	Line item affected in Profit or Loss because of the reclassification
Cash flow hedges					
Foreign Exchange Price Risk					
Forward contract (Import) (USD)	2.7	-	NA	-	NA
Forward contract (Export) (USD)	390.8	-	NA	-	NA
Forward contract (Export) (EUR)	30.6	-	NA	-	NA
Non-derivative instrument (EUR)	299.8	46.6	Forenignexchange gain / loss	-	NA
Combination of non-derivative & derivative instrument (EUR)	72.8	109.5		-	NA
Interest rate risk					
Swap contract (EUR)	(17.9)	-	Forenignexchange gain / loss	-	NA

(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 ₹34,614.5 Lakhs, ₹33,329.2 Lakhs for 31 st March 2019 and 31 st March 2018 respectively. Against these receivables, a provision for expected loss allowance is recognised.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Reconciliation of provision for expected credit loss	
Balance as at 1 st April, 2017	1,527.6
Provision recognised for expected credit loss including discontinued operations	71.6
Balance as at 31 st March, 2018	1,599.2
Provision recognised for expected credit loss	45.7
Debtors written off against provisions	48.8
Amount transferred to discontinued business (<i>Refer Note No. 31</i>)	1,034.7
Balance as at 31 st March, 2019	561.4

(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. Excessive concentrations of risks arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.	The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used to manage risk concentrations at both the relationship and industry levels.	The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low. 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, 2019

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

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	Note	6 months or less	6-12 months	1 year to 5 years	more than 5 years	Total
Year ended 31st March, 2019						
Borrowings - Current	17(a)	18,993.1	-	-	-	18,993.1
Borrowings - Non Current	14(a)	-	-	11,313.5	-	11,313.5
Current Maturity of debts	17(d)	3,278.4	3,124.2	-	-	6,402.6
Other financial liabilities	14(b) and 17(d)	2,436.5	-	150.6	-	2,587.1
Trade payables	17(b)	24,215.2	-	-	-	24,215.2
Derivatives	17(c)	118.7	-	-	-	118.7
Total		49,041.9	3,124.2	11,464.1	-	63,630.2
Year ended 31st March, 2018						
Borrowings - Current	17(a)	17,915.3	-	-	-	17,915.3
Borrowings - Non Current	14(a)	-	-	18,198.5	-	18,198.5
Current Maturity of debts	17(d)	3,053.4	3,922.8	-	-	6,976.2
Other financial liabilities	14(b) and 17(d)	2,953.6	-	183.0	-	3,136.6
Trade payables	17(b)	26,441.1	-	-	-	26,441.1
Derivatives	17(c)	184.8	-	-	-	184.8
Total		50,548.2	3,922.8	18,381.5	-	72,852.5

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 the Group 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.

	31 st March, 2019	31 st March, 2018
Total Debt	36,732.6	43,096.7
Total Equity	56,771.3	43,996.7
Debt-Equity ratio	0.65	0.98

41 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, 2019 is net of Goods and Service Tax (GST). However, revenue for the year ended 31st March, 2018 is inclusive of excise duty. Hence revenue and excise duty on sale of goods for the year ended 31st March, 2019 are not comparable with corresponding figures for the previous year. Comparable revenue (net of excise duty and GST) is as follows:

	31 st March, 2019	31 st March, 2018
Sale of products and services as per Note No. 20	145,314.9	132,809.9
Less: Excise duty collected on revenue	-	2,254.2
Comparable Revenue from Operations	145,314.9	130,555.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

41 IMPACT ON TRANSITION TO GOODS AND SERVICE TAX (CONTD.)

b Cost of goods sold and other expenses

Similarly, post applicability of GST, the inventory of finished goods as at 31st March 2019 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, 2019	31 st March, 2018
Cost of materials consumed as per Note No. 22	87,223.8	76,069.8
Purchase of Stock-in-trade as per Note No. 23	3,229.1	1,123.9
Changes in inventories as per Note No. 24	(4,455.4)	(879.7)
Cost of goods sold	85,997.5	76,314.0
Less: Increase / (decrease) in Excise duty provision on finished goods	-	(662.3)
Comparable cost of goods sold	85,997.5	75,651.7
Other Expenses as per Note No. 28	29,265.2	28,456.5
Less: Increase / (decrease) in Excise duty provision on finished goods	-	662.3
Comparable other expenses	29,265.2	29,118.8

42 OPERATING SEGMENTS :

A Basis of Segmentation

The principal business of the Company is of manufacturing and sale of Pigment. During FY 2017-18 the Company has divested its holdings in its Agro Chemicals and Masterbatches business. These business were organised and managed separately according to the nature of products and formed distinct operating segments. Further during FY 2018-19, the businesses of the IMS division and RIECO have been classified as held for sale.

