



69th

ANNUAL
REPORT

2019-20

Staying Resilient. Emerging Stronger.

SUDARSHAN

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INVESTOR INFORMATION

- CIN** : L24119PN1951PLC008409
- BSE Code** : 506655
- NSE Symbol** : SUDARSCHEM
- Bloomberg Code** : SCHI:IN
- AGM Date** : 4th September 2020
- AGM Mode** : Video conferencing

ABOUT THIS REPORT

This Annual report highlights some elements that are aligned with the integrated reporting framework. The aim is the communicate with all stakeholders' of Sudarshan Chemicals on the progress, prospects and material activities of the group. All the previous annual reports are available on our website at www.sudarshan.com/financial-reports-information.php



To know more about investor related information & annual general meeting, please visit: www.sudarshan.com

Resilience is creating a dynamic system that adds to adaptability.

It is the ability of swiftly moving towards your goal while preparing to discover and change into what the future holds. It is about fighting today for building a more resilient and stronger tomorrow.

In our pursuit of global leadership, we have come a long way. When we set our goal, of becoming the 3rd largest manufacturer globally, we were clear to proceed towards our target, come what may. We strengthened our preparedness with our brownfield expansions to build resilience towards seen and unseen challenges. This preparedness is the key to our performance. Our determination of striding towards our goal is what helped us navigate despite the current tumultuous environment. Using our foresighted approach, we are geared up and all set to fire our cylinders as we adapt the next normal. With our vision fixed on tomorrow, and our focus on being provident, we are ready to progress, traversing every hurdle to come out victorious, resilient, and stronger than before.



₹ 2,58,877 Lakhs

Market Capitalisation as on 31st March, 2020

Resilient through Covid-19

Our response to the pandemic

THE COVID-19 PANDEMIC IS A HEALTH CRISIS CRIPPLING THE GLOBAL ECONOMIC INFRASTRUCTURE BY ADVERSELY AFFECTING THE ECONOMIC ENVIRONMENT FOR ALL BUSINESSES. EVEN IN THE FACE OF THESE DIFFICULT TIMES, OUR RESOLVE TO PROGRESS HAS ONLY GROWN STRONGER, AND OUR RESPONSE HAS BEEN SWIFT AND RESILIENT.

We have focused on both, economic and humanitarian, fronts to ensure business continuity while making a positive impact on our communities.



Business Continuity

We serve the essential industries of food packaging and personal care, and hence received permission, early on, to restart our Roha & Mahad sites and transport material, within Maharashtra.

Our production capacities have been ramped up with focused interventions that we made along with our suppliers and logistics partners. This was only made possible by our dedicated leaders who stayed back at the sites and ensured that our operations resumed with full attention to safety and health of our employees.

ACTIONS TAKEN TO ENSURE HEALTH AND SAFETY OF ALL OUR EMPLOYEES:

Transportation:

Operating buses at 50% capacity to ensure safe distance between commuters



Security:

Monitoring employee health and disinfection before entering the production area as per the Government and WHO mandated norms



Plant:

Ensuring safe working environment by making sanitizers, masks, and face shields, available across the plant, along with sanitising plant and office areas



Canteen:

Maintaining social distance at the canteen with proper demarcation of spaces



Stay:

Early into the crisis, we were cautioned on the risks we would face due to the migration of labour. We swung into action and created accommodation arrangements for contract workmen within the campus, maintaining all distancing norms



Making a Difference to our Communities

It was important for us, during these uncertain times, that Sudarshan stayed committed to its higher purpose of

growing together by being spiritually fulfilled, socially just and environmentally sustainable.

We decided to focus our efforts on two fronts, providing food and essentials to daily wage migrant workers and supporting the local healthcare infrastructure.

Food and essentials to daily wage migrant workers

- Provided shelter and food for **100+** migrant families
- Provided one month's supply of food grains and cooking essentials to more than **5,000 families** in Mahad, Roha, Shrivardhan and Pune
- Provided **feed to the livestock** of the tribal families living in Raigad district, to support their livelihood

Supporting the healthcare infrastructure

- Donated 10 ventilators to the Government of Maharashtra
- Donated syringe pumps and blood monitoring machines to the Trauma ICU center of Sassoon Hospital, Pune
- Donated essential medicines and PPE Kits to a rural hospital at Roha
- Over **100 women** from our self-help groups prepared cloth masks. **1,00,000 masks** were stitched and sold by them, out of which **30,000 were donated** to the Government Health Departments, Police, Asha workers and Rural Health Centers
- 14 peripheral villages trained on social distancing norms
- Provided Covid-19-safety training to 12 health workers at Roha



From the

MD's Desk

Our successes in FY 2019-20 have been the crucial building blocks for the quantum leap we envision for the future.



Dear Stakeholders,

I hope you are safe and secure during this global health crisis. The current situation is unprecedented in its impact and outlook on businesses and livelihoods.

Every country and organisation is fighting on two fronts; protecting lives and safeguarding livelihoods. At Sudarshan, too, we have been working to ensure that our employees are safe at our sites and operating from the safety of their homes, wherever possible.

As we all try to navigate these uncharted waters, I would like to thank our strategic partners and stakeholders for their timely insights and support that enabled us to move swiftly, in a disciplined manner, to support our employees, customers and stakeholders alike.

Within days of the lockdown, we created a Covid Nerve Centre team that focused on protecting employees; ensuring plant and supply chain

readiness; monitored financial health; maintained customer connect; reached out to employees and families; reinforced the technology infrastructure and secured our plants and fixed assets.

Global Challenge

Today, more than ever, the Indian chemical industry is poised to take a huge leap forward as the world looks for a sustainable as well as competitive hub for their feedstocks. The global landscape for the pigment industry is undergoing a significant shift both due to the ongoing consolidation of major players as well as the need for a reliable pigment player. Sudarshan is now ideally positioned to meet this requirement due to our regular investments in infrastructure, capabilities and technologies.

Performance

From the financial perspective, we have managed to grow our revenues at 7%, with total income from operations in FY2019-20 at ₹ 1,708 crores as

compared to ₹ 1,593 crores in FY2018-19. EBITDA recorded a significant growth of 19% with margins at 14.4% in the current fiscal year as compared to 12.8% in the previous year. Profit after Tax without exceptional items was recorded at ₹ 132 crores with a growth of 63%.

Major Highlights of FY 2019-20

In the last year, we made some significant achievements towards our journey to be amongst the top 3 pigment players in the world. The major highlights were as follows:

- Our efforts on multiple fronts have started to pay off handsomely as we achieved highest ever sales in the months of January and February 2020. If not for the pandemic, we would have ended Q4 FY 2019-20 with the highest-ever growth
- We successfully executed multiple capacity increase projects and commissioned a plant for one of the most crucial new chemistries needed for our growth journey ahead. We also initiated Capex that will allow us to drastically reduce costs as well as enter additional new chemistries in the coming year
- Our new product development team delivered 20 new products in existing chemistries in addition to adding a new chemistry in our portfolio. The NPD function is one of our crucial growth engines and we continue to strengthen it with highly qualified team members with global experience
- We completed an upgrade of our ERP to SAP S4 HANA and are one of the few companies who were able to execute the final stages of the upgrade with the implementation team working from home
- In these difficult times, we are taking all necessary steps to ensure employee safety at our sites and conducting multiple learning and development initiatives to keep our team engaged and motivated even as they work from their homes

Key Thrust Areas for FY 2020-21

Our focus on FY 2020-21 will be to ensure a safe and swift ramp up of our operations to resume the growth journey. Our key thrust areas will be:

- Capitalise on the tailwinds created by supply disruptions from China
- Scale up and initiate business with

In the last year, we have made some significant achievements towards our journey to be amongst the top 3 pigment players in the world.

- complementary pigment chemistries
- Launch 15-20 new products in existing and new chemistries
- Commission all new Capex projects started in FY 2019-20
- Improve our cost position in 7-8 chemistries

People and Culture

The success of our efforts to grow wide and deep is linked inextricably to our ability to bring together the expertise and energy of our team members. Our mission, vision and value systems are key enablers that allow us to work with such a diverse team cohesively. We will continue to invest in them and introduce industry-leading practices to enhance their growth and development.

Business Continuity and Making a Difference to Our Communities

I am proud of the fact that even during these challenging times we remained committed to our higher purpose of 'Growing together by being Spiritually fulfilled, Socially just and Environmentally sustainable'. Delivering on our commitments, we directed our efforts towards providing food and essentials to daily wage migrant workers and supported the local healthcare infrastructure.

Closing Note

Our successes in FY 2019-20 have been the crucial building blocks for the quantum leap we envision in the future. These past months have been challenging, yet, they have also given us the opportunity to demonstrate our resolve as a team. I am confident that we will emerge stronger and more resilient as we prepare to take on FY 2020-21.

Best Wishes,

Rajesh Rathi
Managing Director

A Prominent Leader and the Largest Producer in the Indian Pigment Space

Sudarshan is a solution-driven global supplier

Back in 1951, Sudarshan set off on its journey with the establishment of its first plant at Swargate, Pune, manufacturing inorganic pigments. The Company's humble journey has today peaked a point where it walks side by side with pride, competing with the global giants. The Company, over the years, has carved a niche for itself in the domestic as well as global market. Offering a varied bouquet of products, Sudarshan has managed to beat every odd in its way, emerging victorious as a successful organisation, each time.

Sudarshan is a solution-driven global supplier, involved in the manufacturing of colour solutions with high-end pigments at its core. Today, Sudarshan handles a diverse range of products ranging from organic, inorganic, and effective pigments, to performance colorants, pearlescent pigments, and speciality chemicals. Serving as a key input to the end-user industry, these pigments cover classical azo pigments,

specialised azo pigments, high performance pigments, pearlescent pigments, pthalos and pigment dispersions.

HAVING MANUFACTURED OVER 4,000 VARIETIES OF PRODUCT SPECIFICATIONS, SUDARSHAN CATERS COATINGS, PLASTICS, INKS AND COSMETICS INDUSTRY.

Our offerings find application in products spanning a broad range of industries, from items related to daily life, such as textiles, cosmetics, and food packaging, to industrial materials, including automotive components, electrical equipment parts and construction materials.



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 organisation

₹ **2,235** Lakhs
R&D Spend

35% +
Domestic Market Share

1,100+
Global Workforce

85+
Countries Export

2
Manufacturing Facilities

4
Research & Development Labs

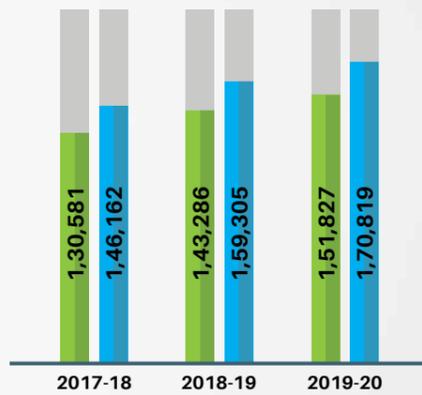
69
Years of Experience

Performance Highlights

Highlights of the year 2019-20

Our Growth in the Last 10 Years

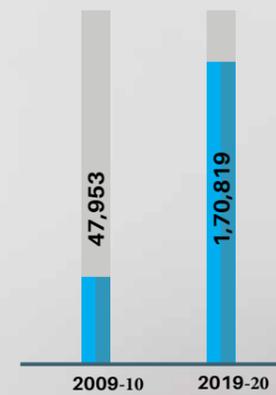
Revenue from Operations (₹ Lakhs)



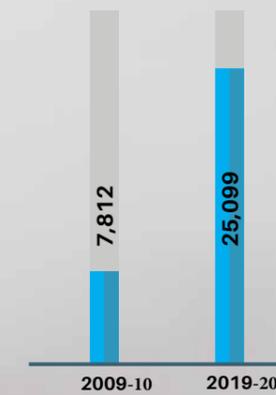
EBITDA (₹ Lakhs)
EBITDA Margin (%)



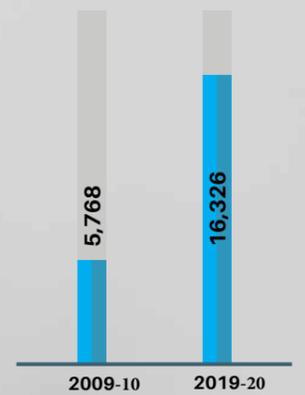
Revenue (%)
356% ↑



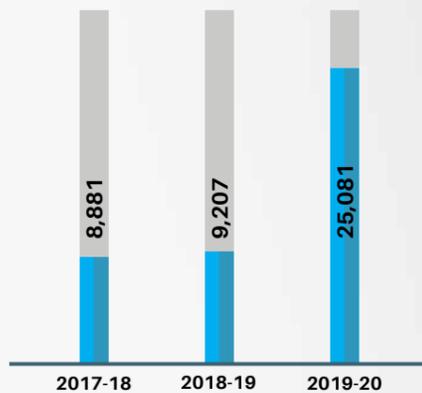
EBITDA (%)
321% ↑



PBT (%)
283% ↑



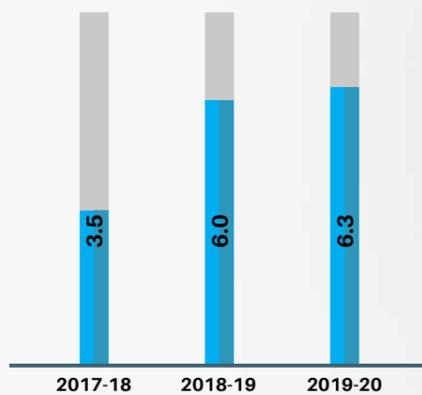
Capex Spend (₹ Lakhs)



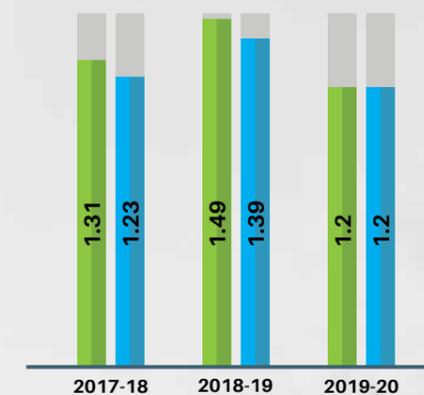
R&D Expenditure (Including Capex) (₹ Lakhs)



Dividend Per Share (in ₹)



Current Ratio

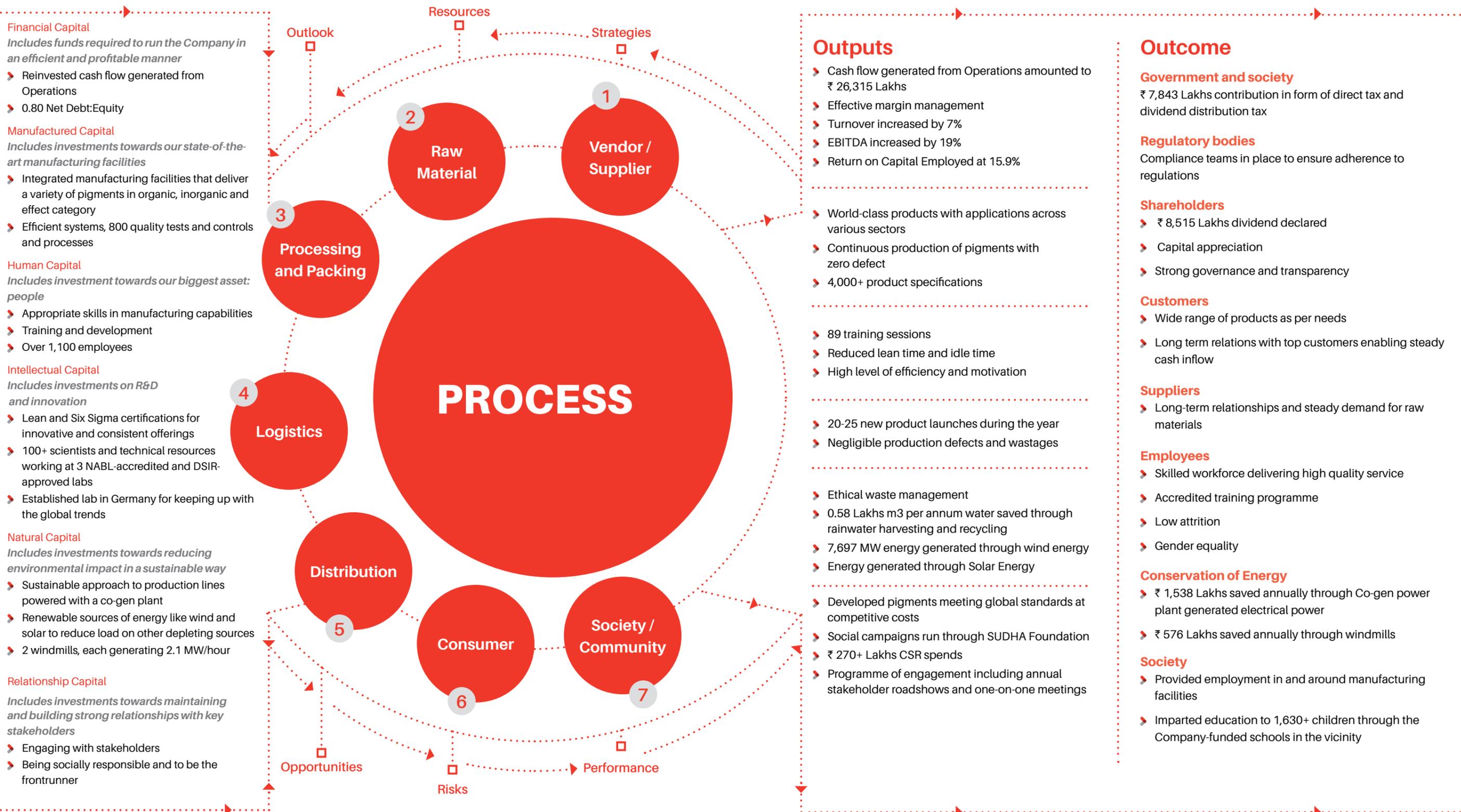


Standalone
Consolidated



Business Model

The rationale of how we create, deliver, and capture value, in economic, social, cultural or other contexts.



Sudarshan's Investment Case

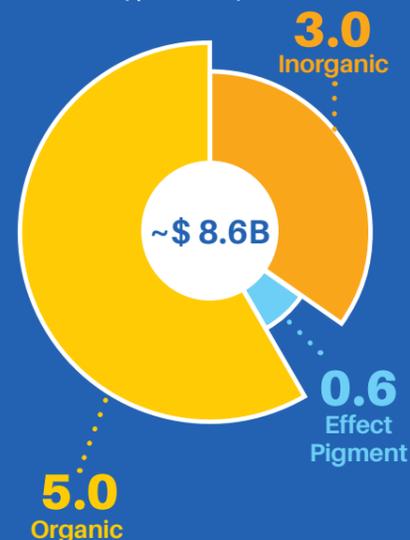
What differentiates us

INDUSTRY OPPORTUNITIES

India is set for a strong, sustainable growth in pigment manufacturing with substantial export opportunities.

- ~\$ 10B estimated Global Colour Pigments Market
- ~\$ 8.6B market opportunities for Sudarshan
- ~3% CAGR Pigment market anticipated to grow over the next 5 years

Global Colour Pigment Market* : Relevant to Sudarshan (\$ Billion)



MARKET LEADER IN COLOUR PIGMENTS:

With over 35% market share in India, Sudarshan has grown to become the world's fourth-largest pigment manufacturer (from 20th in 2011).

NEW PRODUCT LAUNCHES:

Backed by in-house analytical and application capabilities in R&D, Sudarshan plans to launch 20-25 new products each year with focus on speciality pigments, thereby expanding the addressable market size.

RESEARCH AND DEVELOPMENT:

A research team with more than 100 scientists contributes and forms the backbone of Sudarshan. The research lab in Germany, inaugurated last year, will further help SCIL in venturing out opportunities while also acing them.

EXPANDING CAPACITIES:

Sudarshan plans expanding its capacities in specialty and high-performance pigments through a staggered approach. The Company saw an initial outlay of ₹ 25,081 Lakhs as Capex for FY2019-20.

COST COMPETITIVENESS:

Competing with the global majors, Sudarshan's manufacturing set up is based in India. This gives Sudarshan a cost competitive advantage over its global peers.

DOMESTIC DEMAND:

Pigment is the largest raw material for paints and coatings. The Indian Paint Association (IPA) estimates India's paint industry to experience a CAGR of 12%, driven by decorative and industrial paints.

SPECIALTY PIGMENTS TOWARDS A NEW DIRECTION:

With the emerging needs, Sudarshan is working towards new products and customised solutions. Backed by its R&D team, the Company plans to acquire a healthy share in the specialty pigments space.

TECHNOCRAT LEADERSHIP:

Sudarshan is managed by technocrats with strong understanding of the pigment industry extended over a decade of experience.

PIGMENT, THE ONLY FOCUS:

Sudarshan divested from its non-core business to emerge as a pure pigment manufacturer with vision to enter the league of top 3 players globally.

GLOBAL PRESENCE:

Sudarshan exports to more than 85 countries with a strong sales force of over 50 sales personnel and technical teams to support applications. The Company has offices in North America, Europe, China, Mexico, and Japan, apart from India.

Building Capabilities.

Emerging Stronger. R&D and innovation

RESILIENCE IS IDENTIFYING YOUR AREAS OF EXPERTISE TO HELP CREATE A DYNAMIC SYSTEM THAT IS ADAPTABLE AND AGILE IN NATURE, ADDING ACCELERATION TO THE GROWTH TRAJECTORY.

R&D helps Sudarshan build ability to operate with efficiency and integrity while providing innovative and sustainable solutions for its customers.

The driving factors behind Sudarshan's emergence as an internationally recognised manufacturer are its technical innovation capabilities and its continuous pursuit of excellence in product development.

Sudarshan's R&D team is engaged in the development of innovative pigment solutions to cater a host of applications. The R&D team also find ways to improve the efficiency of colours and materials along with ensuring a minimal risk to human health and environment.

100+
Chemists and Scientists

20-25
New product launches

₹ 2,235 Lakhs
Annual Investment in R&D

People

Our empowering work environment encourages all our employees across our operations, creating an atmosphere of togetherness and passion for innovations.

- 100+ scientists & technical resources
- Global experts' panel for competency enhancement
- Analytical and application lab experts
- Schools and colonies to impart education to our employees' children

Infrastructure

- Dedicated site for R&D with investments exceeding USD 10 Mn
- State-of-the-art equipment for characterisation and composition analysis
- Ability to handle crystal modification and surface treatments
- Ability to ensure reproducibility in end application

Process

- Stage gate process
- Design of Experiments (DOE)

National Accreditation Board

Certified Testing and Calibration Laboratories



Building Visibility.

Emerging Stronger. Our brands and product range

OUR COMPREHENSIVE PRODUCT PORTFOLIO IS DIVERSE ENOUGH TO MEET MOST PIGMENT REQUIREMENTS ACROSS ORGANIC AND INORGANIC SEGMENTS. THE VAST RANGE OF OFFERINGS HAS HELPED US TRANSFORM OURSELVES FROM A SUPPLIER TO PARTNER OF CHOICE FOR MOST PIGMENT CONSUMERS. THIS HAS TRANSLATED INTO BUILDING VISIBILITY FOR US WHILE EMERGING STRONGER.

Organic Pigments

- Azo
- Phthalos
- HPPs
- Dispersions
- Coloured material made of organic compound with pigment properties
- Commonly used for coatings, plastics, inks & textile applications

Inorganic Pigments

- Chromes
- Cadmiums
- Iron Oxides
- Made of mineral compounds
- Mainly oxides, sulphides of one or more than one metals
- Used for plastics and industrial coatings

Effect Pigments

Mica base for industrial and cosmetics

- Pigments with mica base and coated with oxides to give shimmer and glow
- Mainly used in plastics, automotive coatings and cosmetics applications

Sudaperm™

pigments for high performance

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

Sudafast™

medium performance pigments

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



Sudatex™

pigments dispersions for textiles

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

Sudacolor™

quality, value and easy-use pigments

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



Sumica™

pearlescent pigments

This product in the pearlescent pigment's 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.

Sudadur™

pigments for durable color

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



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.

Building History.

Emerging Stronger. Our journey over the years

A STRONG FOUNDATION, UNDERPINNED WITH THE IMPORTANCE OF BUILDING ORGANISATIONAL RESILIENCE, AGILITY, AND ADAPTABILITY, IS WHAT WE AIMED FOR. HAVING TRAVERSED THROUGH A JOURNEY OF OVER SIX DECADES, TODAY WE ARE CONFIDENT OF OVERCOMING CHALLENGES. OUR JOURNEY SPEAKS OF OUR ORGANISATIONAL PURPOSE, INTROSPECTING OUR DECISIONS. WE HAVE CONSTANTLY ENDEAVOURED TO THINK BEYOND BUSINESS AND THAT HAS HELPED DEFINE THE BLUEPRINT OF OUR TRANSFORMATIONAL JOURNEY.

PHASE 1: ESTABLISHING THE BUSINESS 1951-1988

- 1951:** Established as Sudarshan Chemical Industries Private Limited
- 1952:** Started first manufacturing facility in Swargate, Pune
- 1967:** Commenced exporting globally
- 1973:** Inaugurated manufacturing facility at Roha
- 1976:** Got listed on BSE

PHASE 2: TAKING THE NEXT LEAP IN TECHNOLOGY 1989-2006

- 1989:** Collaborated with the world leader, DIC, Japan
- 1993:** Became the first Indian chemical company to be ISO:9001 certified
- 1994:** Initiated manufacturing plant in Mahad for Pthalos and Effect pigments
- 1999:** Introduced SAP across all functions

PHASE 3: GOING GLOBAL 2006-2018

- 2006:** Achieved a net revenue of ₹ 400 crore
Created a state-of-the-art technology R&D centre at Sutarwadi
- 2007:** Established subsidiary Sudarshan Europe BV
- 2009:** Expanded footprints in the USA, incorporation of Sudarshan North America
- 2010:** Received Sword of Honour from the British Safety Council
- 2014:** Achieved a net revenue of ₹ 1,000 crore
- 2017:** Certified as a dream company to work for in the chemical sector
- 2018:** Established Sudarshan Mexico
Became number 4 in pigment industry

PHASE 4: RAISING THE BAR 2018-2020

- 2019:** Sudarshan established laboratory in Germany
- 2020:** Established Sudarshan Japan K.K.



Building Presence.

Emerging Stronger. Our presence across geographies

WE HAVE ALWAYS BELIEVED AND ASPIRED TO MAKE OUR SUPERIOR QUALITY PIGMENTS AVAILABLE IN EVERY MARKET OF THE WORLD. EXPANDING OUR HORIZONS BEYOND OUR DOMESTIC REACH, WE HAVE SUCCESSFULLY GROWN IN THE INTERNATIONAL MARKETS AS WELL. THIS IS BACKED BY OUR STRONG TECHNICAL CAPABILITIES, ROBUST MANUFACTURING INFRASTRUCTURE AND INNOVATIVE MINDSET. OUR DIVERSE RANGE OF PIGMENTS AND CONSISTENT ENHANCEMENTS, THAT GO INTO QUALITY UPLIFTMENT, HAS TOGETHER ENABLED US IN EMERGING AS A STRONGER PLAYER.



85+ countries
Global Reach

60
Channel Partners

8
Sales Offices

50+
Sales Members

Driven by Responsibility

As a responsible corporate citizen, the Company embraces the lesser privileged sections of society

The Company's aspiration to create effective and sustainable societal value is demonstrated in its CSR initiatives. As a responsible corporate citizen, the Company embraces the lesser privileged sections of society, especially those living in the vicinity of its manufacturing locations at Roha and Mahad. Directed towards economic empowerment based on grassroots capacity building, all the CSR activities of the Company are carried out under the aegis of SUDHA (Sudarshan's Holistic Aspiration).

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

Women Empowerment

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

PAPER BAG PROJECT:

This is one of Sudarshan's flagship CSR projects, running for the last 7 years. Women are trained to produce and market a wide variety of paper bags of different sizes and strengths. These bags are made from old newspapers and can be produced at home without using machinery or electricity.

STITCHING PROJECT:

Women from 3 villages near the Roha plant, keen to acquire this skill, were trained professionally and provided machines. Today, some of these women have taken up tailoring independently to earn their livelihood. This project was later extended to Sutarwadi Village, near Pune city. During FY 2019-20, we also started our own stitching training centre.



Health and Community Development

DRINKING WATER FACILITY FOR SCHOOL AND COMMUNITY

School:

Continuous drinking water supply in India continues to be inadequate, despite longstanding efforts by the various levels of Government and communities towards improving coverage and service levels. Access to clean drinking water in rural communities is even more challenging. For 38 rural schools in the communities of Roha, Sutarwadi and Mahad, Sudarshan provided Acquaguard water purifiers. Fresh water access does not just help students stay hydrated and alert during the day, but it also helps them keep diseases at bay.

Community:

As a part of the Community Development initiative, SUDHA identified need of water in Sutarwadi and Mahad villages. Two wells were constructed in the needy area which has helped immensely by preventing migration of villagers. These wells have also helped the villagers with their farming activities by providing water for their farms and animals, among others.

SWACHH BHARAT ABHIYAN:

Through SUDHA, Sudarshan had been working on health, hygiene, and waste management initiatives for a long time. The Government of India's initiative, Swachh Bharat Abhiyan, was a real boost for our SUDHA CSR program as it touches upon three focus areas which also happen to be our program's pillars: Women Empowerment, Health, and Environment. Therefore, we decided to work with Government bodies to take our efforts to the next level and create a bigger impact.

- ▶ Construction of toilets for schools: Sudarshan constructed girls' toilets to six Adiwasi wadis and Zila Parishad schools in Roha and Sutarwadi. We also constructed a toilet, each to the schools at Shindewadi, Gadadhawane and Ambervet.
- ▶ Construction of community toilets: A total of nine toilets were constructed. Maintenance and cleanliness of the toilet was monitored by the Gram panchayat, Village school committee and the school.
- ▶ Cleanliness drives in villages: Sudarshan initiated and participated along with the villagers in clean-up drives in Gaddavne, Dattanagar and Sutarwadi. Villagers were trained to segregate dry and wet waste.
- ▶ Nirmalaya collection during Ganapati festival: Every year, during the Ganapati festival, tons of *nirmalaya* (flowers, fruits, garlands, spices, et cetera) are offered to the Hindu deity Ganesha and thrown in the rivers thereafter. With the Nirmalaya Recycling Project, Sudarshan volunteers in Pune, Roha and Mahad to collect over eight tonnes of *nirmalaya* and save the cities' rivers from polluting further.

Ideal Village Project

To demonstrate our commitment to holistic development, we designed and implemented The Ideal Village Project at Roha, which is our transformation project while keeping the soul of rural India alive.

This project envisages integrated development across multiple areas (personal, economic, social, and human) to ensure long term positive change which is sustainable. SUDHA, in collaboration with Karve Institute of Social Sciences, aims to follow the laid down guidelines under Sansad Adarsh Gram Yojana (SAGY) to transform every village around Sudarshan Chemical Industries Limited into a model village. We have initiated this project across 12 villages in all our locations.

Education

The focus of our programs is to educate the underprivileged children of nearby villages by imparting life skills with positive changes in behavior. The idea is to build an aptitude through activities conducted by experts in the field of education.

Following programs fall under our Education umbrella:

- ▶ SEVA Sahyog is an NGO we have partnered which extends its support to over 350 underprivileged children, residing in slums of Pune
- ▶ Teach For India is an NGO that works towards eliminating educational inequity in India. We have collaborated with this NGO to help a Pune PMC School with a strength of over 275 children.
- ▶ J. M. Rathi High School is an independently started school by our founders, catering the students of the entire Raigad community, aiming a life-long commitment to educate its beneficiaries.



Environment

Development of an integrated and environmentally sound waste management system

Being an ethical corporate we are equally responsible for our actions. We have developed a strong understanding about our impact towards the environment and have tied up with the NGO, Know How Foundation (INORA), to run initiatives that promote awareness regarding waste management, vermi-composting and organic farming. This helps us contribute towards the overall sustainability of the area, improve waste management, and increase recycling levels and reduce organic waste.

Growing organically: Organic Farming Project

SUDHA has been guiding the farmers across the village of Mulshi to conduct farming through organic methods. It includes development of farmers' skills for producing vermi-compost and implementing sustainable agricultural practices and guidance that prohibits usage of chemicals and fertilizers that goes into farming. Recently, we have helped 150 farmers to get healthy harvests and improved soil fertility. Together with this we have also trained farmers across vermi-composting, green manuring, input production on farm, botanical pest repellent herbs, support-seed treatment, and raised bed nursery.

~30%

Reduction in purchase of inorganic fertilizer



Awards & Accolades

We are proud of the recognition we have gained over the years

Corporate Social Responsibility 2019-20

- ▶ Appreciation Award By Rotary for CSR activities in Roha
- ▶ Appreciation Award from the Government of Maharashtra by Dy. CM. Ajit Pawar
- ▶ CSR Award from International lions Club 2020
- ▶ Global CSR Award 2020 in Platinum Category - represented case study on Paper Bag Project - Sustainable Livelihood Initiatives for Women

2018-19

- ▶ Global CSR Award 2019 in Gold Category for an outstanding achievement in implementing CSR programme for strengthening core business with Social commitment
- ▶ Global Waste Management Award

2017-18

- ▶ India CSR Award CSR community Initiative Sustainable Village Waste Management, Environment



Exports

2017-18

ECGC Indian Exporters Excellence Award 2017 under the category 'Most Socially Responsible Exporter'.



Human Resources

2019-20

- ▶ CII HR Excellence Award
- ▶ Certified Great Place to Work

2018-19

- ▶ Golden Peacock HR Excellence Award

2017-18

- ▶ Best Employer Brand Innovation in Recruitment



Safety

2018-19

- ▶ DMAI Award for Energy Conservation

2017-18

- ▶ Award from the National Safety Council, Maharashtra Chapter
- ▶ Dyestuff Manufacturers Association of India Award for Excellent Performance in the field of Pollution Control, Large Scale
- ▶ Dyestuff Manufacturers Association of India Award for the Second for Excellent Performance in the field of Safety & Hazard control by a Large Scale Unit
- ▶ Dyestuff Manufacturers Association of India Award for Energy Conservation Initiative



Board of Directors

A perfect mix of experienced leaders

MR. PRADEEP R. RATHI

(Chairman)

Mr. Pradeep R. Rathi, 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. RATHI

(Managing Director)

Mr. Rajesh B. Rathi, 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, completed his BE (Chemical) UDCT from the 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 15 years.

MR. ANUJ N. RATHI

(Additional Non-executive, Non Independent Director)

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

MR. SHRIKRISHNA N. INAMDAR

(Non-Executive, Independent Director)

Mr. Shrikrishna N. Inamdar stood first in the first class in the B. Com examination of Pune University, and also the L.L.B. examination of the 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. Dara N. Damania is a Mechanical Engineer from the College of Engineering, Pune, and is a renowned technocrat.

MR. SUBRAMANIAN PADMANABHAN

(Non-Executive, Independent Director)

Mr. Subramanian Padmanabhan completed his M. Sc. (Physics) from the Delhi University and is the Bachelor of General Law from the Mumbai University. He holds a Diploma in Development Economics from the University of Cambridge, U.K., and a Diploma in Management Accounting from the 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. Sanjay K. Asher is a fellow member of the Institute of Chartered Accountants of India (ICAI) and a Commerce and Law Graduate from the Mumbai University. He is a senior partner of M/s. Crawford Bayley & Co., Mumbai.

MRS. RATI F. FORBES

(Non-Executive, Independent Director)

Mrs. Rati F. Forbes is a Graduate in Psychology and Sociology from the Mumbai University and has further completed special courses on Women 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 the Cambridge University, UK.

MR. NARESH T. RAISINGHANI

(Non-Executive, Independent Director)

Mr. Naresh T. Raisinghani is the CEO and Executive Director of BMGI, India, which is engaged in providing consultancy services to reputed corporate houses. He did his Management from the 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. Shubhalakshmi A. Panse completed her M. Sc., Diploma in Business Management, and Masters in Management Sciences with specialisation in Financial Management from the Pune University and MBA with specialisation in Bank Management from the Drexel University, USA. She has also acquired a professional qualification of Certified Associate of Indian Institute of Bankers.

DR. DEEPAK PARIKH

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

Dr. Deepak Parikh holds a Ph.D. degrees in Polymer Science and Engineering from the University of Tennessee, USA, and 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 20 years in specialty chemicals, commodity plastics, chemicals and materials.

Corporate Information

Composition of the Board

Name of Director	Designation
Mr. P. R. Rathi	Chairman
Mr. R. B. Rathi	Managing Director
Mr. A. N. Rathi	Non-Executive (Additional) Director
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
Mrs. S. A. Panse	Non - Executive, Independent Director
Mr. N. T. Raisinghani	Non - Executive, Independent Director
Dr. Deepak Parikh	Non - Executive, Independent Director
Mr. A. Vij	Wholetime Director

Composition of Committees

Audit Committee

Name of Director	Status
Mrs. S. A. Panse	Chairperson
Mr. S. N. Inamdar	Member
Mr. D. N. Damania	Member
Mr. S. K. Asher	Member

Nomination and Remuneration Committee

Name of Director	Status
Mr. D.N.Damania	Chairman
Mr. S.N. Inamdar	Member
Mr. S. K. Asher	Member
Mr. N. T. Raisinghani	Member
Mrs. R. F. Forbes	Member

Stakeholder Relationship Committee

Name of Director	Category of the Director
Mr. S. K. Asher	Chairman
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member

Risk Management Committee

Name of Director	Status
Mr. D. N. Damania	Chairman
Mr. S. Padmanabhan	Member
Mr. N. T. Raisinghani	Member
Mrs. S. A. Panse	Member
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member
Mr. A. Vij	Member
Mr. V. V. Thakur	Member

Corporate Social Responsibility Committee

Name of Director	Status
Mrs. R. F. Forbes	Chairperson
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member

Finance Committee

Name of Director	Status
Mrs. S. A. Panse	Chairperson
Mr. S. Padmanabhan	Member
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member
Mr. S. K. Asher	Member

Shares Committee

Name of Director	Status
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member
Mr. A. Vij	Member

List of Directors of Subsidiary Companies**Rieco Industries Limited**

Name of Director	Designation
Mr. D. N. Damania	Chairman & Independent Director
Mr. S. Padmanabhan	Independent Director
Mr. P. R. Rathi	Director
Mr. R. B. Rathi	Director
Mr. N. J. Rathi	Director
Mr. V. R. Bhatia	Managing Director

Sudarshan Europe B.V., Netherlands

Name of Director	Designation
Mr. R. P. Rathi	Director
Mr. Milan Krumbé	Director
Mr. V. Bembaron	Director

Sudarshan Mexico S de R.L. de CV

Name of Director	Designation
Mr. R. B. Rathi	Director
Mr. J. Lopez	Director

Sudarshan North America Inc., USA

Name of Director	Designation
Mr. R. B. Rathi	Director
Mr. Frank Bursch	Director

Sudarshan (SHANGHAI) Trading Company Limited

Name of Director	Designation
Mr. R. B. Rathi	Director
Mr. A. Vij	Director
Mr. Sachin Uttkar	Director and Authorised Representative

Sudarshan Japan Limited

Name of Director	Designation
Mr. R. B. Rathi	Director

Sudarshan CSR Foundation

Name of Director	Designation
Mr. P. R. Rathi	Director
Mr. R. B. Rathi	Director

Management Discussion and Analysis

PIGMENT INDUSTRY OVERVIEW

Highlights

- We estimate the global market opportunities relevant to Sudarshan to be valued at ~\$ 8.6 Bn
- The pigment industry is relatively mature and is globally expected to grow at ~3% CAGR over the next 5 years.
- India is set for strong, sustainable growth in pigment manufacturing with substantial export opportunities
- Sudarshan has one of the largest product portfolios in the industry and, along with its focus on quality and cost, is ideally positioned to increase market share and attain a leadership position.
- Our main target application segments are coatings, inks, plastics, and cosmetics

The global pigment industry can be broadly categorised into:

- **Organic pigments:**

Organic pigments are the primary focus area for Sudarshan. These pigments are synthesized from aromatic hydrocarbons and consist of classical chemistries such as Azo pigments and high-performance polycyclic chemistries such as Quinacridones, Quinaphthalones, Isoindolinones, Phthalocyanines etc. Sudarshan is one of the few manufacturers of a wide range of high-performance chemistries which ensure us access to more value-added market segments.

The global organic pigments market is estimated at USD 6 billion with significant demand in architectural and automotive coatings, plastics, and inks. The global shift from heavy metal based inorganic pigments to safer organic pigments will continue to benefit organic pigments market growth.

- **Effect Pigments:**

Sudarshan's supply chain of natural and synthetic mica based pigments is one of the few which is approved globally for maintaining an ethical and socially sustainable supply chain. Effect pigments are used in automotive and architectural coatings, cosmetics and plastics to impart a lustrous or sparkle effect that help the users create a differentiated product.

- **Inorganic pigments:**

Inorganic pigments are formed from minerals and are an older pigment category. They do not, however, impart the same colour brilliance and depth as organic

pigments. There exist niche chemistries within inorganic pigments such as CICPs and Cadmiums which continue to command a price premium due to their durability in certain outdoor and high temperature applications. Sudarshan is focused on growing in these high-performance categories, while we sustain our business in the legacy inorganics.

OPERATIONAL AND FINANCIAL OVERVIEW

Standalone

The Company posted a revenue growth of 6% from ₹ 140,950.0 Lakhs in 2018-19 to ₹ 149,126 Lakhs in 2019-20. The EBITDA of the Company recorded an increase of 17% from ₹ 20,815 Lakhs in 2018-19 to ₹ 24,488 Lakhs in 2019-20. PBT of the Company recorded an increase of 24% from ₹ 12,948.0 Lakhs in 2018-19 to ₹ 16,080.0 Lakhs in 2019-20.

Pigment Segment (Global Pigment)

In Company's Pigment business, the Company posted a revenue growth over the past year with an increase of 8% from ₹ 145,316 Lakhs in 2018-19 to ₹ 156,274 Lakhs in 2019-20. For Pigment business, the EBITDA of the Company recorded an increase of 12% from ₹ 21,020 Lakhs in 2018-19 to ₹ 23,440 Lakhs in 2019-20.

Consolidated (Including RIECO)

On a Consolidated basis, the Company posted a revenue growth over the past year with an increase of 7% from ₹ 156,913 Lakhs in 2018-19 to ₹ 168,091 Lakhs in 2019-20. On a Consolidated basis, the EBITDA of the Company recorded an increase of 19% from ₹ 21,108 Lakhs in 2018-19 to ₹ 25,099 Lakhs in 2019-20.

On a Consolidated basis, PBT of the group recorded an increase of 27% from ₹ 12,846 Lakhs in 2018-19 to ₹ 16,326 Lakhs in 2019-20. The PBT margins increased 149 bps from 8.06% to 9.56%.

Other parameters on consolidated basis

	19-20	18-19
Return on Capital Employed	15.9%	14.6%
Debt to Equity Ratio	0.8	0.7
Current Ratio	1.2	1.4
Earning Per Share	15.7	11.7
Operating Profit Margin	14.4%	13%
Debt to Tangible Net Worth	0.9	0.7
Debt Service Coverage Ratio	4.0	2.5
Interest Coverage Ratio	12.2	8.1

Management Discussion and Analysis

RISK AND MITIGATION

The Company has a robust Risk Management framework. Its main function is to identify and assess risk keeping business objectives in mind. It also helps monitor 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 the overall risk exposure. It helps us calibrate these risks from materiality standpoint and evolve mitigation mechanisms as and when required.