The Board of Directors of the Company evaluates the Company's performance, allocates resources based on analysis of the various performance indicators of the Company as a single unit. Accordingly it is concluded that there is only one operating reportable segment as defined by Ind AS 108, i.e. Pigment.

B Geographical Information

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Segment Revenue by location of customers		
In India	77,483.0	72,231.2
Outside India	70,168.0	62,964.2
	147,651.0	135,195.4
From Discontinued Operations		
In India	18,571.4	31,632.5
Outside India	1,131.9	665.1
	19,703.3	32,297.6
Non-current operating assets by location of assets (Continuing Operations) *		
In India	51,904.8	50,306.0
Outside India	201.4	1,099.8
	52,106.2	51,405.8
Non-current operating assets by location of assets (Discontinued Operations) *		
In India	1,555.0	2,538.3
Outside India	-	-
	1,555.0	2,538.3

* Non-current assets exclude financial instruments, deferred tax assets and post-employment benefit assets..

C There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

43 EXCEPTIONAL ITEMS :

Exceptional item pertains to the following -

Gain from Divestment of Prescient Color Limited ("PCL")

The Company divested its holding in PCL, which was in the business of manufacturing of plastic master batch to Americhem Inc., U.S.A. for an "Enterprise Value" ₹117 Crores. The transaction was completed on 31st May, 2018, resultant gain, net of related cost of the transaction has been accounted as exceptional income.

Gain from Sale of Agro Formulation Branding Business

The Company entered into a Business Transfer Agreement dated 16th July, 2018 for transfer of its Agro Formulation Brand Business on a going concern basis to KIE Crop Solutions (I) Private Limited for ₹7 Crores. The transaction was completed on 20th September, 2018. Resultant gain, net of related cost on the transaction has been accounted as exceptional income.

Gain from divestment of subsidiary, Prescient Color Limited	6,705.3
Gain from sale of Agro Formulation Branding Business	521.7
	7,227.0

Refer Note No. 31 for additional details

Owing to these transactions, the profit and earnings per share for the year ended 31st March, 2019 are not comparable with those of the earlier periods. The table below explains the impact of this transaction on the profit and earnings per share:

	31st March, 2019	31st March, 2018
Profit before tax and exceptional items from continuing operations	13,642.9	11,527.9
Tax expense excluding tax on exceptional items	4,858.5	3,836.4
Profit from continuing operations excluding exceptional items	8,784.4	7,691.5
Basic and diluted earnings per share from continuing operations (excluding exceptional items)	12.69	11.11

44 DISCLOSURE PURSUANT TO IND AS 115

Effective 1st April, 2018, the Group adopted Ind AS 115 - "Revenue from Contracts with Customers" (which replaces the earlier revenue recognition standards) using the cumulative effect method which is applied to contracts that were not completed as of 1st April, 2018. Accordingly, the comparative information is not restated. The adoption of the standard did not have any material impact on the financial results of the Group.

(a) Revenue streams

The Group generates revenue primarily from the sale of pigments (Continuing operations) and other businesses which are now shown under discontinued operations (Refer Note No. 31). Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

Particulars	Continuing Operations	
	Year ended 31st March, 2019	Year ended 31st March, 2018
i) Revenue from contracts with customer	145,314.9	132,809.5
ii) Other Revenue	2,336.1	2,385.9
	147,651.0	135,195.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

44 DISCLOSURE PURSUANT TO IND AS 115 (CONTD.)

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers (including revenue related to a discontinued operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
1 Major Product Lines		
Continuing Operations		
Sale of Pigments	145,314.9	132,809.5
2 Primary Geographical Market		
In India	75,146.9	69,845.3
Outside India	70,168.0	62,964.2
Total	145,314.9	132,809.5
3 Timing of revenue recognition		
Products transferred at point in time	145,314.9	132,809.5
Products transferred over a period of time	-	-
Total	145,314.9	132,809.5

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Receivables, which are included in 'trade and other receivables'	35,175.9	34,929.1
Receivables, which are included in 'assets held for sale'	4,075.5	2,334.4
Contract Assets	-	-
Contract Liabilities	-	-
	39,251.4	37,263.5

The receivable above excludes the provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹484.5 lakhs for continuing operations and ₹368.2 lakhs for discontinued operations.

(d) Performance Obligation and revenue recognition policies -

The Group satisfies its performance obligations pertaining to the sale of pigments at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract and does not contain any financing component. The payment is generally due within 45-60 days. There are no other significant obligations attached in the contract with customer.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

45 FINANCIAL INSTRUMENTS - FAIR VALUES:

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as on 31st March, 2019.