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

The Company uses a corporate insurance program with the goal of optimizing the financing of insurable risks. It uses a combination of risk retention and risk transfer. The program covers all potential risks relating to the Company's business operations at its various locations. As a 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. It is also monitored regularly with reference to statutory regulations prescribed by the government authorities and internal guidelines.

The Company fulfils its legal requirements concerning emission, wastewater, and waste disposal. Improving workplace 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 a requisite mechanism in place to meet due compliance requirements and periodic monitoring, to avoid any deviation. The 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

The Company commits itself to ethical and sustainable operation and development in all business activities. Sustainability enhances innovative ways to do business. This is a prerequisite for value creation. Sustainability at the Company is an integral part of the way we work and this helps us position ourselves 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 it also strengthens our partnership with our stakeholders. Ultimately, it is our stakeholders on whom our success as a Company 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 various areas of education, skill improvement and environment protection. We continue our efforts to improve the life of the people around our manufacturing sites. The Company's Roha and Mahad facilities have received a Five Star Rating & Sword of Honour from the British Safety Council. This stands as a testimony to strenuous efforts taken by the Company to achieve operational excellence in Environment, Health and Safety. The Company's certified management system complies with ISO 9001, ISO 14001, and OHSAS 18001. This is reflected in our continued commitment towards Quality, Environment, Occupational Health and Safety approaches.

HUMAN RESOURCE

The Company considers its committed and talented workforce as one of the most critical assets. The human capital is the key to driving sustainable performance and developing competitive advantage.

During the year, we carried out several initiatives to attract, develop and retain high quality talent.

Management Discussion and Analysis

1. As a part of our deep commitment to enhance our employees' capabilities, targeted learning and development programmes were continued during the year.
2. Going forward, we intend to harness the power of technology to make the delivery of such programmes more efficient and employee centric.

We have applied the right organisational skills to meet and address future opportunities and challenges. This was done to help us focus on new and emerging areas, strengthen key functions, provide fresh challenges to our talents and address the need for succession planning. These efforts have resulted in us receiving the Great Place To Work certificate for the fourth year in a row.

Compensation and benefits packages have always been pivotal to retaining and motivating employees. To remain competitive in compensation and rewards offered, continual efforts were made to make compensation and benefits flexible and market linked. The year witnessed several 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, 2020 was 1096 as against 964 on 31st March, 2019

INTERNAL CONTROL SYSTEMS

The internal control systems commensurate with the size, scale and complexity of the Company's operations. All the Company processes are carried out on the SAP system. The Internal Auditors along with finance team plan the year's audit schedule in consultation with the CFO and the Audit

Committee. The schedule of the audit is prepared on the basis of 'risk assessment', ensuring protection of all the Company assets against losses. The Audit Committee of the Board approves the internal audit plan at the beginning of every financial year. This helps ensure coverage of most functions with a view to minimise associated risks. Independent external teams are engaged as the Internal Auditors to perform the internal audit function, assess the internal controls and statutory compliances in various areas. They also provide suggestions for improvement. The Audit Committee regularly reviews the major findings of the internal audits. These reviews are done with respect to different locations and functions to help take effective steps for ensuring compliance. The periodic report, prepared by internal audit team, creates the basis of certification provided by the Managing Director and Chief Financial Officer for financial reporting. This is as required under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 - 2019-20

Your Directors are pleased to present the 69th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2020.

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, 2020 is summarised below (Refer Notes to the Audited Standalone Financial Statements).

Particulars	Rupees in Lakhs	
	2019-20	2018-19
Revenue from Operations	1,51,826.8	1,43,286.1
Earning Before Interest, Tax, Depreciation and Amortisation	24,488.0	20,814.9
Less : Interest	1,168.5	1,384.7
Less : Depreciation	7,239.4	6,482.2
Add : Exceptional Income	1,716.6	8,335.8
Less : Provision for Tax	2,868.8	6,331.9
Profit After Tax	14,927.9	14,951.9
Profit / (Loss) from Discontinuing Operations	(54.5)	203.9
Total Profit After Tax	14,873.4	15,155.8
Other Comprehensive Income	(1,279.7)	299.0
Total Comprehensive Income	13,593.7	15,454.8
Add : Surplus Brought Forward	35,308.6	22,691.5
Transfer from OCI to Hedge Reserve	1,071.5	(503.1)
Net Profit available for Appropriation	49,973.9	37,643.2
Appropriation		
General Reserve	-	(1,500.0)
Interim Dividend	(4,361.0)	
Final Dividend	(4,154.0)	(692.3)
Tax on Dividend	(1,682.9)	(142.3)
Total Appropriation	(10,197.9)	(2,334.6)
Surplus to be carried forward	39,776.0	35,308.6

2. (A) FINANCIALS:

Revenue from continuing operations for the year ended 31st March, 2020 aggregated to ₹ 1,51,826.8 lakhs as against ₹ 1,43,286.1 lakhs achieved during the previous year. Profit after tax from continuing operations for the year ended 31st March, 2020 was ₹ 14,927.9 lakhs as against ₹ 14,951.9 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 2020 stood

at ₹ 1,71,287.3 Lakhs, up by 7% as compared to ₹ 1,60,008.5 Lakhs in Financial Year 2018-19.

Your company has shown growth in revenues during the year as compared to previous year even after impact of COVID-19 in the last month of the year.

(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.

Directors' Report to the Shareholders - 2019-20

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.

(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.

(D) CAPACITY EXPANSION:

The Company continued its expansion plans and has put into use projects amounting to ₹ 227 Crores during the year under review. This capital expenditure is primarily aimed at augmenting production capacities at Roha and Mahad facilities. These investments are proposed to be funded through the blend of debt and internal accruals.

(E) 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.

During the year, 'Sudarshan Japan Limited', a Wholly Owned Subsidiary (WOS) of the Company was set up in Japan, which was incorporated on 29th October, 2019.

(F) 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.

3. COVID-19:

The World Health Organization declared a global pandemic of the Novel Coronavirus disease (COVID-19) on 11th February, 2020. In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing Governments to enforce lock-downs of all economic activity.

After the declaration of lock-down, your Company had to temporarily suspend its operations at Roha, Mahad (Plant Sites), Sutarwadi (R&D Lab) and Global Head Office (GHO) in compliance with Government directions. Employees at GHO continued their activities in Work From Home (WFH) mode.

Apart from other industries, your Company also serves the essential industries of food packaging and personal care and received necessary permission to restart our Roha site and transport material by first week of April, 2020. Our production capacities and deliveries were ramped up gradually based on availability of raw material, manpower and transport infrastructure within the conditions stipulated by the letter granting permission. By second week of April, we also restarted Mahad operations. In first week of May 2020, R&D Lab at Sutarwadi was also started after receiving requisite permission.

To ensure the health and safety of our employees, your Company took the following five targeted actions:

1. Transportation: Operating buses at 50% capacity to ensure safe distance between commuters;
2. Security: Monitoring employee health before entering the production area as per Government mandated norms;
3. Canteen: Social distancing at canteen by proper demarcation of spaces;
4. Plant: Sanitizers, masks and face shields, had been made available across the plant;
5. Stay: Arrangements had been made for contract workmen within the campus, maintaining all distancing norms.

In these uncertain times, the Company stays committed to its higher purpose of "Growing together by being Spiritually fulfilled, Socially just and Environmentally sustainable." Your Company has focused on both economic and humanitarian fronts to ensure business

Directors' Report to the Shareholders - 2019-20

continuity as well as making a positive impact on our communities.

Considering the ever changing nature of the situation in India and abroad, it will be difficult to assess and quantify the impact which will be dependent on various factors viz. the response of the public health system, effectiveness of measures taken by Indian and Governments abroad in providing stimulus for coming out of the crisis, actual time taken for economic revival, time taken for invention of vaccines or drugs for containing the disease etc. Your Company has devised robust systems for constantly monitoring the situation and aligning its strategies to cope up with the changing times.

4. DIVIDEND:

The Board of Directors at its meeting held on 28th February, 2020, declared and paid an Interim Dividend of ₹ 6.30/- (Six Rupees and Thirty Paise only) per equity share of ₹ 2/- each (i.e. 315%), for the Financial Year 2019-20, which included a Special Dividend on account of Profit on Exceptional Item during the Financial Year 2019-20 amounting to ₹ 0.50/- (Fifty Paise only) per equity share of ₹ 2/- each, to all shareholders who were holding shares on the Record Date i.e. Friday, 13th March, 2020.

The total dividend payout (with tax) in the year 2019-20 stands at ₹ 10,197.9 Lakhs.

The Directors recommend for consideration of the Shareholders at the ensuing Annual General Meeting, the above referred Interim Dividend as Final Dividend for the year ended 31st March, 2020.

For the year ended 31st March, 2019, the dividend paid was ₹ 3.50 per share of ₹ 2 each (175%) and a Special Dividend of ₹ 2.50 per share (125%) and the total dividend and the tax thereon to the extent applicable aggregated to ₹ 5,007.60 Lakhs

The dividend payout is in accordance with the Company's Dividend Distributions policy.

The Dividend Distribution Policy of the Company is provided as **Annexure IX** to this Report, and is also available on the website of the Company.

5. SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2020 was ₹ 1,384.5 Lakhs. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights or sweat equity shares.

During the year under review, the Company did not issue any options under the Scheme approved by the shareholders. Subsequent to the end of the financial year 2019-20, the Nomination and Remuneration Committee approved the grant of 3,94,220 Options to the eligible employees pursuant to the Sudarshan Employee Stock Option Plan, 2018.

6. TRANSFER TO RESERVE:

Your Directors do not propose to transfer any amount to the General Reserve.

7. 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.

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

8. 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 2019-20, state that :

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;

Directors' Report to the Shareholders - 2019-20

- 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;
- 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.

9. CORPORATE GOVERNANCE:

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

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

10. MANAGEMENT DISCUSSION AND ANALYSIS:

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

11. BUSINESS RESPONSIBILITY REPORT:

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the annual report of the top 1000 listed entities based on market 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 1000 listed entities as on 31st March, 2020, the Company, as in the previous years, has presented its BR Report for the Financial Year 2019-20, which is part of this Annual Report.

12. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All transactions entered into with related parties during the financial year were in 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.

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

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

13. AUDIT COMMITTEE:

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

Directors' Report to the Shareholders - 2019-20

As on 31st March, 2020, the composition of the Audit Committee is as under -

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

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 2019-20.

14. CORPORATE SOCIAL RESPONSIBILITY:

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

15. 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. As per the requirements of SEBI Listing Regulations, 2015, a Risk Management Committee has been constituted with responsibility of preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, to identify and review critical risks on regular basis, to report key changes in critical risks to the Board on an ongoing basis, to report critical risks to Audit Committee in detail on yearly basis and such other functions as may be

prescribed by the Board. The Committee is supported by an Enterprise Risk Management (ERM) team which provides advice on various risks and the appropriate Governance framework and ensures that risks are identified, measured and managed in accordance with the 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, and rules made thereunder, the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Company has a well placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies and Standard Operating Procedures (SOPs) and audit and compliance checks by the Statutory Auditors and the Internal Auditors. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit Committee of the Board. To further strengthen the compliance processes the Company has an internal compliance tool for assisting statutory compliances. This process is automated and 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.

Directors' Report to the Shareholders - 2019-20

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

The Company's policy on Appointment of Directors, is available on the website of the Company at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

The policy on Remuneration and other matters provided in Section 178(3) of the Act, is enclosed as **Annexure III** and is also available on <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

17. RE-APPOINTMENTS:

Mr. A. B. Rathi (DIN: 00018614), 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 the valuable contribution made by Mr. A. B. Rathi during his tenure as a Director of the Company.

Mr. N. J. Rathi (DIN: 00018597), Non - Executive Director, was liable to retire by rotation at the 68th Annual General Meeting. He did not opt for reappointment and hence he ceased to be a Director with effect from 7th August, 2019. Mr. N. J. Rathi had a very long and glorious tenure with the Company. The Board places on record the excellent and enduring contribution made by Mr. N. J. Rathi during his association of more than 50 (fifty) years in various capacities with the Company in its evolving years.

The Board of Directors, at its meeting held on 8th February, 2019, had co-opted Dr. Deepak Parikh (DIN: 06504537) as an Additional Director (Independent) with effect from 1st April, 2019, until the conclusion of the 68th Annual General Meeting. In the 68th Annual General Meeting, based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the members approved the appointment of Dr. Deepak Parikh as an Independent Director for a term of 5 (five) years with effect from 1st April, 2019 up to 31st March, 2024.

In the 68th Annual General Meeting, based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the members approved the re-appointment of Mr. S. N. Inamdar (DIN: 00025180), Mr. S. Padmanabhan (DIN: 00001207), Mr. D. N. Damania (DIN: 00403834), Mr. S. K. Asher (DIN:

00008221) and Mrs. R. F. Forbes (00137326) for a term of 5 (five) years with effect from 7th August, 2019 up to 6th August, 2024.

The Board of Directors, at its meeting held on 7th August, 2019, co-opted Mr. A. N. Rathi (DIN: 00018683) as an Additional Director with effect from 8th August, 2019, until the conclusion of the ensuing Annual General Meeting. Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends to the members of the Company to approve appointment of Mr. A. N. Rathi as a Non - Executive and Non - Independent Director, liable to retire by rotation, from the date of the ensuing Annual General Meeting.

Mr. Ashish Vij (DIN: 08140194) retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the notice.

It is proposed to seek your approval for change in status of Mr. P. R. Rathi (DIN: 00018577) as 'Director liable to retire by rotation', from 'Director not liable to retire by rotation'. This is intended to comply with the provisions of Section 152 of the Companies Act, 2013, and Rules made thereunder, consequent to recent changes in the Board of Directors.

The Board re-appointed Mrs. S.A. Panse (DIN: 02599310) as Additional Director (Independent) with effect from 14th August, 2020 till the 69th Annual General Meeting to be held on 4th September, 2020 and further recommended for approval of members, the re-appointment of Mrs. S.A. Panse for a second term of 5 consecutive years with effect from 14th August, 2020 upto 13th August, 2025 in terms of applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015.

During the year under review, the non-executive directors of the Company had no material pecuniary relationship or transactions with the Company, other than sitting fees, commission, if any and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

The Board has made the recommendation for above appointment / re-appointment of Directors based on the recommendation of the Nomination and Remuneration

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Committee (NRC). NRC has made its recommendation after ensuring that 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), The Ministry of Corporate Affairs (MCA) or any other Regulatory Authority.

The Board is of the opinion that the Independent Directors appointed / re-appointed are of integrity and possess the requisite expertise and experience (including the proficiency).

Details of the Directors seeking appointment / re-appointment including profile of these Directors, are given in the Notice convening the 69th 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 2020:

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

Declaration by Independent Directors:

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015. There has been no change in the circumstances affecting their status of Independent Directors of the Company.

The Independent Directors have also given declaration of compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to their name appearing in the data bank of Independent Directors maintained by The Indian Institute of Corporate Affairs, Manesar ("IICA"). The Independent Directors are also required to undertake

online proficiency self assessment test conducted by the IICA within a period of 1 (one) year from the date of inclusion of their names in the data bank, unless they meet the criteria specified for the exemption.

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, and accordingly, an annual evaluation of the performance of the Board, Committees and individual directors has been carried out pursuant to the provisions of the Act and SEBI Listing Regulations, 2015.

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

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

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

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At a separate board meeting, the performance of the Board, its Committees, and individual directors was also discussed.

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Performance evaluation of Independent Directors was done by the entire Board, excluding the independent director being evaluated.

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

The Board has also adopted a Board Diversity Policy. The policies of Board diversity and performance evaluation of Directors of the Company can be accessed from the Company's website at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

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

During the Financial Years 2018-19 and 2019-20, in terms of provisions of Regulation 31A of the SEBI Listing Regulations, 2015, the Company had received the following requests for reclassification of shareholding from "Promoter and Promoter Group" to "Public" category;

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

The Board had analyzed these requests and the same were put up for approval of shareholders by way of Ordinary Resolutions at the 68th Annual General Meeting of the shareholders held on 7th August, 2019, and where these Ordinary Resolutions were approved.

However, based on the advice received from the Stock Exchange Officials, the Company proceeded with only the requests received from Mr. Kishor L. Rathi Group holding 9.93% equity shares of the share capital of the Company. Accordingly, the Company submitted said applications to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) on 5th September,

2019 for approval. Mr. Ajoy B. Rathi Group applications were withdrawn by the concerned, subsequently.

On 28th January, 2020, approval for these requests was received from both the Stock Exchanges. Based on the approvals received, shareholding of Mr. Kishor L. Rathi and Family is now reclassified from "Promoter and Promoter Group" Category into the "Public" Category.

19. ISSUE OF EMPLOYEE STOCK OPTIONS:

The Board of Directors of the Company had discussed and approved the Employee Stock Options Plan i.e. Sudarshan Employee Stock Option Plan 2018, in terms of applicable regulations.

At the meeting held on 28th February, 2020, the Board of Directors approved the Scheme for grant of Stock Appreciation Rights Plan (SAR's) subject to approval of shareholders. The Company is in process securing approval of shareholders by way of postal ballot.

During the year under review, the Company did not issue any options under the Scheme approved by the shareholders. Subsequent to the end of the financial year 2019-20, the Nomination and Remuneration Committee approved the grant of 394,220 Options to the eligible employees pursuant to the Sudarshan Employee Stock Option Plan, 2018.

20. 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.

21. 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

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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>

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

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has complied with the provisions relating to the constitution of the Internal Complaints Committee under the said act. During the year under review, no complaint was received by the Internal Complaints Committee of the Company.

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>

23. 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. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the ensuing Annual General Meeting.

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, the Statutory Auditors have confirmed they are eligible to continue as Auditors. The notes on the Audited Financial Statements referred to in the Auditor's Report are self explanatory and hence do not call for any further comments.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

24. 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 2020-21.

M/s. Parkhi Limaye & Co. have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013, and Rules made thereunder, and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act.

As required under the Companies Act, 2013, the remuneration payable to the Cost 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.

25. SECRETARIAL AUDIT AND SECRETARIAL STANDARDS:

Dr. K. R. Chandratre, a Practising Company Secretary, (FCS No. 1370, C. P. No. 5144) Pune, was appointed as the Secretarial Auditor of the Company for the Financial Year 2019-20 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.

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

The Company is compliant with the Secretarial Standard on Meetings of the Board of Directors (SS-1) and

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Secretarial Standard on General Meetings (SS-2), issued by the Institute of Company Secretaries of India.

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

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

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

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

The Company, with a view to encourage independent approach, has appointed a team of qualified professionals in the form of Internal Auditors duly supported by the Finance Department who conduct operational and system audits in accordance with an audit plan approved by the Audit Committee. Internal Auditors as part of their assignment, evaluate and assess the adequacy and effectiveness of internal control

measures and the compliance with policies, plans and statutory requirements. The internal audit reports are reviewed at Audit Committee Meetings and appropriate action on the recommendations is initiated by the Management.

28. RESEARCH AND DEVELOPMENT:

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

The Company has spent ₹ 2,235 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.

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

29. DISCLOSURES:

Board and its Committees

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

Meetings of the Board:

During the Financial Year 2019-20, 8 (eight) Board Meetings were held, details of which are given in the Corporate Governance Report, which is a part of this Annual Report.

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

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,

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2020, wherever applicable, will be made available to the members of the Company seeking such information at any point of time and will also be available for inspection at the Registered Office of the Company during working hours till the date of the 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, 2020. 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-subsidiary-policy.pdf>

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

Consolidated Financial Statements:

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

by the Directors of your Company, as aforesaid. The Consolidated Financial Statements of the Company and its subsidiaries is provided separately and forms part of the Annual Report.

Vigil Mechanism / Whistle Blower Policy:

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

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, have been disclosed in the Audited Financial Statements.

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

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

Directors' Report

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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**.

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

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

Significant and Material Orders passed by the Regulators 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.

Statement of Deviation(s) or Variation(s):

During the year under review, there was no instance to report containing Statement of Deviation(s) or Variation(s) as per Regulation 32 of SEBI Listing Regulations, 2015.

30. RECOGNITION:

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

31. APPRECIATION:

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

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

Your Directors place on record their gratitude to Bank of Maharashtra, State Bank of India, ICICI Bank Limited, HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Citi Bank N.A., IDFC First Bank, Kotak Mahindra Bank Limited and Yes Bank for their co-operation and assistance. Your Directors also place on record their appreciation of the services rendered by BMGI.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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

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

Date: 22nd June, 2020
Place: Pune

P. R. RATHI
CHAIRMAN

Annexures to the Directors' Report

ANNEXURE I

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

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

(₹ in Lakhs)

Particulars	Sudarshan Europe B.V. Year ended 31 st March, 2020	Sudarshan North America, Inc., Year ended 31 st March, 2020	RIECO Industries Limited Year ended 31 st March, 2020	Sudarshan (Shanghai) Trading Company Limited Year ended 31 st March, 2020	Sudarshan Mexico S de R.L. De CV Year ended 31 st March, 2020	Sudarshan Japan Limited Year ended 31 st March, 2020*
Total Income	23,601.3	7,723.9	1,1963.0	1,315.7	3,168.9	-
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	752.9	(425.6)	1,316.3	12.9	(21.0)	(81.5)
Less: Interest	-	-	-	-	-	-
Less: Provision for Taxation	163.5	-	242.3	-	11.6	0.2
Less: Depreciation	-	-	-	-	-	-
Profit After Tax	483.3	(441.6)	799.5	(20.6)	(33.5)	(81.7)

*Sudarshan Japan Limited was incorporated on 29th October, 2019. Therefore the figures relate to the period from the date of incorporation up to 31st March, 2020.

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-

i. Steps taken or impact on conservation of energy:

Electrical Power of 51,252 MW was generated during the year under review from the Cogen Power Plant situated at Roha, which resulted in achieving total savings of ₹1,538 Lakhs.

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

2 Wind Mills with a capacity of 2.1 MW have been commissioned. Total generation from these wind mills during the year was 7,697 MW, which resulted into total savings of ₹ 576 Lakhs p.a.

During the year, Power Purchase Agreement for purchase of Solar Power from Avaada Group of Companies was executed. It is

expected to start consuming the solar power during the year FY 2020-21.

iii) The capital investment on energy conservation equipments:

Installation of Mini Turbine, Vacuum Pump in Cogen, Flash Steam and condensate recovery for PY138 and VAMs, VAM with water heater, Heat Recovery in air compressors, Revamping of 200kW Gold Kiln etc.

Total investment is ₹ 272 Lakhs. Total saving achieved ₹ 220 Lakhs per annum.

iv. Water Saving Project:

Rain water harvesting and recycling of water from CD power packs, DPP and PY vacuum pumps resulted water saving of ₹ 0.58 Lakhs per annum.

This year cost saving achieved ₹ 18.56 Lakhs.

Annexures to the Directors' Report

(c) Technology absorption -

i. The efforts made towards technology absorption -

- a) a) Vapour Absorption chillers with hot generators installed.
- b) Vacuum pump in place of Steam ejectors installed in Cogen.
- c) Air compressors with hot water generator installed.
- d) Energy efficient SFDs installed.

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

The initiatives mentioned above resulted in saving of energy.

iii. 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

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

- i) New products generated additional business
- j) Improvement in product quality and productivity that helps to reduce ETP load
- k) Increase in capacities of existing products to meet the growing customer demand

- l) Cost competitive products to meet the Chinese competition
- m) Reduction in waste generated and energy inputs
- n) Reduce dependence for critical raw material sourcing

(d) Foreign exchange earnings and Outgo-

- Total Foreign Exchange Earned: ₹ 69,097.61 Lakhs (Previous year ₹ 65,803 Lakhs)
- Total Foreign Exchange Used: ₹ 36,271 Lakhs (Previous year ₹ 35,785 Lakhs)

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

The Company has divested its Industrial Mixing Solutions Division (IMSD) during the year. Details related to these transactions are explained in the Directors' Report and in Notes of the Consolidated Financial Statements.

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

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

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

Details are mentioned in Note No. 2 of the Directors' Report.

5. 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 - 21,15,000/-
- (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

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

Annexures to the Directors' Report

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

Nil

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

(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 2019-20 : 779,028 /-

Name	Total remuneration	Ratio	% increase in remuneration
Mr. P. R. Rathi	44,47,111	5:1	Not Comparable
Mr. R. B. Rathi	3,06,56,059	39:1	28.15
Mr. A. N. Rathi*	4,78,474	-	Not Comparable
Mr. N. J. Rathi**	16,92,534	2:1	Not Comparable
Mr. A. B. Rathi***	-	-	-
Mr. S. N. Inamdar	5,98,092	1:1	(25.24)
Mr. D. N. Damania	11,06,947	1:1	84.49
Mr. S. Padmanabhan	9,56,947	1:1	36.70
Mr. S. K. Asher	8,37,329	1:1	19.62
Mrs. R. F. Forbes	9,56,947	1:1	91.39
Mrs. S. A. Panse	8,67,710	1:1	23.96
Mr. N. T. Raisinghani	9,56,947	1:1	59.49
Dr. D. Parikh****	8,37,329	1:1	Not Comparable
Mr. A. Vij	1,47,09,239	19:1	5.41

Remuneration to Mr. P. R. Rathi includes Pension as per Pension Policy and Commission as a Non - Executive Director, hence figures not comparable to previous year

Remuneration to Mr. R. B. Rathi does not include Commission (not proposed this year)

*Mr. A. N. Rathi was appointed as an Additional Director (Non - Executive and Non - Independent) effective 8th August, 2019.

**Mr. N. J. Rathi retired at the 68th Annual General Meeting held on 7th August, 2019. His remuneration includes proportionate Pension as per Pension Policy and Commission as a Non - Executive Director.

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

****Dr. D. Parikh was appointed as an Independent Director for 5 years effective 1st April, 2019.

(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. Mandar Velankar, Deputy General Manager - Legal and Company Secretary were accorded reasonable increase in their gross remuneration in accordance with the Remuneration Policy of the Company.

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

FY 19-20 - median salary - ₹ 779,028 /- FY 18-19 - median salary - 775,314/- (percentage increase 0.47 %)

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

There were 1,096 permanent employees on the rolls of the Company.

Annexures to the Directors' Report

- (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 2019-20 aggregates to 10%.

- (F) **Affirmation that the remuneration is as per the remuneration policy of the company:**

Yes

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

Date: 22nd June, 2020

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, 2020

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. R. B. Rath (51)	Managing Director	Permanent Employee	3,06,56,059	B.E.Mech.Engg. MIT, Pune, B.S.Chem.EnggOhio University, USA. M.B.A.-Pittsburgh Univesity - USA (25 years)	01/10/1992	-
2	Mr. A. Vij (49)	Wholetime Director	Permanent Employee	1,47,09,239	B.E.Chem. (27 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 of Companies (Appointment and Remuneration) Rules, 2014, it is clarified that during the Financial Year under review, no employee of the Company was in receipt of remuneration in that year, which in the aggregate or as the case may be at a rate which in the aggregate is in excess of that drawn by the Working Directors and holds himself / herself along with their spouse and dependent children not less than 2% of the equity shares of the Company.
- Mr. R. B. Rath, Managing Director forms part of the Promoter Group and hold in his individual name 3,471,929 Equity Shares of the Company.
- Mr.A. Vij, Wholetime Director is not related to any Director of the Company and holds 100 Equity 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: 22nd June, 2020
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,

Annexures to the Directors' Report

expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if need be, the Managing Director may consult the Committee / Board for further directions / guidance.

5.2 Term:

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

5.3 Evaluation:

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

5.4 Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules

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

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

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

7. Remuneration to Non-Executive / Independent Director:

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

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: 22nd June, 2020
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 2019-20:

A 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:

i) 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 the year 2019-20 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 (as amended from time to time).

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

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

Vision, Mission & Objectives of SUDHA:

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

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

Objectives:

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

Framework of SUDHA

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

Projects under each are detailed below:

1. WOMEN EMPOWERMENT

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

A. Paper Bag Project: This is one of Sudarshan's flagship CSR projects and has been running for the last 7 years. Women are trained to produce and to market a wide variety of paper bags of different sizes and strengths. These bags are made from old newspapers and can be produced at home without the use of machinery or electricity.

Annexures to the Directors' Report

B. Stitching Project: Women from 3 villages near the Roha plant, keen to acquire this skill, were given professional training. Machines were provided and today some have taken up tailoring independently to earn their livelihood. This project was later extended to Sutarwadi Village near Pune city. During the year 2019-20 we have started our own stitching training centre.

2. ENVIRONMENT:

In waste management at present SUDHA is working with more than 1500 families and 150 farmers for organic farming.

3. HEALTH

A. Drinking Water Facility for School & Community

i. School:

Continuous drinking water supply in India continues to be inadequate, despite longstanding efforts by the various levels of government and communities at improving coverage and service levels. Access to clean drinking water in rural communities is even more challenging. For 38 rural schools in communities in Roha, Sutarwadi and Mahad, Sudarshan provided 'Acquaguard water purifiers'. Not only does fresh water helps students stay hydrated and alert during the day, safe water also helps them avoid diseases.

ii. Community:

As a part of the Community Development initiative, Sudha identified need of water in Sutarwadi and Mahad villages. Sudha has constructed two wells in the needy area, which has stopped migration of villagers, provided water for farms and animals etc.

B. Swachh Bharat Abhiyan

Through SUDHA, Sudarshan had been working on health, hygiene and waste management initiatives for a long time. The Government of India initiative - Swachh Bharat Abhiyan was a real boost for the SUDHA CSR program of Sudarshan as it touches upon three major focus areas: women empowerment, health and environment, which are the pillars of our SUDHA program. Therefore, we decided to work with government bodies to take our efforts to the next level and create a bigger impact.

- Construction of toilets for schools - Sudarshan donated girls' toilets to six Adiwasi wadies and Zilha Parishad schools in Roha and Sutarwadi. We also donated a toilet each the school at Shindewadi, Gadadhawane, Ambervet.
- Construction of community toilets - A total of 9 toilets were constructed. Maintenance & cleanliness of the toilet has been monitored by grampanchat, Village school committee and school.
- Cleanliness drives in the villages - Sudarshan initiated and participated along with the villagers in clean-up drives in Gaddavne, Dattanagar and Sutarwadi. Villagers were trained to segregate dry and wet waste.
- Nirmalaya collection during Ganapati festival - every year, during the Ganapati festival, tons of nirmalya (flowers, fruits, garlands, spices, etc.) are thrown in rivers and offered to Hindu deity Ganesha. With the Nirmalaya Recycling Project, Sudarshan volunteers in Pune, Roha and Mahad collect over eight tonnes of Nirmalya and save the cities' rivers from further pollution.

4. EDUCATION

The focus of our programs is to educate the underprivileged children of nearby villages by imparting life skills with positive changes in behavior and attitude through activities conducted by experts in the field of Education.

We have the following programs under our 'Education' umbrella:

1. NGO - SEVA Sahyog - Pune Slum - Working with 350 children
2. NGO - Teach For India - Pune PMC School - Working with 275 Children
3. JMRES School - Roha - Promotion of Education

5. IDEAL VILLAGE PROJECT - COMMUNITY DEVELOPMENT

To demonstrate our commitment to holistic development, we designed & implemented "The Ideal Village project" at Roha, which is our transformation project while keeping the soul of rural India alive.

Annexures to the Directors' Report

This project envisages integrated development across multiple areas (personal, economic, social, human) to ensure long term positive change which is sustainable. SUDHA in collaboration with Karve Institute of Social Sciences aims to follow the laid down guidelines under Sansad Adarsh Gram Yojana (SAGY) yojana to transform every village around Sudarshan Chemical Industries Limited into a model village. We have initiated this project in 12 villages in all our location.

VISIT of the Board of Directors to CSR Projects:

During the year, Sudarshan Board Members visited CSR projects at Roha location. They have also inaugurated the skill Development Center for Women "SUKUSHAL". Further, handed over the ISO certificate to ZP school and Anganwadi.

COVID-19 - MAKING A DIFFERENCE TO OUR COMMUNITIES

With the current global health crisis, the Government of India has declared Covid-19 to be a "notified disaster". Sudarshan has decided to focus on the two most critically impacted communities around its businesses - Daily wage workers and support to Health department and is taking several initiatives to contribute towards these communities.

Daily wage workers:

Provided Shelter and food for 106 migrant labours. Supplied Foodgrains [rice, wheat flour, daals, pulses, masalas, and cooking oil] to more than 4000 families in nearby villages in Roha, Mahad and Pune region for one month. Provided feed to domestic animals at Shell Adiwasiwadi in Mahad dist.

Availability of PPE (Personal Protective Equipment) for health dept:

Using our current SHG's [Self Help Group] of paper bag women, we have trained 140 women for preparing cloth masks. 10k masks have been supplied to Government Health Departments, Police Department, Asha workers and Rural Health Centers. 8k masks have been supplied for the protection of Industrial workmen. This process will continue, and we aim to provide another 2L masks in due course of time.

We have donated 10 ventilators to the government of Maharashtra

Donated Medical equipment's like Syringe Pumps and Blood Monitoring Machine to Trauma ICU centre of Sassoon Hospital at Pune. Provided Medicines and PPE kits to Rural Hospital Roha.

We have appealed to our employees to donate the CM Relief Fund towards COVID-19. On the total Employee Contribution, a similar amount will be added by Sudarshan to make a sizable contribution to CM Relief Fund.

9 peripheral villages have been trained on social distancing norms and other health and hygienic practices as notified by the government in COVID scenario.

We are focusing on areas of highest unmet need, including ensuring basic human needs, addressing medical supply shortages and supporting continued care of our most vulnerable communities.

Sudarshan is delighted to serve the communities and our Country in this difficult time.

ii) Awards and Recognition:

a) Global CSR Award 2020 -

The Company has received Global CSR Award 2020 in Platinum Category for outstanding achievement in implementing CSR Programme for strengthening core business with Social Commitment. The Company has represented case study on Paper Bag Project - Sustainable Livelihood Initiatives for Women. This is one of the most prestigious Global awards in CSR organized by the Energy and Environment Foundation & supported by the Government of India. Award was presented by Hon'ble Justice Shree. Swatantra Kumar- Former Judge Supreme Court of India & Chairperson, NGT. & Dr Anil Razdan (Former Secretary of power, Govt. Of India).

b) Rotary Club of Roha for outstanding CSR task in Roha, Raigad District, Maharashtra

c) International Lions Club at Pune awarded SUDHA CSR for outstanding work in rural Maharashtra.

Annexures to the Directors' Report

iii) Composition of CSR Committee:

CSR Committee currently consists of following

Members:

Mrs. R. F. Forbes, Chairperson

Mr. P. R. Rathi, Member

Mr. R. B. Rathi, Member

iv) 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>

v) Details regarding CSR Expenditure :

a) Average Net Profit of the Company for the last three Financial Years for the purpose of computation of CSR - ₹ 1,361,879,546/-

b) Prescribed CSR expenditure (two percent of the amount mentioned in item a) above) - ₹ 27,237,591

c) Details of CSR amount spent during the Financial Year:

- Total amount spent during the Financial Year 2019-20 - ₹ 27,302,687/-

- Amount unspent - Nil

d) In case the Company has failed to spend the two per cent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in the Directors' Report - N.A.

e) Manner in which the amount spent during the Financial Year - are mentioned below.

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Project location	Amount outlay (budget) project or Program wise	Amount spent on the project or program Sub-heads:(1) Direct Expenditure, (2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent: Directly or through Implementing Agency*
1	Paper Bag Project	Livelihood Enhancement Project	Raigad-Roha	4,86,500	Direct Overheads	4,72,894 13292	4,86,186 NA
2	Stitching Project	Employment Enhancing vocational skill	Sutarwadi	6,50,000	Direct Overheads	6,49,758	6,49,758 Symbiosis Skill development Center, Pune
3	Disaster Management - Flood, COVID Relief activity	Disaster Managemnet	Maharashtra	35,50,000	Direct Overheads	36,15,991	36,15,991 NA
4	Scholastic Development of Children & Youth -	Promotion of education	Raigad-Roha	35,00,000	Overheads Overheads	35,00,000	35,00,000 JM Rathi School
	Scholastic Development of Children & Youth - Sankar Class for Katkari Community	Promotion of education	Sutarwadi	2,34,000	Direct Overheads	2,34,000	2,34,000 Rastrya Sarvangin Vikas Sanstha
	Scholastic Development of Children & Youth Seva Sahyog	Promotion of Education	Pune	13,80,750	Direct overheads	13,80,750	13,80,750 Seva Sahyog
	Scholastic Development of Children & Youth TFI	Promotion of Education	Pune	13,23,000	Direct Overheads	13,23,000	13,23,000 Teach For India

Annexures to the Directors' Report

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Project location	Amount outlay (budget) project or Program wise	Amount spent on the project or program Sub-heads:(1)		Cumulative expenditure upto the reporting period	Amount Spent: Directly or through Implementing Agency*
					Direct Expenditure, (2)	Overheads		
5	Solid Waste Mgt. & Organic Farming	Ensuring Environment Sustainability	Sutarwadi, Roha, Mahad	17,72,000	Direct Overheads	17,71,936	17,71,936	INORA
6	Promoting Community Bonding	Community Development	Raigad-Roha, Mahad, Sutarwadi	3,62,500	Direct Overheads	3,62,050	3,62,050	NA
	Community Development	Ideal village - Comprehensive Village Development Project	Roha, Mahad, Sutavadi	1,33,50,000	Direct Overheads	1,33,38,900 8,240	1,33,47,140	Roha - Karve Institute of Social Sciences, Pune
7	Admin		Raigad-Roha & Sutarwadi	6,32,000	Direct Overheads	2,46,254 3,85,622	6,31,876	NA
				2,72,40,750		2,73,02,687	2,73,02,687	

f) A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company -

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

Mrs. R. F. Forbes
Chairperson
CSR Committee

Mr. P. R. Rathi
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, 2020

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

I. REGISTRATION AND OTHER DETAILS:

I	CIN	L24119PN1951PLC008409
II	Registration Date	19 th February, 1951
III	Name of the Company	SUDARSHAN CHEMICAL INDUSTRIES LIMITED
IV	Category/Sub-Category of the Company	Public Limited Company
V	Address of the Registered office and contact Details	162, Wellesley Road, Pune 411001 Phone No. 020-68281200
VI	Whether listed company	Yes
VII	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 202 Akshay Complex, Off. Dhole Patil Road, Pune - 411001 Phone No. 20 26160084, 26161629 (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	100%

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 BV, 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)
7	Sudarshan Japan Limited	N.A.	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 2019-20				Shareholding at the end of the FY 2019-20				% 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	3,23,10,710	-	3,23,10,710	46.67	2,59,23,899	0	2,59,23,899	37.44	-9.23
(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	15,53,180	0	15,53,180	2.25	-1.00
	Trusts	20,53,450	0	20,53,450	2.97	20,53,450	0	20,53,450	2.97	0.00
	Sub Total (A) (1)	3,66,16,260	0	3,66,16,260	52.89	2,95,30,529	0	2,95,30,529	42.66	-10.23
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0.00	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0.00	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0.00	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0.00	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A) (2)	0	0	0.00	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	2,95,30,529	0	2,95,30,529	42.66	-10.23
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	12,81,608	0	12,81,608	1.85	17,49,438	0	17,49,438	2.53	0.68
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	8,88,808	0	8,88,808	1.28	7,14,690	0	7,14,690	1.03	-0.25
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	42,80,344	0	42,80,344	6.18	56,73,034	0	56,73,034	8.19	2.01
(f)	Financial Institutions / Banks	30,476	1,710	32,186	0.06	33,290	1,710	35,000	0.05	-0.01
(g)	Insurance Companies	3,36,630	4,500	3,41,130	0.49	0	4,500	4,500	0.01	-0.48
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Foreign Institutional Investors	0	4,000	4,000	0.01	0	4,000	4,000	0.01	0.00
	Sub Total (B) (1)	68,17,866	10,210	68,28,076	9.86	81,70,452	10,210	81,80,662	11.81	1.95

Annexures to the Directors' Report

Sr. No	Category of Shareholders	Shareholding at the beginning of the FY 2019-20				Shareholding at the end of the FY 2019-20				% 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	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B) (2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	88,44,980	16,66,180	1,05,11,160	15.18	99,79,689	15,57,275	1,15,36,964	16.67	1.49
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,21,42,668	51,370	1,21,94,038	17.62	1,61,75,492	0	1,61,75,492	23.37	5.75
(b)	NBFCs registered with RBI	1,20,670	0	1,20,670	0.17	7,950	0	7,950	0.01	-0.16
(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	6,795	0	6,795	0.01	869	0	869	0.01	0.00
	Foreign Nationals	730	0	730	0.00	0	0	0	0.00	0.00
	Shares with IEPF Account	90	0	90	0.00	220	0	220	0.00	0.00
	Hindu Undivided Family	7,48,198	0	7,48,198	1.08	9,79,667	0	9,79,667	1.42	0.34
	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
	Non Resident Indians (Non Repat)	1,44,617	3,000	1,47,617	0.21	1,44,692	3,000	1,47,692	0.21	0.00
	Non Resident Indians (Repat)	1,82,239	1,840	1,84,079	0.27	2,62,783	1,840	2,64,623	0.38	0.11
	Foreign Portfolio Investor (Individual)	0	0	0	0.00	0	0	0	0.00	0
	Clearing Member	69,713	0	69,713	0.10	1,53,515	0	1,53,515	0.22	0.12
	Bodies Corporate	17,54,374	45,450	17,99,824	2.60	22,05,247	43,820	22,49,067	3.25	0.65
	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B) (3)	2,40,15,074	17,71,840	2,57,86,914	37.25	2,99,10,124	16,05,935	3,15,16,059	45.53	8.28
	Total Public Shareholding(B)=(B) (1)+(B) (2)+(B) (3)	3,08,32,940	17,78,050	3,26,10,990	47.11	3,80,80,576	16,16,145	3,96,96,721	57.34	10.23
	Total (A)+(B)	6,74,49,200	17,78,050	6,92,27,250	100.00	6,76,11,105	16,16,145	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)	6,74,49,200	17,78,050	6,92,27,250	100.00	6,76,11,105	16,16,145	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 2019-20			Shareholding at the end of the FY 2019-20			% 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	ANUJ NARAYANDAS RATHI	54,47,620	7.87	0.00	54,47,620	7.87	0.00	0.00
2	RAHUL PRADEEP RATHI	47,54,540	6.87	0.00	47,54,540	6.87	0.00	0.00
3	PRADEEP RAMWILAS RATHI	38,23,450	5.52	0.00	38,23,450	5.52	0.00	0.00
4	RAJESH BALKRISHNA RATHI	32,84,140	4.74	0.00	34,71,929	5.02	0.00	0.28
5	AJOY BALKRISHNA RATHI	20,51,060	2.96	0.00	16,51,060	2.38	0.00	-0.58
6	SUBHADRA PRADEEP RATHI	13,13,680	1.90	0.00	13,13,680	1.90	0.00	0.00
7	RAJESH BALKRISHNA RATHI (As-Trustee - Sow Rachna Rathi Family Trust)	12,08,250	1.75	0.00	12,08,250	1.75	0.00	0.00
8	NJR FINANCE PRIVATE LIMITED	10,90,630	1.58	0.00	10,90,630	1.58	0.00	0.00
9	AJOY BALKRISHNA RATHI (HUF)	10,30,000	1.49	0.00	10,30,000	1.49	0.00	0.00
10	RAJESH BALKRISHNA RATHI (As Trustee - Shri Balkrishna Rathi Family Trust)	8,45,200	1.22	0.00	8,45,200	1.22	0.00	0.00
11	MANAN AJOY RATHI	8,27,900	1.20	0.00	8,27,900	1.20	0.00	0.00
12	NARAYANDAS JAGANNATH RATHI	7,97,650	1.15	0.00	7,97,650	1.15	0.00	0.00
13	ARCHANA ANUJ RATHI	7,27,490	1.05	0.00	7,27,490	1.05	0.00	0.00
14	NISHA AJOY RATHI	7,19,370	1.04	0.00	7,19,370	1.04	0.00	0.00
15	ANUJ NARAYANDAS RATHI (HUF)	5,67,770	0.82	0.00	5,67,770	0.82	0.00	0.00
16	BALKRISHNA RATHI FINANCE PRIVATE LIMITED	4,62,550	0.67	0.00	4,62,550	0.67	0.00	0.00
17	KUSUM RAMWILAS RATHI	3,62,790	0.52	0.00	3,62,790	0.52	0.00	0.00
18	BALKRISHNA JAGANNATH RATHI (HUF)	1,89,750	0.27	0.00	1,89,750	0.27	0.00	0.00
19	RAJESH BALKRISHNA RATHI (HUF)	1,33,000	0.19	0.00	1,33,000	0.19	0.00	0.00
20	KUSUM BALKRISHNA RATHI	1,00,900	0.15	0.00	1,00,900	0.15	0.00	0.00
21	RACHNA RAJESH RATHI	5,000	0.01	0.00	5,000	0.01	0.00	0.00
22	ROHIT KISHOR RATHI *	46,51,600	6.71	0.00	-	-	-	-6.71
23	ARUNA KISHOR RATHI *	7,61,500	1.10	0.00	-	-	-	-1.10
24	KISHOR LAXMINARAYAN RATHI *	7,61,500	1.10	0.00	-	-	-	-1.10
25	LAXMINARAYAN FINANCE PVT LTD. *	6,98,920	1.01	0.00	-	-	-	-1.01
Total		3,66,16,260	52.89	0.00	2,95,30,529	42.66	0.00	-10.23

Notes:

- Mr. Kishor L. Rathi, Mr. Rohit K. Rathi, Mrs. Aruna K. Rathi and Laxminarayan Finance Private Limited (Mr. Kishor L. Rathi Family/Group) had made requests to the Company seeking Reclassification of Promoters' Shareholding from 'Promoter and Promoter Group' Category into 'Public' Category. Accordingly, the Company had made an application to the Stock Exchanges i.e. BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) on 5th September, 2019. Approval from both the exchanges was received on 28th January, 2020, and therefore shareholding of Mr. Kishor L. Rathi Family/Group is now being shown under 'Public' Category. Therefore, in the table above, shareholding of Mr. Kishor L. Rathi Family/Group is not being disclosed as on 31st March, 2020, as they ceased to be a part of the Promoter and Promoter Group of the Company.
- Mr. Ajoy Balkrishna Rathi, one of the members of the Promoter and Promoter Group, sold 4,00,000 equity shares (0.58%) of the Company on 27th December, 2019, through open market route, and the necessary intimations and disclosures to the exchanges have been made within timelines.
- Mr. Rajesh B. Rathi, one of the members of the Promoter and Promoter Group, purchased 1,87,789 equity shares (0.27%) of the Company during 19th March, 2020 to 31st March, 2020, through open market route, and the necessary intimations and disclosures to the exchanges were made within timelines.