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying value
Financial assets				
Investments	1.0	-	-	1.0
Loans	74.0	-	-	74.0
Trade receivables	34,614.5	-	-	34,614.5
Cash and cash equivalents	474.7	-	-	474.7
Bank balances other than cash and cash equivalents	339.4	-	-	339.4
Derivatives-Forward Contracts Receivable	-	-	718.4	718.4
Other financial assets	2,543.9	-	-	2,543.9
Total	38,047.5	-	718.4	38,765.9
Financial liabilities				
Borrowings	30,306.6	-	-	30,306.6
Trade payables	24,215.2	-	-	24,215.2
Derivative-Forward Contracts Payable	-	-	96.8	96.8
Derivative-Interest Rate Swap	-	-	21.9	21.9
Other financial liabilities	8,989.7	-	-	8,989.7
Total	63,511.5	-	118.7	63,630.2

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as on 31st March, 2018.

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	2,173.2	-	-	2,173.2
Total	37,017.2	51.6	-	37,068.8
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, 2019

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

45 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD.)

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- (i) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) 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 employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporates 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.

46 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, 2019 and 31st March, 2018.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

46 FAIR VALUE HIERARCHY (CONTD.)

Quantitative disclosures fair value measurement hierarchy :

Reporting Date	Date of valuation	Amount	Fair value measurement using		
			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, 2019	31 st March, 2019	-	-	-	-
As at 31 st March, 2018	31 st March 2018	47.9	47.9	-	-
Foreign exchange forward contracts					
As at 31 st March, 2019	31 st March, 2019	718.4	-	718.4	-
As at 31 st March, 2018	31 st March 2018	3.7	-	3.7	-
Financial Assets measured at amortised cost					
Loans					
As at 31 st March, 2019	31 st March, 2019	74.0	-	74.0	-
As at 31 st March, 2018	31 st March 2018	93.9	-	93.9	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2019	31 st March, 2019	96.8	-	96.8	-
As at 31 st March, 2018	31 st March 2018	71.6	-	71.6	-
Interest Rate Swap					
As at 31 st March, 2019	31 st March, 2019	21.9	-	21.9	-
As at 31 st March, 2018	31 st March 2018	113.2	-	113.2	-
Financial Liabilities measured at amortised cost					
Borrowings					
As at 31 st March, 2019	31 st March, 2019	30,306.6	-	30,306.6	-
As at 31 st March, 2018	31 st March 2018	36,113.8	-	36,113.8	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the Balance Sheet, as well as the significant unobservable inputs used.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

46 FAIR VALUE HIERARCHY (CONTD.)

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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2019

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

47 DETAILS OF SUBSIDIARIES

(a) The following subsidiary companies are considered in the Consolidated Financial Statements

Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2018-19	2017-18	
1 Prescient Color Limited (Upto 31 st May 2019)	100%	100%	India
2 Sudarshan Europe B.V	100%	100%	The Netherlands
3 Sudarshan North America, Inc (Step-down subsidiary of Sudarshan, India)	100%	100%	The United States of America
4 Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
5 Sudarshan (Shanghai) Trading Company Ltd.	100%	100%	China
6 RIECO Industries Limited (Under Discontinued Operations) (Refer Note No. 31)	100%	100%	India

** Sudarshan CSR Foundation, a wholly owned subsidiary is not considered for Consolidation, Refer Note No. 39 (A) (c)

(b) Additional information pursuant to Para 2 of general instructions for the preparation of Consolidated Financial Statements

Entity	Total Assets - Total Liabilities		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	Amount	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI
Parent Company								
Sudarshan Chemical Industries Limited	59,858.3	105.4	15,155.8	112.3	299.0	122.6	15,454.8	112.5
Indian Subsidiaries								
Prescient Color Limited	-	-	30.9	0.2	-	-	30.9	0.2
RIECO Industries Limited	449.6	0.8	(699.4)	(5.2)	(89.2)	(36.6)	(788.5)	(5.7)
Foreign Subsidiaries								
Sudarshan Europe B.V	3,456.5	6.1	527.0	3.9	27.5	11.3	554.6	4.0
Sudarshan North America	253.8	0.4	(227.1)	(1.7)	(13.7)	(5.6)	(240.8)	(1.8)
Sudarshan Mexico	41.3	0.1	53.3	0.4	10.3	4.2	60.9	0.4
Sudarshan (Shanghai)	(122.5)	(0.2)	(88.1)	(0.7)	9.9	4.1	(78.2)	(0.6)
Eliminations	(7,165.7)	(12.6)	(1,242.5)	(9.2)	-	-	(1,240.0)	(9.0)
Total	56,771.3	100.0	13,509.9	100.0	243.8	100.0	13,753.7	100.0

48 The previous year's numbers have been regrouped wherever required to meet current year's classification.

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 00025180

P.R.RATHI

Chairman
DIN 00018577

V.V.THAKUR

Acting CFO

SHIRAZ VASTANI

Partner

Membership No.: 103334

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Pune : 24th May, 2019

Pune : 24th May, 2019



Sutarwadi R&D Centre



Roha Plant



Roha Plant



Roha Colony



J M Rathi School



Roha Warehouse

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