Annexures to the Directors' Report

(iii) Change in Promoters Shareholding

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2019-20		Transactions during the year		Cumulative shareholding at the end of the FY 2019-20	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	ANUJ NARAYANDAS RATHI AT THE END OF THE YEAR	54,47,620	7.87			54,47,620	7.87
2	RAHUL PRADEEP RATHI AT THE END OF THE YEAR	47,54,540	6.87			47,54,540	6.87
3	PRADEEP RAMWILAS RATHI AT THE END OF THE YEAR	38,23,450	5.52			38,23,450	5.52
4	RAJESH BALKRISHNA RATHI Transfer (On Market Purchase)	32,84,140	4.74			32,84,140	4.74
				19th March 2020	24,900	33,09,040	4.78
				23rd March 2020	46,204	33,55,244	4.85
				24th March 2020	19,313	33,74,557	4.88
				25th March 2020	12,303	33,86,860	4.89
				30th March 2020	80,000	34,66,860	5.01
				31st March 2020	5,069	34,71,929	5.02
	AT THE END OF THE YEAR					34,71,929	5.02
5	AJOY BALKRISHNA RATHI Transfer (On Market Sale)	20,51,060	2.96			20,51,060	2.96
				27th December 2019	(4,00,000)	16,51,060	2.38
	AT THE END OF THE YEAR					16,51,060	2.38
6	SUBHADRA PRADEEP RATHI AT THE END OF THE YEAR	13,13,680	1.90			13,13,680	1.90
	AT THE END OF THE YEAR					13,13,680	1.90
7	RAJESH BALKRISHNA RATHI (As-Trustee - Sow Rachna Rathi Family Trust) AT THE END OF THE YEAR	12,08,250	1.75			12,08,250	1.75
	AT THE END OF THE YEAR					12,08,250	1.75
8	NJR FINANCE PRIVATE LIMITED AT THE END OF THE YEAR	10,90,630	1.58			10,90,630	1.58
	AT THE END OF THE YEAR					10,90,630	1.58
9	AJOY BALKRISHNA RATHI (HUF) AT THE END OF THE YEAR	10,30,000	1.49			10,30,000	1.49
	AT THE END OF THE YEAR					10,30,000	1.49
10	RAJESH BALKRISHNA RATHI (As-Trustee - Shri Balkrishna Rathi Family Trust) AT THE END OF THE YEAR	8,45,200	1.22			8,45,200	1.22
	AT THE END OF THE YEAR					8,45,200	1.22
11	MANAN AJOY RATHI AT THE END OF THE YEAR	8,27,900	1.20			8,27,900	1.20
	AT THE END OF THE YEAR					8,27,900	1.20
12	NARAYANDAS JAGANNATH RATHI AT THE END OF THE YEAR	7,97,650	1.15			7,97,650	1.15
	AT THE END OF THE YEAR					7,97,650	1.15
13	ARCHANA ANUJ RATHI AT THE END OF THE YEAR	7,27,490	1.05			7,27,490	1.05
	AT THE END OF THE YEAR					7,27,490	1.05
14	NISHA AJOY RATHI AT THE END OF THE YEAR	7,19,370	1.04			7,19,370	1.04
	AT THE END OF THE YEAR					7,19,370	1.04
15	ANUJ NARAYANDAS RATHI (HUF) AT THE END OF THE YEAR	5,67,770	0.82			5,67,770	0.82
	AT THE END OF THE YEAR					5,67,770	0.82
16	BALKRISHNA RATHI FINANCE PRIVATE LIMITED AT THE END OF THE YEAR	4,62,550	0.67			4,62,550	0.67
	AT THE END OF THE YEAR					4,62,550	0.67
17	KUSUM RAMWILAS RATHI AT THE END OF THE YEAR	3,62,790	0.52			3,62,790	0.52
	AT THE END OF THE YEAR					3,62,790	0.52
18	BALKRISHNA JAGANNATH RATHI (HUF) AT THE END OF THE YEAR	1,89,750	0.27			1,89,750	0.27
	AT THE END OF THE YEAR					1,89,750	0.27
19	RAJESH BALKRISHNA RATHI (HUF) AT THE END OF THE YEAR	1,33,000	0.19			1,33,000	0.19
	AT THE END OF THE YEAR					1,33,000	0.19
20	KUSUM BALKRISHNA RATHI AT THE END OF THE YEAR	1,00,900	0.15			1,00,900	0.15
	AT THE END OF THE YEAR					1,00,900	0.15
21	RACHNA RAJESH RATHI AT THE END OF THE YEAR	5,000	0.01			5,000	0.01
	AT THE END OF THE YEAR					5,000	0.01

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2019-20		Transactions during the year		Cumulative shareholding at the end of the FY 2019-20	
		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
22	ROHIT KISHOR RATHI	46,51,600	6.72			46,51,600	6.72
	Transfer			14th February 2020	(5,00,000)	41,51,600	6.00
	AT THE END OF THE YEAR					41,51,600	6.00
23	ARUNA KISHOR RATHI	7,61,500	1.10			7,61,500	1.10
	AT THE END OF THE YEAR					7,61,500	1.10
24	KISHOR LAXMINARAYAN RATHI	7,61,500	1.10			7,61,500	1.10
	Transfer			14th February 2020	(5,00,000)	2,61,500	0.38
	AT THE END OF THE YEAR					2,61,500	0.38
25	LAXMINARAYAN FINANCE PVT LTD.	6,98,920	1.01			6,98,920	1.01
	AT THE END OF THE YEAR					6,98,920	1.01

Note : Mr. Kishor L. Rathi Group (Mr. Kishor L. Rathi, Mr. Rohit K. Rathi, Mrs. Aruna K. Rathi and Laxminarayan Finance Private Limited) had made requests to the Company seeking Reclassification of Promoters' Shareholding from 'Promoter and Promoter Group' Category into 'Public' Category. Accordingly the Company made an application to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) on 5th September, 2019. Approval from both the exchanges was received on 28th January, 2020, and therefore shareholding of Mr. Kishor L. Rathi Group is now being shown under 'Public' Category.

(iv) Shareholding Pattern of Top Ten Shareholders

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2019-20		Transactions during the year		Cumulative Shareholding at the end of the FY 2019-20	
		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	55,67,711	8.04			55,67,711	8.04
	AT THE END OF THE YEAR					55,67,711	8.04
2	ROHIT KISHOR RATHI	46,51,600	6.72			46,51,600	6.72
	Transfer			14th February 2020	(5,00,000)	41,51,600	6.00
	AT THE END OF THE YEAR					41,51,600	6.00
3	AMANSA HOLDINGS PRIVATE LIMITED	-	-			0	0.00
	Transfer			19 th July 2019	9,63,008	9,63,008	1.39
	Transfer			26 th July 2019	18,187	9,81,195	1.42
	Transfer			02 nd August 2019	36,283	10,17,478	1.47
	Transfer			09 th August 2019	18,468	10,35,946	1.50
	Transfer			16 th August 2019	9,99,852	20,35,798	2.94
	Transfer			06 th September 2019	12,631	20,48,429	2.96
	Transfer			13 th September 2019	15,991	20,64,420	2.98
	Transfer			18 th October 2019	59,685	21,24,105	3.07
	Transfer			25 th October 2019	55,125	21,79,230	3.15
	AT THE END OF THE YEAR					21,79,230	3.15
4	VIJAYKUMAR RAMCHANDRA RATHI	20,42,418	2.95			20,42,418	2.95
	Transfer			05 th April 2019	(681)	20,41,737	2.95
	Transfer			12 th April 2019	(200)	20,41,537	2.95
	Transfer			26 th April 2019	(350)	20,41,187	2.95
	Transfer			03 rd May 2019	(1,000)	20,40,187	2.95

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2019-20		Transactions during the year		Cumulative Shareholding at the end of the FY 2019-20	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			10 th May 2019	(15,000)	20,25,187	2.93
	Transfer			29 th June 2019	15,000	20,40,187	2.95
	Transfer			05 th July 2019	15,681	20,55,868	2.97
	Transfer			12 th July 2019	63,000	21,18,868	3.06
	Transfer			19 th July 2019	(2,000)	21,16,868	3.06
	Transfer			16 th August 2019	100	21,16,968	3.06
	Transfer			30 th August 2019	25	21,16,993	3.06
	Transfer			13 th September 2019	(25)	21,16,968	3.06
	Transfer			20 th September 2019	(50)	21,16,918	3.06
	Transfer			27 th September 2019	(50)	21,16,868	3.06
	Transfer			11 th October 2019	(25)	21,16,843	3.06
	Transfer			18 th October 2019	175	21,17,018	3.06
	Transfer			25 th October 2019	(9)	21,17,009	3.06
	Transfer			29 th November 2019	(25)	21,16,984	3.06
	Transfer			13 th March 2020	75	21,17,059	3.06
	Transfer			20 th March 2020	110	21,17,169	3.06
	Transfer			27 th March 2020	10	21,17,179	3.06
	AT THE END OF THE YEAR					21,17,179	3.06
5	GOVERNMENT PENSION FUND GLOBAL	16,71,344	2.41			16,71,344	2.41
	AT THE END OF THE YEAR					16,71,344	2.41
6	VIJAY KISHANLAL KEDIA	19,85,215	2.87			19,85,215	2.87
	Transfer			14 th June 2019	(2,00,000)	17,85,215	2.58
	Transfer			29 th June 2019	2,00,000	19,85,215	2.87
	Transfer			29 th November 2019	(37,838)	19,47,377	2.81
	Transfer			13 th December 2019	(10,638)	19,36,739	2.80
	Transfer			24 th January 2020	(17,905)	19,18,834	2.78
	Transfer			31 st Jan 2020	(15,000)	19,03,834	2.75
	Transfer			07 th February 2020	(40,518)	18,63,316	2.69
	Transfer			14 th February 2020	(45,363)	18,17,953	2.63
	Transfer			21 st February 2020	(48,349)	17,69,604	2.56
	Transfer			28 th February 2020	(29,604)	17,40,000	2.51
	Transfer			06 th March 2020	(40,000)	17,00,000	2.46
	Transfer			13 th March 2020	(1,90,672)	15,09,328	2.18
	Transfer			27 th March 2020	(27,456)	14,81,872	2.14
	Transfer			31 st March 2020	(66,388)	14,15,484	2.05
	AT THE END OF THE YEAR					14,15,484	2.05
7	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	46,027	0.07			46,027	0.07
	Transfer			29 th June 2019	(460)	45,567	0.07
	Transfer			21 st February 2020	9,54,433	10,00,000	1.45
	Transfer			28 th February 2020	1,901	10,01,901	1.45

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2019-20		Transactions during the year		Cumulative Shareholding at the end of the FY 2019-20	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Transfer			06 th March 2020	61,033	10,62,934	1.54
	Transfer			13 th March 2020	58,456	11,21,390	1.62
	Transfer			20 th March 2020	2,56,412	13,77,802	1.99
	Transfer			27 th March 2020	19,720	13,97,522	2.02
	AT THE END OF THE YEAR					13,97,522	2.02
8	GOLDMAN SACHS INDIA LIMITED	10,80,068	1.56			10,80,068	1.56
	Transfer			13 th December 2019	(10,888)	10,69,180	1.54
	Transfer			28 th February 2020	(23,280)	10,45,900	1.51
	Transfer			06 th March 2020	(28,695)	10,17,205	1.47
	Transfer			13 th March 2020	(27,988)	9,89,217	1.43
	Transfer			20 th March 2020	(32,119)	9,57,098	1.38
	AT THE END OF THE YEAR					9,57,098	1.38
9	ARUNA KISHOR RATHI	7,61,500	1.10			7,61,500	1.10
	AT THE END OF THE YEAR					7,61,500	1.10
10	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
11	SUDARSHAN CHEMICAL INDUSTRIES LIMITED UNCLAIMED SUSPENSE ACCOUNT	5,97,880	0.86			5,97,880	0.86
	Transfer			07 th June 2019	(2,770)	5,95,110	0.86
	Transfer			23 rd August 2019	(750)	5,94,360	0.86
	Transfer			13 th December 2019	(10,930)	5,83,430	0.84
	AT THE END OF THE YEAR					5,83,430	0.84
12	VASANT RAMCHANDRA RATHI	4,05,993	0.59			4,05,993	0.59
	Transfer			12 th April 2019	(500)	4,05,493	0.59
	Transfer			26 th April 2019	(126)	4,05,367	0.59
	Transfer			03 rd May 2019	(701)	4,04,666	0.59
	Transfer			17 th May 2019	(560)	4,04,106	0.58
	Transfer			12 th July 2019	18,000	4,22,106	0.61
	Transfer			08 th November 2019	(24)	4,22,082	0.61
	AT THE END OF THE YEAR					4,22,082	0.61
13	ANURADHA VASANT RATHI	4,86,065	0.7			4,86,065	0.70
	Transfer			05 th April 2019	(25)	4,86,040	0.70
	Transfer			12 th April 2019	(800)	4,85,240	0.70
	Transfer			26 th April 2019	(300)	4,84,940	0.70
	Transfer			03 rd May 2019	(850)	4,84,090	0.70
	Transfer			10 th May 2019	(10,000)	4,74,090	0.69
	Transfer			12 th July 2019	(1,00,000)	3,74,090	0.54
	Transfer			19 th July 2019	(920)	3,73,170	0.54
	Transfer			29 th November 2019	25	3,73,195	0.54
	AT THE END OF THE YEAR					3,73,195	0.54

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2019-20		Transactions during the year		Cumulative Shareholding at the end of the FY 2019-20	
		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
14	L&T MUTUAL FUND TRUSTEE LIMITED -L&T EMERGING OPPORTUNITIES FUND - SERIES II	11,63,119	1.68			11,63,119	1.68
	Transfer			05 th April 2019	10,000	11,73,119	1.70
	Transfer			12 th April 2019	3,311	11,76,430	1.70
	Transfer			19 th April 2019	6,689	11,83,119	1.71
	Transfer			16 th August 2019	(10,23,109)	1,60,010	0.23
	Transfer			15 th November 2019	(55,499)	1,04,511	0.15
	Transfer			22 th November 2019	(437)	1,04,074	0.15
	Transfer			07 th February 2020	25,700	1,29,774	0.19
	AT THE END OF THE YEAR					1,29,774	0.19
15	LIFE INSURANCE CORPORATION OF INDIA	3,36,630	0.49			3,36,630	0.49
	Transfer			13 th September 2019	(35,549)	3,01,081	0.43
	Transfer			20 th September 2019	(62,634)	2,38,447	0.34
	Transfer			27 th September 2019	(53,685)	1,84,762	0.27
	Transfer			04 th October 2019	(80,610)	1,04,152	0.15
	Transfer			11 th October 2019	(36,849)	67,303	0.10
	Transfer			18 th October 2019	(46,369)	20,934	0.03
	Transfer			25 th October 2019	(20,934)	0	0
	AT THE END OF THE YEAR					0	0

Note:

Mr. Kishor L. Rathi, Mr. Rohit K. Rathi, Mrs. Aruna K. Rathi and Laxminarayan Finance Private Limited (Mr. Kishor L. Rathi Family/Group) had made requests to the Company seeking Reclassification of Promoters' Shareholding from 'Promoter and Promoter Group' Category into 'Public' Category. Accordingly, the Company had made an application to the Stock Exchanges i.e. BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) on 5th September, 2019. Approval from both the exchanges was received on 28th January, 2020, and therefore shareholding of Mr. Kishor L. Rathi Family/Group is now being shown under 'Public' Category.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the FY 2019-20		Cumulative shareholding during the FY 2019-20	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Pradeep R. Rathi	38,23,450	5.52	38,23,450	5.52
	At the end of the year			38,23,450	5.52
2	Mr. Rajesh B. Rathi*	32,84,140	4.74	32,84,140	4.74
	At the end of the year			34,71,929	5.02
3	Mr. Narayandas J. Rathi **	7,97,650	1.15	7,97,650	1.15
	At the end of the year			7,97,650	1.15
4	Mr. Anuj N. Rathi ***	54,47,620	7.87	54,47,620	7.87
	At the end of the year			54,47,620	7.87
5	Ajoy B. Rathi ****	20,51,060	2.96	20,51,060	2.96
	At the end of the year			16,51,060	2.38
6	Mr. Ashish Vij	-	-	-	-
	At the end of the year			100	0.00

Annexures to the Directors' Report

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the FY 2019-20		Cumulative shareholding during the FY 2019-20	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Mr. Dara N. Damania	930	0.00	930	0.00
	At the end of the year			930	0.00
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	0.00	700	0.00
	At the end of the year			700	0.00
12	Mrs. Rati F. Forbes	-	-	-	-
	At the end of the year			-	-
13	Mrs. Shubhalakshmi Panse	-	-	-	-
	At the end of the year			-	-
14	Mr. Deepak Parikh ****	-	-	-	-
	At the end of the year			-	-
15	Mr. V. V. Thakur	-	-	-	-
	At the end of the year			-	-
16	Mr. Mandar Velankar	-	-	-	-
	At the end of the year			-	-

Notes: * Mr. Rajesh B. Rathi, one of the members of the Promoter and Promoter Group, purchased 1,87,789 equity shares (0.27%) of the Company during 19th March, 2020 to 31st March, 2020, through open market route, and the necessary intimations and disclosures to the exchanges were made within timelines.

** Mr. Narayandas J. Rathi retired as a Director at the 68th AGM held on 7th August, 2019

*** Mr. Anuj N. Rathi has been appointed as a Non - Executive (Additional) Director w.e.f. 8th August, 2019

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

***** Dr. Deepak Parikh was appointed as an Independent Director w.e.f. 1st April, 2019

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	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
Changes in indebtedness during the financial year:				
Addition	18,737.3	-	-	18,737.3
Reduction	-	3595.3	1790.7	5,386
Net Change	18,737.3	3,595.3	1,790.69	13,351.4
Indebtedness at the end of the financial year:				
i) Principal Amount	40,466.5	4,000.0	21.4	44,487.9
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	40,466.5	4,000.0	21.4	44,487.9

Annexures to the Directors' Report

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. R. B. Rathi Managing Director	Mr. Ashish Vij Wholetime Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,22,63,647	1,09,33,763	3,31,97,410
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	83,92,412	37,75,476	1,21,67,888
	(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)	3,06,56,059	1,47,09,239	4,53,65,298
	Ceiling as per the Act (10% of profits calculated under Section 198 of the Companies Act, 2013)			16,79,25,799

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	2,80,000	4,00,000	2,00,000	2,80,000	11,60,000
• Commission*	5,98,092	11,06,947	9,56,947	8,37,329	34,99,315
• Others, Please specify	-	-	-	-	-
	Mrs. R. F. Forbes	Mrs. Shubhalakshmi Panse	Mr. N. T. Raisinghani	Dr. Deepak Parikh	
Independent Directors					
• Fee for attending board / committee meetings	2,80,000	2,40,000	3,00,000	1,40,000	9,60,000
• Commission*	9,56,947	8,67,710	9,56,947	8,37,329	36,18,933
• Others, Please specify	-	-	-	-	-
Total (1)					92,38,248

Annexures to the Directors' Report

	Mr. P. R. Rathi	Mr. N. J.Rathi	Mr. A. B. Rathi	Mr. A. N. Rathi	
2. Other Non-Executive Directors					
• Fee for attending board committee meetings	1,80,000	80,000	20,000	80,000	3,60,000
• Commission*	9,56,947	4,78,474	-	4,78,474	19,13,895
• Others, Please specify (Pension)	34,90,164	12,14,060	-	-	51,82,698
Total (2)					74,56,593
Total (B)=(1+2)					1,66,94,841
Total Managerial Remuneration - (A+B)					6,20,60,139
Ceiling as per the Act (11% of profits calculated under Section 198 of the Companies Act, 2013)					18,47,18,378

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

Commission is proposed for the Financial Year 2019-20 which will be paid subsequent to approval accounts by the shareholders at the ensuing Annual General Meeting.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (₹)
		V. V. Thakur Acting CFO	Mandar Velankar DGM Legal and Company Secretary	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,31,770	33,83,360	68,15,130
(b)	Value of perquisites under section 17(2) Income Tax Act, 1961	12,74,644	9,10,264	21,84,908
(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	47,06,414	42,93,624	90,00,038

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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

Date: 22nd June, 2020
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: 22nd June, 2020

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	RIECO Industries Limited	Rupees	1,250.0	11.6	6,271.3	5,009.7	-	11,843.5	1,041.8	242.3	799.5	100%
2	Sudarshan Europe B.V.	Euro	1,909.0	1,864.2	12,665.3	8,892.1	-	23,576.0	646.7	163.5	483.3	100%
3	Sudarshan North America, Inc.	US Dollars	2,243.6	(2,200.4)	3,897.5	3,854.3	-	7,722.8	(441.6)	-	(441.6)	100%
4	Sudarshan (Shanghai) Trading Company Limited	CNY	477.6	(606.8)	869.2	998.5	-	1,300.3	(20.6)	-	(20.6)	100%
5	Sudarshan Mexico S de R.L.de CV	US Dollars	0.1	30.0	2,183.2	2,153.0	-	3,168.9	(22.0)	11.6	(33.5)	100%
6	Sudarshan Japan Limited	JPY	65.1	(80.8)	108.3	124.0	-	-	(81.5)	0.2	(81.7)	100%

Notes:

- All figures provided are in ₹ Lakhs.
- The reporting period for all Subsidiaries mentioned above is from 1st April, 2019 to 31st March, 2020, except for Sudarshan Japan Limited, which was incorporated on 29th October, 2019.
- The operation of the Subsidiary mentioned at Sr. No. 1 has been re-classified as 'continuing operations' in place of 'discontinued operations' in the previous year. For details, Refer Notes of the Consolidated Financial Statements.
- None of the aforesaid subsidiaries have declared dividend during the Financial Year 2019-20, except Sudarshan Europe B. V. The total dividend declared by the said Company amounted to EUR 421,500.
- Names of subsidiaries which are yet to commence operations: Sudarshan Japan Limited, a Wholly Owned Subsidiary was yet to commence operations.

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

Date: 22nd June, 2020
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 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 31 March, 2020 ('Audit Period') 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 31 March, 2020 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 Overseas Direct investment and External Commercial

Borrowings. (There were no Foreign Direct Investment transactions in the Company during the Audit Period);

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

- (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 (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);

- (f) 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;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period).

- (vi) I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied

Annexures to the Directors' Report

with the following laws applicable specifically to the Company: -

- (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) Gas Cylinder Rules, 1981;
- (v) Explosives Act, 1889;
- (vi) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
- (vii) The Water (Prevention and Control of Pollution) Act, 1974;
- (viii) The Air (Prevention and Control of Pollution) Act, 1981

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally 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.

All decision at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committees of the Board, as the case may be.

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

I further report that during the Financial Years 2018-19 and 2019-20, in terms of provisions of Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [LODR], the Company had received requests from following promoters/persons belonging to the promoter group seeking re-classification of their status as public category:

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

After necessary analysis of the said requests by the Board of Directors of the Company, the same were also approved by shareholders of the company by way of ordinary resolutions at the 68th Annual General Meeting. However, based on the advice received from the Stock Exchange Officials, the Company proceeded with only the requests received from Mr. Kishor L. Rathi Group holding 9.93% Equity shares of the share capital of the Company. Accordingly, the Company submitted said applications to BSE Limited and the National Stock Exchange of India Limited on 5th September, 2019 for

Annexures to the Directors' Report

approval. Mr. Ajoy B. Rathi Group applications were withdrawn by the concerned, subsequently.

On 28th January, 2020, approval for Mr. Kishor L. Rathi Group's re-classification requests was received from both the Stock Exchanges. Based on the said approvals received, shareholding of Mr. Kishor L. Rathi Group has

been re-classified from "Promoter and Promoter Group" Category to the "Public" Category and as a result, Promoter and Promoter Group shareholding reduced by 9.93%, during the year.

Dr. K. R. Chandratre

FCS No.: 1370, C. P. No.: 5144

UDIN:F001370B000366449

Place: Pune

Date: 22nd June, 2020

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;
- iii) Brand / Business Acquisitions;

Annexures to the Directors' Report

- 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 Chemical Industries Limited 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, Mexico and Japan. 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 1000 listed entities based on market capitalization on 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.

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 2019-20 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	2019-20
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 (in ₹)	1384.5 Lakhs
2	Total turnover (in ₹) as per Ind-AS	1,51,826.8 Lakhs
3	Total profit after taxes (including Discontinued Operations) (in ₹) and exceptional items	14,873.4 Lakhs
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:

- a) Women Empowerment: Training, Marketing and Development of Self-Entrepreneurship by extension of Paper Bag Project, Stitching Project, Entrepreneur Development Training
- b) Education: Development of School Infrastructure, Adoption of 5 Abhashikha near Market Yard slum area, Pune, Work with persons in PMC School in Market Yard, To start skill development centre in the primary section of JMR School, Roha, to guide and work with around 275 children in Pune Municipal Council Schools, Pune under NGO - Teach for India initiative and to guide and work with around 350 children residing in slums in various parts of Pune.
- c) 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.
- d) Health and Community Development: Ideal Village Development, Swachh Bharat Abhiyan, Community Bonding Activities in 11 villages across Roha, Mahad and Sutarwadi.

COVID - 19 RELIEF WORK:

With the current global health crisis, the Government of India has declared Covid-19 to be a "national disaster". Sudarshan is taking several initiatives and has contributed towards the community in following manner:

Supply of food grains to more than 4000 families.

- I. Donated 10 ventilators to Govt. of Maharashtra.
- II. Donation of 30,000 masks to Govt. health dept. police dept. ASHA workers etc.
- III. We have trained more than 100 women from our self-help groups to prepare cloth masks from the raw material provided by us. With this created employment for the community women.
- IV. Donation of essential medicines, PPE Kits to Rural Hospital at Roha
- V. Our employees donated blood for COVID patients.

OTHER DETAILS

1. Subsidiary Company(ies) of the Company -
 - I. RIECO Industries Limited
 - II. Sudarshan CSR Foundation
 - III. Sudarshan North America Inc., USA
 - IV. Sudarshan Europe B. V., The Netherlands
 - V. Sudarshan (Shanghai) Trading Company Limited
 - VI. Sudarshan Mexico S de R. L. De CV
 - VII. Sudarshan Japan Limited
2. Participation of Subsidiary Company (ies) in the BR initiatives of the Parent Company - The Company has 7 (Seven) Subsidiaries, out of which 5 (Five) Subsidiaries are based outside India. Across the Group, principles of Business Responsibility are followed in both, letter and spirit.
3. Do any other entity (ies) (e.g. suppliers', distributors) that the Company does business with; participate in the BR initiatives of the Company? - No

Business Responsibility Report

BR INFORMATION

Details of Director/Directors responsible for BR:

Details of the Director responsible for implementation of the BR policy/policies

Name	Designation	DIN	Telephone	Email ID
Rajesh B. Rathi	Managing Director	00018628	020- 68281200	shares@sudarshan.com

Details of the BR head - NA

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.

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 (Reply in Y/N)

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*								
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’.

Business Responsibility Report

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 S. 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.								
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.								
3.	The Company does not have financial or manpower resources available for the task	N.A.								
4.	It is planned to be done within next 6 months	N.A.								
5.	It is planned to be done within next 1 year	N.A.								
6.	Any other reason (Please specify)	N.A.								

Governance related to BR:

Sustainability activities are proposed to be reviewed on a need basis by Mr. Rajesh B. Rathi, Managing Director and the Leadership Team. The Company has not published Sustainability Report for 2019-20.

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 also a way of life. It is 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 and 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

Business Responsibility Report

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. 2019-20.

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.

Products such as Effects Pigments (Mica Based products) - silver products - New design of the plant that is being implemented which will result in 30% reduction in energy consumption (Electricity and steam consumption) and 40% reduction in water consumption. (b). Quinacridone enhanced scaled up processes - 50 % reduction in electricity consumption. (c). Phthalocyanine based Pigments - 30 % reduction in water usage by optimizing the process parameters is achieved, these are the products whose design has incorporated social or environmental concerns, risks and/ or opportunities.

The Company has procedures in place for sustainable sourcing including transportation. The Company has implemented Standard Operating Procedures for Ethical Sourcing, Child Labour Policy, Pricing mechanism for all Mica Grades. Transportation factor is included in commercial buying contract itself. Any new Mica source is always onboarded post Regulatory Team Site visit & Audit approval. 100 % natural Mica Sourcing is from local India and is sourced sustainably. The Company mechanism to recycle products and waste we are generating CuCl₂ and Poly Aluminium chloride as waste products - CuCl₂ is recovered as CuSO₄ and sold to other product users. AlCl₃ is being used in water treatment plant - This is up to <5%. In our effects plant water is being re-cycled by 15 %.

Further, 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 endeavors 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 on profitability of any Organization. The Company has been successful to design processes, which have produced yields of 99% plus on an average.

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

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

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

The Company's Policy on 'Equal Opportunity' is anchored in its fundamental belief that employees with diverse cultural backgrounds bring their own unique experiences, perceptions, knowledge and skills, which when harnessed, strengthen the Company's productivity and ability to proactively respond to changing conditions. Equally, exposure to new ideas, cultures and perspectives encourages the personal growth of employees. The Policy also ensures a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender,

Business Responsibility Report

sexual orientation, race, color, ancestry, marital status or affiliation with a political, religious or union organization or majority / minority group. In 2019-20, 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 2019-20.

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 programs 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 programs on a healthy lifestyle and development of wellness plans are organized across units. Employees also have the opportunity to volunteer for various social programs.

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 2019-20 formal training were provided to employees at various levels dedicated specifically to environment, health and safety issues.

The details regarding the total number of employees, total number of employees hired on temporary/contractual/casual basis, number of permanent women employees, number of permanent employees with disabilities are covered in other section of Annual Report. Also details regarding Child labour/forced labour/involuntary labour, Sexual harassment, Discriminatory employment are covered in other section of Annual Report.

The Company has an employee association for only Permanent Workers at our manufacturing locations (Roha & Mahad). All permanent workers are member of employee association.

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 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.

Business Responsibility Report

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 dialogue 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 programs. CSR initiatives taken during the year were focused on education through provision of better quality infrastructure, skill building programs 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 Standard of Honour which extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. The Company has in place an aspect-impact study of each process/operations and it is updated and reviewed periodically. 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 programs have been implemented at several units, which has resulted in improved safety performance. These principles are enshrined in your Company's EHS Policy, which is also displayed and implemented at the manufacturing locations.

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

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

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

Business Responsibility Report

Environmental benefits of the co-gen facility are:

- CO2 emission reduction approx. 120TPD 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, 2020, your Company is a member of the following trade associations:

- Mahratta Chamber of Commerce and Industry and Agriculture (MCCIA)
- ETAD- The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers
- CHEMEXCIL
- Roha Industrial Association
- Mahad Industrial Association

PRINCIPLE 8: Business should support inclusive growth and equitable 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: 22nd June, 2020

P. R. RATHI
CHAIRMAN

Report on Corporate Governance

A. CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a Company. The elements of Corporate Governance are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met accordingly. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has adopted many ethical and transparent governance practices even before they were mandated by law. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

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

The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the Management with the strategic direction catering to creation of long-term shareholder value. The Company's

initiatives towards adhering to high standards of Governance include self-governance, 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.

Report on Corporate Governance

Rights of Shareholders:

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

C. BOARD OF DIRECTORS

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

Composition:

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

Sr. No.	Category of Directors	Name of Director
1.	Promoter and Promoter Group	1. Mr. P. R. Rathi - Chairman
		2. Mr. R. B. Rathi - Managing Director
		3. Mr. A. N. Rathi - Non-Executive (Additional) Director
2.	Non - Promoters (Independent Directors)	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
3.	Non - Promoter (Non - Independent)	1. Mr. A. Vij - Wholetime Director

Notes:

- None of the Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2019-20 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.
- None of the Directors are related to each other in terms of Regulation 2(zd) of SEBI Listing Regulations, 2015.

As on 31st March, 2020, the Company's Board consists of 12 Members. The composition of the Board, as on 31st March 2020, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations, 2015') as amended enjoining specified combination of Executive and Non-Executive Directors with at least one Woman Director and at least one-half of the Board comprising of Independent Directors for a Board chaired by a Non-Executive Promoter Director. In the opinion of the Board, all the Independent Directors are independent of the management and satisfy the criteria of independence as defined under the Companies Act, 2013 and the Listing Regulations, 2015.

A brief profile of Directors seeking appointment / re-appointment has been given in the Notice convening the 69th Annual General Meeting of the Company.

Report on Corporate Governance

Board Skill Matrix:

As required by Listing Regulations, 2015 the matrix setting out the Skills / Expertise / Competencies that are identified and available within the Board of the Company for effective functioning are given below:

Sr. No.	Name Of The Director	Skills / Expertise / Competencies
1.	Mr. P. R. Rathi	Strategic Thinking, General Management, Sales and Marketing, Industry - Chemical - Pigment, Finance and Accounts
2.	Mr. R. B. Rathi	Strategic Thinking, General Management, Sales and marketing, Industry - Chemical - Pigment, HR and People Practices, Technical - Chemical, Risk Management, Industrial - Manufacturing
3.	Mr. A. N. Rathi	Strategic Thinking, General Management, Industry - Chemical - Pigment, Sales and Marketing
4.	Mr. S. N. Inamdar	Finance and Accounts, Legal, Corporate Governance, Taxation
5.	Mr. D. N. Damania	Strategic Thinking, General Management, Risk Management, Industrial - Manufacturing
6.	Mr. S. Padmanabhan	Strategic Thinking, General Management, Risk Management
7.	Mr. S. K. Asher	Strategic Thinking, General Management, Sales and Marketing, HR and People Practices, Finance and Accounts, Legal, Corporate Governance, Risk Management, Taxation
8.	Mrs. R. F. Forbes	Strategic Thinking, General Management, HR and People Practices, Corporate Governance
9.	Mrs. S. A. Panse	Strategic Thinking, General Management, HR and People Practices, Finance and Accounts, Risk Management.
10.	Mr. N. T. Raisinghani	Strategic Thinking, General Management, HR and People Practices, Risk Management
11.	Dr. Deepak Parikh	Strategic Thinking, General Management, Sales and Marketing, Industry - Chemical - Pigment, Technical - Chemical, Industrial - Manufacturing
12.	Mr. A. Vij	Strategic Thinking, General Management, Industry - Chemical - Pigment, Technical - Chemical, Industrial - Manufacturing, HR and People Practices, Risk Management (Operations)

Certificate from the Practicing Company Secretary:

A certificate from Mr. Rajesh Karunakaran, a Company Secretary in practice (FCS No. 7441, C. P. No. 6581) has been obtained to the effect that none of the directors on the board of the Company 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 I** to this Report.

Independent Directors:

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

Further in the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

During the year under review, no Independent Director tendered his/her resignation before the expiry of his/her tenure, and therefore publication of detailed reasons for such resignation was not required.

Formal Letter of appointment to Independent Directors:

In accordance with the applicable provisions of the SEBI Listing Regulations, 2015, the Company has issued formal letters of appointment to all the Independent Directors. The terms and conditions of their appointment have also been disclosed on the website of the Company at <https://www.sudarshan.com/perch/resources/letter-of-appointment-for-independent-director.pdf> and https://www.sudarshan.com/perch/resources/letter-of-appointments-of-independent-directors-68th-agm-held-on-7th-day-of-august-2019.pdf.

Report on Corporate Governance

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 Wholetime Director in any Listed Company, does not hold such position in more than three Listed Companies.

Maximum Tenure of Independent Directors:

In accordance with Section 149 (11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 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 Independent Directors. The manner in which such formal annual evaluation was made by the Board during the Financial Year 2019-20 is given below:

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

The Nomination and Remuneration Committee evaluated performance of every Director including Independent Directors.

A consolidated summary of the ratings given by each of the directors was then prepared, based on which a report of performance evaluation was prepared by the Chairman of the Nomination and Remuneration Committee in respect of the performance of the Board, its Committees, Chairperson and Independent Directors 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 22nd June, 2020.

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 Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company and to help them in the efficient discharge of their roles, rights and responsibilities in the Company. Details of such programs have been disclosed on the Company's website at <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 <https://www.sudarshan.com/perch/resources/board-diversity-remuneration-and-succession-policy.pdf>.

Review of Legal Compliance Reports:

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

Board Meetings and Agenda:

In accordance with the legal position and the Articles of Association of the Company, the Board of Directors is the ultimate decision making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on

Report on Corporate Governance

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 2019-20, 8 (Eight) meetings of the Board of Directors were held on 12th April, 2019, 6th May, 2019, 24th May, 2019, 7th August, 2019, 4th November, 2019, 13th November, 2019, 5th February, 2020 and 28th February, 2020.

The maximum gap between any two Board Meetings held during the years was not more than 120 days.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2019-2020 and at the last Annual General Meeting held on 7th August, 2019 are given below:-

Sr. No.	Name of the Director	Designation	Status	No. of Board Meetings attended	Attendance at the last AGM
1.	Mr. P. R. Rathi	Chairman	Non-Executive	8	Yes
2.	Mr. R. B. Rathi	Managing Director	Executive	8	Yes
3.	Mr. A. N. Rathi*	Non Independent Director	Non-Executive	4	NA
4.	Mr. S. N. Inamdar	Independent Director	Non-Executive	5	Yes
5.	Mr. D. N. Damania	Independent Director	Non-Executive	8	Yes
6.	Mr. S. Padmanabhan	Independent Director	Non-Executive	8	Yes
7.	Mr. S. K. Asher	Independent Director	Non-Executive	7	Yes
8.	Mrs. R. F. Forbes	Independent Director	Non-Executive	8	Yes
9.	Mrs. S. A. Panse [#]	Independent Director	Non-Executive	6	No
10.	Mr. N. T. Raisinghani	Independent Director	Non-Executive	8	Yes
11.	Dr. Deepak Parikh	Independent Director	Non-Executive	7	No
12.	Mr. A. Vij	Wholetime Director	Executive	8	Yes
13.	Mr. N. J. Rathi**	Non Independent Director	Non-Executive	4	Yes
14.	Mr. A. B. Rathi***	Non Independent Director	Non-Executive	1	NA

*Mr. A.N. Rathi was appointed as a Non - Executive (Additional) Director with effect from 8th August, 2019.

**Mr. N. J. Rathi retired as a Director at the 68th AGM held on 7th August, 2019.

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

#Mrs. S. A. Panse, Chairperson of the Audit Committee, authorized Mr. S. N. Inamdar to attend the AGM held on 7th August, 2019.

Report on Corporate Governance

Details of Directorship(s) and Committee membership(s) in Companies as on 31st March, 2020:

(No. of companies)

Name of the Director	Directorship in Listed Companies	Directorship 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	7	4	2
Mr. R. B. Rathi	1	1	5	1	-
Mr. A. N. Rathi	1	-	4	-	-
Mr. S. N. Inamdar	1	1	1	1	-
Mr. D. N. Damania	3	1	-	5	1
Mr. S. Padmanabhan	4	3	2	2	2
Mr. S. K. Asher	7	-	6	3	4
Mrs. R. F. Forbes	1	1	1	-	-
Mrs. S. A. Panse	5	-	-	2	2
Mr. N. T. Raisinghani	1	-	1	-	-
Dr. Deepak Parikh	2	-	-	-	-
Mr. A. Vij	1	-	-	-	-

* (Excludes Directorships in Foreign Companies and Section 8 companies formed under the Companies Act, 2013).

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

None of the Directors is a member in more than 10 mandatory committees or acting as Chairman of more than 5 committees across all companies in which he / she is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 17A of the SEBI LODR Regulations.

Details of Directorship in Listed Companies as on 31st March, 2020:

Name of the Director	Name of the Listed entities where he/she holds Directorship	Category of Directorship
Mr. P. R. Rathi	Sudarshan Chemical Industries Limited	Promoter Director
	Sanghvi Movers Limited	Independent Director
	Finolex Industries Limited	Independent Director
	Kirloskar Oil Engines Limited	Independent Director
Mr. R. 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
Mr. D. N. Damania	Sudarshan Chemical Industries Limited	Independent Director
	Sanghvi Movers Limited	Independent Director
	KSB Limited	Independent Director
Mr. S. Padmanabhan	Sudarshan Chemical Industries Limited	Independent Director
	Premier Limited	Independent Director
	Force Motors Limited	Independent Director
	Sanghvi Movers Limited	Independent Director

Report on Corporate Governance

Name of the Director	Name of the Listed entities where he/she holds Directorship	Category of Directorship
Mr. S. K. Asher	Sudarshan Chemical Industries Limited	Independent Director
	Ashok Leyland Limited	Independent Director
	Sonata Software Limited	Independent Director
	Tribhovandas Bhimji Zaveri Limited	Independent Director
	Deepak Nitrite Limited	Independent Director
	Repro India Limited	Independent Director
	Indusind Bank Limited	Independent Director
Mrs. R. F. Forbes	Sudarshan Chemical Industries 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
	The Federal Bank Limited	Independent Director
	Atul Limited	Independent Director
	KPIT Technologies Limited	Independent Director
Dr. Deepak Parikh	Sudarshan Chemical Industries Limited	Independent Director
	Finolex Industries Limited	Independent Director

Board Committees:

i) Audit Committee:

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost Auditors, the performance of internal auditors and the Company's risk management policies.

The Audit Committee of the Board consists of the following Directors:

Name of Director	Status	No. of Meetings attended during the Year 2019-20
Mrs. S. A. Panse	Chairperson	4
Mr. D. N. Damania	Member	5
Mr. S. K. Asher	Member	3
Mr. S. N. Inamdar	Member	4

Note: 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 next Committee meeting.

Meetings during the year:

During the Financial Year 2019-20, 5 (five) meetings of the Audit Committee were held on 12th April, 2019, 24th May, 2019, 7th August, 2019, 4th November, 2019 and 5th February, 2020. The maximum gap between any two meetings of the Committee held during the year was not more than 120 days. Mr. Pradeep Rathi, Chairman, Mr. Rajesh Rathi, Managing Director and Mr. 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 on invitation.

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

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

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

Report on Corporate Governance

ii) Nomination and Remuneration Committee: Composition and Meetings:

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

Name of Director	Status	No. of Meetings attended during the Year 2019-20
Mr. D.N.Damania	Chairman	6
Mr. S.N. Inamdar	Member	5
Mr. S. K. Asher	Member	5
Mr. N. T. Raisinghani	Member	6
Mrs. R. F. Forbes	Member	6

During the Financial Year 2019-20, 6 (six) meetings of Nomination and Remuneration Committee meetings were held on 24th May, 2019, 7th August, 2019, 23rd August, 2019, 20th September, 2019, 13th November, 2019 and 28th February, 2020.

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 terms of reference of the Nomination and Remuneration Committee is available at the Company's website at <https://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 Independent Director etc.

iii) Stakeholders' Relationship Committee: Composition and Meetings:

The Stakeholders' Relationship Committee comprises of the following Directors:

Name of Director	Category of the Director
Mr. S. K. Asher	Chairman
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member
Mr. N. J. Rathi	Member

Note: Mr. N. J. Rathi retired as a Director at the 68th AGM held on 7th August, 2019.

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 <https://www.sudarshan.com/perch/resources/sudarshan-terms-of-reference-of-committees.pdf>.

As per the relaxations introduced by Securities and Exchange Board of India due to unprecedented event of COVID-19 during the Financial Year 2019-20, SEBI had extended the time limit for conduct of Stakeholders' Relationship Committee meeting till 30th June, 2020.

Accordingly, the meeting of the Committee was held on 8th June 2020. The said meeting was attended by all members of the Committee. Based on the report received from the Company's Registrars, the Company had received three complaints from Investors during the year, and one complaint from the previous year was carried forward to this year, as it remained unresolved at the end of previous year. All these four complaints, including the one complaint received in the previous year, were resolved during the year.

Name, Designation and address of Compliance Officer:

Mr. Mandar Velankar, Company Secretary & Compliance Officer

Sudarshan Chemical Industries Limited,

162 Wellesley Road, Pune 411 001, Maharashtra, India

E-mail: mmvelankar@sudarshan.com

Telephone No. : 020 - 68281200

Report on Corporate Governance

iv) Risk Management Committee:

Overview:

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

Composition:

The present Members of the Risk Management Committee are:

Name of Director	Status
Mr. D. N. Damania	Chairman
Mr. S. Padmanabhan	Member
Mr. N. T. Raisinghani	Member
Mrs. S. A. Panse	Member
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member
Mr. A. Vij	Member
Mr. V. V. Thakur	Member

During the year under review, the meeting of the Committee was held on 5th February, 2020 and the said meeting was attended all members of the Committee.

The full text of the Charter of the Risk Management Committee is available at the Company's website at <https://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 Director	Status
Mrs. R. F. Forbes	Chairperson
Mr. P. R. Rathi	Member
Mr. R. B. Rathi	Member

The meeting of the Committee was scheduled to be held in last week of March 2020. However, the meeting could not be held due to lock-down restrictions imposed by the Government due to outbreak of COVID-19. The meeting of the Committee was held on 8th June 2020 and the said meeting was attended by all members of the Committee.

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

Meetings of the Committee are held on a need basis.

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

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

Meetings of the Committee were held at convenient intervals to ensure transfer, transmission, transposition, issue of duplicate share certificates and dispatch of share certificates, as applicable within the stipulated time limit prescribed by the stock exchanges.

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

vii) Independent Directors' Meeting:

A separate meeting of the Independent Directors of the Company was held on 5th February, 2020 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 attended the Meeting.

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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 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 2019-20.

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.

Information on shareholding of Directors:

Information on shares held by Directors as on 31st March, 2020 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, 2020:

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.

Criteria for making payments to non-executive directors

Non-executive Directors of the Company play a crucial role in independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining objective judgement. They also oversee the corporate governance framework of the Company.

The Remuneration policy inter-alia disclosing the criteria of making payments to directors, key managerial personnel and employees is placed on the Company's website <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>.

Disclosure of material transactions:

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

Management Discussion and Analysis Report:

The report is given by way of a separate chapter in this Annual Report.

Rights of Stakeholders:

The Company 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,

Report on Corporate Governance

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 <https://www.sudarshan.com/perch/resources/whistle-blower-policy-vigil-mecahnism-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 of India 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 Company's Code was amended in line with the amendments issued by SEBI from time to time. 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 <https://www.sudarshan.com/perch/resources/prohibition-of-insider-trading-policy-2.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 has approved the 'Archival Policy'. The Policy can be accessed from the Company's website at <https://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 has adopted Policy on Preservation of Documents. This Policy envisages the procedure governing preservation of documents as required to be maintained under the various statutes viz. Companies Act, 1956, Companies Act, 2013 and Rules issued there under from time to time, applicable Secretarial Standards, Listing Regulations, 2015 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 <https://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 <https://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, 2020 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;

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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:

1. Earnings releases and related conference calls.
2. Speeches, interviews and conferences.
3. Responding to market rumours.
4. Reviewing analyst reports.
5. Referring to or distributing analyst reports on the Company.

6. Analyst and investor visits.
7. Postings on the Company's websites.
8. Social media communications, including through corporate blogs, employee blogs, chat boards, Twitter, Facebook, LinkedIn, YouTube and any other non-traditional means of communication.

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

The 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 <https://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 <https://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 that may have a potential conflict with the

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interest of the Company.

A statement showing disclosure of transactions with related parties during the year 2019-20 as required under Indian Accounting Standards is set out separately in this Annual Report.

Subsidiary Companies - Monitoring Framework:

The Company has following subsidiary companies;

1. RIECO Industries Limited
2. Sudarshan Europe B.V.
3. Sudarshan North America Inc.
4. Sudarshan (Shanghai) Trading Company Limited

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

6. Sudarshan Japan Limited

7. Sudarshan CSR Foundation

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

- 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
2018-2019	07 th August, 2019 At 11:30 am	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	10
2017-2018	09 th August, 2018 At 11:30 am	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	12
2016-2017	10 th August, 2017 At 11:30 am	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	11

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

Date of AGM	Details of Special Resolutions passed	Remarks
7 th August, 2019	<ol style="list-style-type: none"> 1. To re-appoint Mr. S. N. Inamdar as an Independent Director of the Company for a period of 5 years 2. To re-appoint Mr. S. Padmanabhan as an Independent Director of the Company for a period of 5 years 3. To re-appoint Mr. D. N. Damania as an Independent Director of the Company for a period of 5 years 4. To re-appoint Mr. S. K. Asher as an Independent Director of the Company for a period of 5 years 5. To re-appoint Mrs. R. F. Forbes as an Independent Director of the Company for a period of 5 years 	All resolutions were passed with requisite majority

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Date of AGM	Details of Special Resolutions passed	Remarks
9 th August, 2018	<ol style="list-style-type: none"> 1. Re-appointment of Mr. N. J. Rathi 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

Approval of Members through Postal Ballot

The members approved a Special Resolution under Section 110 of the Companies Act, 2013 read with the Rule 22 of the Companies (Management and Administration) Rules, 2014 on 28th March 2020 permitting the Company to approve payment of remuneration to Mr. Rajesh B. Rathi (DIN: 00018628) as Managing Director in accordance with the provisions of the Companies Act, 2013 and Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mr. Rajesh Karunakaran, Practicing Company Secretary (FCS No. 7441, C. P. No. 6581) was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Resolution (Special)	Votes in assent		Votes in dissent		Remark
	Number	%	Number	%	
Remuneration of Mr. Rajesh B. Rathi (DIN 00018628) as Managing Director in accordance with the provisions of the Companies Act, 2013 and Regulation 17(6)(e) of the Listing Regulations	33830621	99.76	82604	0.24	Passed with requisite majority

Report on Corporate Governance

Procedure for Postal Ballot:

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage envelopes were sent to the shareholders to enable them to consider and vote for and against the proposal within a period of 30 days from the date of dispatch. E-voting facility was made available to all the shareholders and instructions for the same were specified under instructions for voting in the Postal Ballot Notice. E-mails were sent to shareholders whose e-mail ids were available with the depositories and Company along with Postal Ballot Notice and Ballot Form. The required form was filed with the Registrar of Companies post passing of the Resolution by the Board of Directors. After the last day for receipt of ballots (physical / e-voting), the Scrutinizer, after due verification, submitted the results to the Chairman. Thereafter, the Chairman declared the result of the Postal Ballot. The same was displayed on the Company Website and Notice Board and submitted to Stock Exchanges.

The brief details of the Postal Ballot process are as follows:

Particulars	Date
Date of Notice of Postal Ballot	5 th February, 2020
Start of Voting Period	28 th February, 2020
End of Voting Period	28 th March, 2020
Scrutinizer for Postal Ballot and e-Voting	Mr. Rajesh Karunakaran, Practicing Company Secretary, Pune (FCS No. 7441, C. P. No. 6581)
Date of declaration of results	30 th March, 2020

Whether any Special Resolution is proposed to be passed through Postal Ballot this year:

The Board of Directors at its meeting held on 25th May, 2020, considered and approved a Postal Ballot Notice for seeking approval of the shareholders by way of Special Resolutions as explained below –

- Approval of grant of Stock Appreciation Rights to the employees/Directors of the Company under the Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020;
- Approval of grant of Stock Appreciation Rights to the employees/Directors of the Subsidiary Company(ies) of the Company under the Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020;

- Approval of the Trust route for implementation of Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020
- Grant of Stock Appreciation Rights to the employees/ Directors of the Company and that of the Subsidiary Company(ies) (if any) by way of Secondary Acquisition by Trust under Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020
- Provision of money by the Company for purchase of its own shares by the Trust/Trustees for the benefit of employees/Directors under Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020, Sudarshan Chemical Industries Limited Employee Stock Option Plan 2018 and any future plans as may be introduced for the benefit of employees/Directors of the Company
- To increase the borrowing limits of the Company
- To increase the limit for the creation of mortgage/charge on the assets of the Company

The activity of dispatch of Postal Ballot Notice for seeking approval of shareholders for the abovementioned items was in process as on the date of this Report.

Disclosure:

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 Policy for determining "Material" subsidiaries can be accessed from the company website at <https://www.sudarshan.com/perch/resources/material-subsiary-policy.pdf>. The Audit Committee also reviews presentations.

Report on Corporate Governance

The minutes of the meetings of the Board of the Subsidiary Companies were tabled before the Board at respective Board meetings and noted.

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

Details regarding number of complaints filed during the financial year, complaints disposed and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 form a part of the Directors' Report.

During the year under review the total fees paid by the Company and its Subsidiaries (including discontinued operations) to the Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate ₹55,00,000 (Fifty Five Lakhs Only).

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

The Financial Statements of the Company for the Financial Year 2019-20 have been prepared in accordance with the applicable accounting principles in India and the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, and Rules made thereunder.

Status of compliance with Mandatory and Discretionary Requirements under the SEBI Listing Regulations, 2015, during the year 2019-20:

Mandatory:

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

Discretionary:

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

1) The Board

The Company has a non-executive chairperson. A non-executive chairperson is entitled to maintain a chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

2) Shareholder rights

At present, the Company is not sending 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) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee. Information with respect to 'Commodity Price Risk or Foreign Exchange Risk and Hedging Activities' is provided in Notes of the Standalone and Consolidated Financial Statements as at and for the year ended 31st March, 2020, respectively.

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

Secretarial Audit:

The Board had appointed Dr. K.R. Chandratre, Practising Company Secretary, (FCS No. 1370, C. P. No. 5144) to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed to the Directors' Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Means of Communication:

Annual Reports, Notice of the meetings and other communications to the members are sent through email, post or courier.

However, this year in view of the outbreak of COVID-19 pandemic, and considering the difficulties involved in dispatching the physical copies of the Annual Report and Notice of the 69th AGM, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated 5th May, 2020, directed the companies to send Annual Report and AGM Notice only by email to all members of the Company. Therefore, the Annual Report and Notice of the 69th AGM is being sent to the members at their registered email addresses as per MCA and SEBI Circulars.

Members are requested to refer to the Notice of 69th AGM containing detailed instructions to register/update email addresses.

Report on Corporate Governance

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

Due to the outbreak of COVID-19 pandemic and based on the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated 26th March, 2020 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, there was no publication in newspapers of notice of the Board Meeting held on 22nd June, 2020, and Audited Standalone and Consolidated Financial Results for the quarter and year ended 31st March, 2020.

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

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 at <https://www.sudarshan.com/analysts-foreign-institutional-investors-calls.php>.

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

Shareholders Information:

Shareholders information is separately provided in the Annual Report.

MD 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 Regulation 17(8) read with Part B of Schedule II of the SEBI 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 II** 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 III** to this Report.

Code of Conduct:

The Board has laid down a Code of Conduct for all members of the Board and Senior Management consisting of members of the Corporate Executive Committee and other Employees / Executives of the Company. The Code of Conduct is posted on the Company's website at <https://www.sudarshan.com/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, 2019 to 31st March, 2020. The declaration dated 17th June, 2020 received from Mr. R. B. Rathi, Managing Director in this regard is given below:

To,

The Board of Directors

Sudarshan Chemical Industries Limited

162 Wellesley Road, Pune - 411001

Sub: Declaration as per Schedule V - Part D of SEBI Listing Regulations, 2015

I, Rajesh B. Rathi, Managing Director of the Company, hereby confirm and state that based on the declarations received, the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management.

Date: 17th June, 2020

Place: Pune

Rajesh B. Rathi

Managing Director

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

Date: 22nd June, 2020

Place: Pune

PRADEEP R. RATHI

CHAIRMAN

Report on Corporate Governance

ANNEXURE I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To:
The Members of
Sudarshan Chemical Industries Limited
having its registered office at
162 Wellesley Road
Pune - 411 001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sudarshan Chemical Industries Limited having CIN L24119PN1951PLC008409 and having registered office at 162 Wellesley Road Pune - 411 001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	Director Identification Number	Date of appointment
1.	Mr. Pradeep R. Rathi	00018577	08/11/1995
2..	Mr. Rajesh B. Rathi	00018628	23/05/2008
3.	Mr. Shrikrishna N. Inamdar	00025180	02/08/1989
4.	Mr. Dara N. Damania	00403834	20/11/1984
5.	Mr. Subramanian Padmanabhan	00001207	25/09/2002
6.	Mr. Sanjay K. Asher	00008221	24/01/2009
7.	Mr. Shubhalakshmi A. Panse	02599310	27/05/2015
8.	Mr. Naresh T. Raisinghani	00568298	13/02/2015
9.	Mr. Deepak R. Parikh	06504537	01/04/2019
10.	Mrs. Rati F. Forbes	00137326	29/03/2014
11.	Mr. Ashish Vij	08140194	24/05/2018
12.	Mr. Anuj N. Rathi	00018683	08/08/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Rajesh Karunakaran & Co.,**
Company Secretaries

Rajesh Karunakaran
Company Secretary
C.P. -6581
FCS No. 7441

Pune, 22nd June, 2020
UDIN - F007441B000395345

Report on Corporate Governance

ANNEXURE II

CERTIFICATE OF MANAGING DIRECTOR AND CFO (As per provisions of Regulation 17(8) of SEBI Listing Regulations, 2015)

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

In respect of the Financial Statements of the Company for the Year ended 31st March, 2020, we hereby certify that:

- (A) We have reviewed Financial Statements and the Cash Flow Statement of Sudarshan Chemical Industries Limited ("the Company") for the year ended 31st March, 2020, and that to the best of our knowledge and belief, we state that:
- 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 in violation of the Company's Code of Conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting, and that we have evaluated the effectiveness of internal controls systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (D) We have indicated to the Auditors and the Audit committee:
- i. that there were no significant changes in internal controls over financial reporting during the year; and
 - ii. that there were no significant changes in accounting policies made during the year except as disclosed in the notes to the consolidated financial statements; and
 - iii. that there were no instances of significant fraud of which we have become aware of, involving the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: Pune
Date: 17th June, 2020

R. B. Rathi
Managing Director

V. V. Thakur
Acting CFO

Report on Corporate Governance

ANNEXURE III

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 22 May 2020.
2. This report contains details of compliance of conditions of Corporate Governance by Sudarshan Chemical Industries Limited ("the Company"), for the year ended 31 March 2020, 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") pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's responsibility

3. The compliance with the terms and conditions contained in the Corporate Governance is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents.
4. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of corporate governance stipulated in the Listing Regulations.

Auditor's responsibility

5. 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. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2020.
7. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special purposes' (Revised 2016), '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.

Auditor's responsibility

8. 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

9. 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.

Report on Corporate Governance

10. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use

11. 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 Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No: 116231W/W-100024

Adwait Morwekar

Partner

Membership number: 110223

ICAI UDIN: 20110223AAAAAT2161

Place: Mumbai

Date: 22nd June 2020

Shareholder Information

1. ANNUAL GENERAL MEETING:

Day and Date	Friday, 4 th September, 2020
Time	4.00 p.m. (IST)
Venue	The Annual General Meeting ("AGM") would be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The venue of the meeting shall be deemed to be the Registered and Global Head Office of the Company at 162 Wellesley Road, Pune – 411 001, Maharashtra, India.

Owing to the restrictions imposed due to outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA"), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and other applicable circulars issued by the Securities and Exchange Board of India ("SEBI"), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 ("the Act"), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"), the 69th AGM of the Company shall be conducted through VC / OAVM.

In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, considering the limitations for dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent only in electronic mode to Members whose e-mail address is registered with the Company / Registrar and Transfer Agent ("RTA") or Depository Participant(s) ("DP").

2. FINANCIAL CALENDAR (TENTATIVE): APRIL 2020 TO MARCH 2021 (FINANCIAL YEAR OF THE COMPANY IS 1ST APRIL TO 31ST MARCH)

Sr. No.	Particulars & Meetings	Actual / Tentative Date
1	Audited Financial Results for the quarter and year ended 31 st March, 2020 (Due to outbreak of COVID-19 pandemic, and as per the relaxations granted by SEBI and the Stock Exchanges, the Audited Financial Results, along with the Auditor's Report for the said period were allowed to be approved before 30 th June, 2020)	Monday, 22 nd June, 2020
2	Unaudited Quarterly Results for the Quarter ended 30 th June, 2020	Friday, 7 th August, 2020
3	69 th Annual General Meeting	Friday, 4 th September, 2020
4	Unaudited Quarterly Results for the Quarter and half year ended 30 th September, 2020	Within 45 days of the quarter and half year ending September 2020
5	Unaudited Quarterly Results for the Quarter and nine months ended 31 st December, 2020	Within 45 days of the quarter and nine months ending December 2020
6	Audited Annual Results for the quarter and year ended on 31 st March, 2021	Within 60 days of the quarter and year ending March 2021

3. DATE OF BOOK CLOSURE :

Saturday, 29th August, 2020 to Friday, 4th September, 2020 (both days inclusive).

4. DIVIDEND PAYMENT DATE:

The Interim Dividend of ₹6.30/- (Six Rupees and Thirty Paise only) per equity share of ₹2/- each (i.e. 315%), for the Financial Year 2019-20, (including a Special Dividend on account of Profit on Exceptional Item during the Financial Year 2019-20 amounting to ₹0.50/- (Fifty Paise only) per equity share of ₹2/- each), which was declared on 28th February, 2020, was credited on 20th March, 2020, through electronic mode i.e. NACH/RTGS/NEFT/DCF etc. to the account of 91.74% shareholders (amounting to 96.82% of the total Interim Dividend amount) whose Bank Account details were available with the Company. For the balance 8.26% shareholders (amounting to 3.18% of the total Interim Dividend amount), whose Bank Account details were not available, the dividend warrants were issued in physical form, and were handed over to the postal authorities for dispatch, but, due to outbreak of pandemic COVID-19, the postal service was not operational and hence dispatch of dividend warrants could not be completed. However, on resumption of the postal service, the dispatch of dividend warrants / demand drafts, as applicable, was completed.

Shareholder Information

The Directors recommend for consideration of the Shareholders at the ensuing Annual General Meeting, the above referred Interim Dividend as Final Dividend for the year ended 31st March, 2020.

5. DIVIDEND TREND FOR PAST FIVE YEARS:

Sr. No	Dividend Year	Dividend %	Dividend per share
1	2019-20 (Interim Dividend)	315.00	₹6.30 per share of ₹2 each
	(Including Special Dividend 25.00)		(Including Special Dividend of ₹0.50 per share)
2	2018-19 (Final Dividend)	300.00	₹6.00 per share of ₹2 each
	(Including Special Dividend 125.00)		(Including Special Dividend of ₹2.50 per share)
3	2017-18 (Interim Dividend)	175.00	₹2.50 per share of ₹2 each
	2017-18 (Final Dividend)		₹1.00 per share of ₹2 each
4	2016-17 (Interim Dividend)	175.00	₹2.50 per share of ₹2 each
	2016-17 (Final Dividend)		₹1.00 per share of ₹2 each
5	2015-16 (Interim Dividend)	150.00	₹2.50 per share of ₹2 each
	2015-16 (Final Dividend)		₹0.50 per share of ₹2 each

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

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 Fascimile No.: 022 - 22721919 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 Fascimile No.: 022 - 2659 8120 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 2020-21.

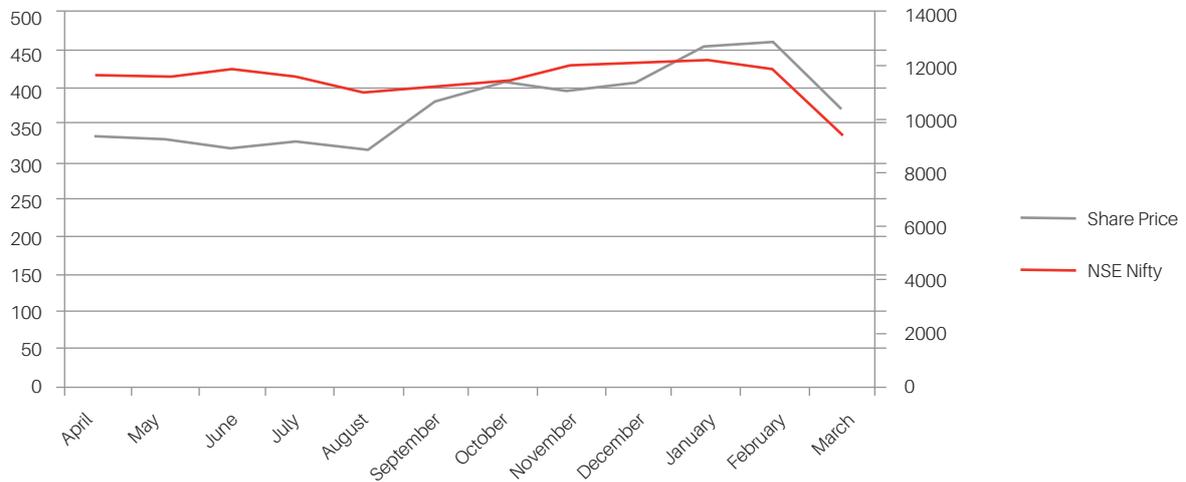
7. STOCK PRICES:

Month	BSE Limited		The National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2019	387.05	325.00	386.80	323.40
May, 2019	345.10	303.00	344.90	297.80
June, 2019	337.50	310.00	344.90	307.65
July, 2019	350.40	302.00	352.00	306.90
August, 2019	336.90	302.35	335.10	302.85
September, 2019	392.00	313.50	393.00	311.00
October, 2019	423.60	354.15	423.60	354.40
November, 2019	440.00	380.00	435.00	381.10
December, 2019	418.00	383.00	417.80	383.25
January, 2020	495.40	405.85	494.90	406.00
February, 2020	505.95	447.25	505.85	446.00
March, 2020	478.00	286.25	476.95	290.10

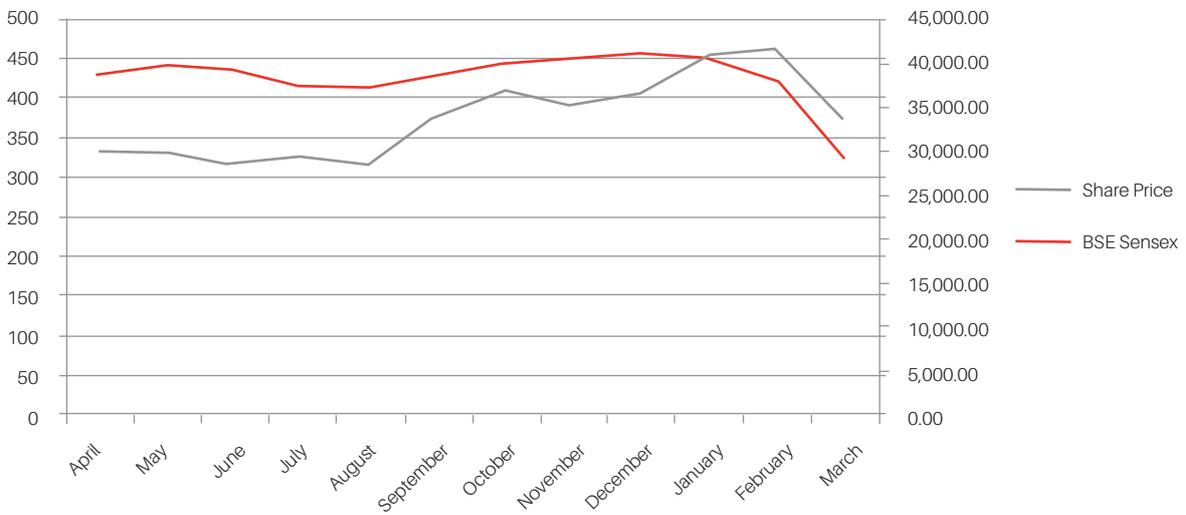
(Source: BSE and NSE - Websites)

Shareholder Information

Comparison of Sudarshan’s share price with NSE Nifty - April 2019 to March 2020:



Comparison of Sudarshan’s share price with BSE SENSEX - April 2019 to March 2020:



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 transmission, transposition, dematerialization and rematerialization of equity shares. These activities are handled under the supervision of the Company Secretary who is also the Compliance Officer under the SEBI Listing Regulations, 2015.

10. SHARE TRANSFER SYSTEM:

The Board has constituted a Shares Committee for expeditious processing of requests for 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 effected in dematerialized form in terms of the SEBI Listing Regulations, 2015. Shareholders holding shares in physical form are therefore requested to dematerialize their shares in their own interest. Communication in this respect was sent by the Company previously to the concerned shareholders.

11. DISTRIBUTION OF SHAREHOLDING:

(As on 31st March, 2020)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 3000	33,597	97.94	7,727,980	11.16
3001 - 5000	319	00.93	1,322,994	01.91
5001 & Above	387	01.13	60,176,276	86.93
Total	34,303	100.00	69,227,250	100.00

12. SHAREHOLDING PATTERN:

(As on 31st March, 2020)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	29,530,529	42.66
Foreign Companies / NRI's / Foreign Individuals	412,315	0.60
FII's / FPI's / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	8,180,662	11.82
Corporate Bodies	2,249,067	3.25
Non Promoter Directors / Resident Individuals	28,854,677	41.67
Total	69,227,250	100.00

Notes:

- Mr. Kishor L. Rathi, Mr. Rohit K. Rathi, Mrs. Aruna K. Rathi and Laxminarayan Finance Private Limited (Mr. Kishor L. Rathi Family/Group) had made requests to the Company seeking Reclassification of Promoters' Shareholding from 'Promoter and Promoter Group' Category into 'Public' Category. Accordingly, the Company had made an application to the Stock Exchanges i.e. BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) on 5th September, 2019. Approval from both the exchanges was received on 28th January, 2020, and therefore shareholding of Mr. Kishor L. Rathi Family/Group is now being shown under 'Public' Category. as they ceased to be a part of the Promoter and Promoter Group of the Company.
- Mr. Ajoy Balkrishna Rathi, one of the members of the Promoter and Promoter Group, sold 4,00,000 equity shares (0.58%) of the Company on 27th December, 2019, through open market route, and the necessary intimations and disclosures to the exchanges have been made within timelines.
- Mr. Rajesh B. Rathi, one of the members of the Promoter and Promoter Group, purchased 1,87,789 equity shares (0.27%) of the Company during 19th March, 2020 to 31st March, 2020, through open market route, and the necessary intimations and disclosures to the exchanges were made within timelines.

Shareholder Information

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 2011-12 to the fund and no claim shall lie against the Company or the fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Members are hereby informed that the seven years period for payment of the dividend pertaining to Financial years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest. The Company has uploaded the details of unclaimed dividend on the Company's website at www.sudarshan.com under the tab 'Investors' and also on website specified by the Ministry of Corporate Affairs www.iepf.gov.in/IEPF/service.

Dates of transfer of Unclaimed Dividend to the fund:

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years
1.	2012-13 (Final Dividend)	20/09/2013	21/10/2020
2.	2013-14 (Final Dividend)	09/08/2014	08/09/2021
3.	2014-15 (Final Dividend)	14/08/2015	13/09/2022
4.	2015-16 (Interim Dividend)	10/03/2016 *	10/04/2023
5.	2015-16 (Final Dividend)	12/08/2016	11/09/2023
6.	2016-17 (Interim Dividend)	10/02/2017 *	13/03/2024
7.	2016-17 (Final Dividend)	10/08/2017	10/09/2024
8.	2017-18 (Interim Dividend)	08/02/2018 *	09/03/2025
9.	2017-18 (Final Dividend)	09/08/2018	08/09/2025
10.	2018-19 (Final Dividend)	07/08/2019	06/09/2026
11.	2019-20 (Interim Dividend)	28/02/2020 *	30/03/2027

* 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	818	5,97,880
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	15	14,450
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	15	14,450
Number of Shares transferred to Demat Suspense Account on during 1 st April, 2019, to 31 st March, 2020	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	803	5,83,430

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 130 shares 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.

Shareholder Information

16. RELAXATION GRANTED BY SEBI IN WAKE OF THE COVID-19 PANDEMIC

SEBI, considering the nation-wide lockdown, in the wake of the COVID-19 pandemic, granted relaxation by extending the timelines for processing various investor requests in case of physical securities including rematerialisation of shares, transmission of shares, resolution of grievances, issue of duplicate share certificates etc.

17. 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 capitalization stood at approx. ₹2,588.77 Crores as on 31st March, 2020.

The entire Promoters' share holding is held in dematerialized form as required by law. As on 31st March, 2020, 97.67 % of the total shareholding of the Company is held in dematerialized form which includes the promoters' shareholding of 42.66%.

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

Not applicable as not issued.

19. POSTAL BALLOT AND E-VOTING:

During the financial year, the Company sought approval of the shareholders through Postal Ballot in respect of payment of remuneration to Mr. Rajesh B. Rathi (DIN: 00018628) as Managing Director in accordance with the provisions of the Companies Act, 2013 and Regulation 17 (6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of voting results of the Postal Ballot are mentioned in the Report on Corporate Governance.

20. CREDIT RATING:

During the year, CRISIL assigned "CRISIL A1+" (pronounced as CRISIL A one plus rating) to ₹50 Crore Commercial Paper Programme of the Company. As per the letter received from CRISIL, instruments with this rating are considered to have very strong degree of safety regarding timely payment of timely obligations. Such instruments carry lowest credit risk.

21. 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

22. 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- 68281200
Email: grievance.redressal@sudarshan.com, shares@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 - 26160084, 020 - 2616 1629
Telefax : 020-2616 3503
E-mail : pune@linkintime.co.in

Financial Section

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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 31 March 2020, 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 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Description of Key Audit Matter

The key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of product development costs</p> <p>Product development costs for new product development are recognised as intangible assets when technical feasibility is established, the Company has committed technical and commercial resources and future economic benefits are assessed as 'probable'.</p> <p>Costs capitalised during the year represents the cost of technical know-how expenses including costs paid to external consultants up to the date the intangible asset is available for use.</p> <p>The assessment of the capitalisation criteria as set out in Ind AS 38 'Intangible Assets' is made at an early stage of product development. It involves:</p> <ul style="list-style-type: none"> • Company's judgement to establish technical feasibility of the product; • Company's estimation of availability of committed technical and commercial resources; • Inherent challenges in predicting future economic benefits which must be assessed as 'probable' for capitalisation to commence. <p>There is a risk of development cost getting capitalised where the relevant criteria have not been met. Accordingly, we identified capitalisation of product development cost as a key audit matter.</p> <p>(Refer notes 2(C)(c)(ii) and 4 to the Standalone Financial Statements)</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluated the design, implementation and operating effectiveness of key internal controls around initiation of capitalisation of the product development costs including Company's controls over estimation of the future economic benefit of the projects; • Evaluated the Company's assessment that the recorded costs meet the capitalisation criteria. One of the criteria relating to future economic benefits being assessed as 'probable' was evaluated by assessing that there is an active market available for selling the products under development; • Tested sample transactions for costs incurred towards projects by using statistical sampling; • Analysed and determined the costs which are capitalised are 'directly attributable' towards product development activities; • Assessed Company's estimate of any possible effect from COVID-19 pandemic such as discontinuance or suspension.

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 on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

The key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment for investments in subsidiaries</p> <p>The Company has investments in subsidiaries. These investments are accounted for at cost less impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its value in use. Value in use of the above investments are estimated in order to determine the extent of the impairment loss.</p> <p>Identification of indicators for impairment of these investments and measurement of value in use involves significant estimates and judgements of the Company, including those related to the possible effects of the COVID-19 pandemic. These investments are significant. This is identified as a key audit matter due to inherent uncertainties involved in projecting future cash flows and discount rate which are the basis of impairment assessment.</p> <p>(Refer notes 2(C)(d) and 5 to the Standalone Financial Statements)</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluated the design, implementation and operating effectiveness of key internal controls around identification of impairment indicators including Company's controls over estimation of the value in use of the investments in subsidiaries; • Evaluated impairment risk to identify impairment indicators for any investment in a subsidiary based on consideration of external and internal factors affecting the value and performance of the investment; • Evaluated Company's assessment of value in use for investments where impairment risk is identified; • Evaluated key inputs used in and the arithmetical accuracy of the cash flow projections. We assessed underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance. • Assessed Company's estimate of the impact of COVID-19 pandemic on the impairment assessment.

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 and Board of Directors' 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

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.

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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting 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.
2. (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.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

- 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 31 March 2020 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- (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 31 March 2020 on its financial position in its standalone financial statements - Refer Note 41 to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 17(c) to the standalone financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (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

Adwait Morwekar

Partner

Membership No. 110223

ICAI UDIN: 20110223AAAAAP2012

Place: Mumbai

Date: 22 June 2020

Annexure A to Independent Auditors' Report on the financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

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 regular program of physical verification of its fixed assets, by which all fixed assets are 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company and where applicable, confirmation from the custodian, title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory except goods in transit, have been physically verified by the management. 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 and roll back procedures. In respect of goods-in-transit, subsequent goods receipts have been verified.
- (iii) The Company has granted unsecured loans to two subsidiary companies 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 are granted are not, prima facie, prejudicial to the Company's interest.
- (b) In respect of one of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated and the subsidiary has repaid the amounts due. In respect of the other loan, the terms of arrangement do not stipulate any repayment schedule and the loans are repayable on demand. The subsidiary was not required to make payment of principal and interest in respect of the other loan as those were not demanded during the current year.
- (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 information and explanations given to us, the Company has complied with the provisions of section 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) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of its products 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, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities except that there have been slight delays in the deposit of dues in respect of goods and service tax, tax deducted at source, labour welfare fund and provident fund.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state

Annexure A to Independent Auditors' Report on the financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

insurance, income-tax, goods and service tax, duty of customs, cess and any other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of dues	Amount involved (Rs. in lakhs)	Amount paid under protest* (Rs. in lakhs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	37.8	10.9	2004-05 to 2010-11 and 2014-15 to 2016-17	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	287.7	19.7	2008-09 to 2013-14	Custom, Excise & Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	1.1	-	2014-15 to 2015-16	Commissioner Appeal Central Excise
Maharashtra VAT Act, 2002	VAT	38.2	38.2	2007-08, 2013-14 and 2014-15	Joint Commissioner of Sales Tax (Appeal)
Tamil Nadu VAT Act, 2006	VAT	6.2	6.2	2003-04	Assistant Commissioner, Commercial Tax Department Coimbatore
Andhra Pradesh VAT Act, 2005	VAT	8.3	8.3	2007-08	Assistant Commissioner (CT) Tax Department (LTU)
Karnataka VAT Act, 2003	VAT	0.8	0.8	2008-09	The Commercial Tax Inspector, Commercial Tax Check Post
Customs Act, 1962	Custom duty	330.4	-	2006-07 to 2008-09, 2011-12 to 2012-13	Custom, Excise & Service Tax Appellate Tribunal

* includes refunds adjusted by the authorities.

- (viii) In our opinion 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) during the year. 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 fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration for the year ended March 31, 2020 in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

Annexure A to Independent Auditors' Report on the financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

- (xii) As the Company is not a Nidhi Company, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. 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

Adwait Morwekar

Partner

Membership No. 110223

ICAI UDIN: 20110223AAAAAP2012

Place: Mumbai

Date: 22 June 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013

(REFERRED TO IN PARAGRAPH (2)(A)(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

Opinion

We have audited the internal financial controls with reference to financial statements of Sudarshan Chemical Industries Limited ("the Company") as of 31 March 2020 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 31 March 2020, 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

Annexure B to the Independent Auditors' report on the standalone financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud

may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial 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 **BSR & Associates LLP**

Chartered Accountants

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

Adwait Morwekar

Partner

Membership No. 110223

ICAI UDIN: 20110223AAAAAP2012

Place: Mumbai

Date: 22 June 2020

Standalone Balance Sheet

as at 31st March, 2020

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

Particulars	Note No.	As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	59,505.3	45,355.7
(b) Capital work-in-progress		4,402.6	1,818.9
(c) Other Intangible assets	4	1,847.1	1,073.8
(d) Intangible assets under development	4	395.6	577.0
(e) Investment in subsidiaries	5	4,275.6	2,394.0
(f) Financial assets			
i Investments	6 (a)	88.8	1.0
ii Loans	6 (b)	166.0	64.9
(g) Other non-current assets	7	6,338.5	2,962.6
(h) Non-current tax assets (net)	8 (a)	2,401.7	50.9
		79,421.2	54,298.8
II Current Assets			
(a) Inventories	9	33,946.7	24,759.7
(b) Investment in subsidiary (held for sale)		-	1,816.5
(c) Financial assets			
i Trade receivables	10 (a)	36,645.2	34,868.3
ii Cash and cash equivalents	10 (b)	232.5	190.7
iii Bank balances other than (ii) above	10 (c)	442.8	339.4
iv Loans	10 (d)	-	300.0
v Derivatives	10 (e)	460.4	718.4
vi Other financial assets	10 (f)	1,399.5	2,560.4
(d) Other current assets	11	3,506.5	4,991.1
		76,633.6	70,544.5
Assets classified as held for disposal	31	-	1,505.5
		156,054.8	126,348.8
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	61,869.7	58,473.8
		63,254.2	59,858.3
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	22,499.9	11,313.5
ii Other financial liabilities	14 (b)	150.6	150.6
(b) Provisions	15	1,517.8	1,422.2
(c) Deferred tax liabilities (net)	16	4,423.6	5,412.9
		28,591.9	18,299.2
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	17 (a)	17,230.9	13,397.1
ii Trade payable			
Dues of micro enterprises and small enterprises	17 (b)	203.5	319.1
Others	17 (b)	35,176.3	23,338.2
iii Derivatives	17 (c)	567.8	118.7
iv Other financial liabilities	17 (d)	9,519.4	8,819.9
(b) Other current liabilities	18	824.3	382.0
(c) Provisions	19	651.5	282.2
(d) Current tax liabilities (net)	8 (b)	35.0	802.1
		64,208.7	47,459.3
Liabilities associated with group of assets classified as held for disposal	31	-	732.0
		156,054.8	126,348.8
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 Regn. No.: 116231 W/W-100024

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI

Chairman
DIN 00018577

V.V.THAKUR

Acting CFO

ADWAIT MORWEKAR

Partner

Membership No.: 110223

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Mumbai : 22nd June, 2020

Pune : 22nd June, 2020

Standalone Statement of Profit & Loss

for the year ended 31st March, 2020

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

Particulars	Note No.	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Continuing Operations			
Income			
Revenue from operations	20	151,826.8	143,286.1
Other Income	21	771.3	608.9
Total Income		152,598.1	143,895.0
Expenses			
Cost of materials consumed	22	94,312.9	89,586.0
Purchase of stock-in-trade	23	41.7	28.7
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(5,843.2)	(3,321.6)
Employee benefits expense	25	9,728.4	9,076.1
Finance costs	26	1,168.5	1,384.7
Depreciation and amortization expense	27	7,239.4	6,482.2
Other expenses	28	29,870.3	27,710.9
Total Expenses		136,518.0	130,947.0
Profit before exceptional items and tax from continuing operations		16,080.1	12,948.0
Exceptional Items	45	1,716.6	8,335.8
Profit before tax from continuing operations		17,796.7	21,283.8
Tax Expense	30		
Current Tax		3,478.8	4,151.5
Tax on Exceptional Items		379.3	2,037.0
Deferred Tax		(989.3)	143.4
Total Tax Expense		2,868.8	6,331.9
Profit for the year from continuing operations		14,927.9	14,951.9
Discontinued Operations			
Profit before tax for the year from discontinued operations	31	(83.8)	313.4
Tax expense of discontinued operations		(29.3)	109.5
Profit for the year from discontinued operations		(54.5)	203.9
Profit for the year		14,873.4	15,155.8
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(320.0)	(313.7)
Income tax relating to above		111.8	109.6
		(208.2)	(204.1)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		(1,647.1)	773.4
Income tax relating to above		575.6	(270.3)
		(1,071.5)	503.1
Total other comprehensive income for the year (net of taxes)		(1,279.7)	299.0
Total comprehensive income for the year		13,593.7	15,454.8
Earnings per share [Nominal Value per share ₹2 (31st March 2019 - ₹2)]	29		
- From Continuing Operations			
Basic and Diluted ₹ per share		21.56	21.60
- From Discontinued Operations			
Basic and Diluted ₹ per share		(0.08)	0.29
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 **B S R & Associates LLP**
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

ADWAIT MORWEKAR
Partner
Membership No.: 110223

Mumbai : 22nd June, 2020

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI
Chairman
DIN 00018577

V.V.THAKUR
Acting CFO

R.B.RATHI
Managing Director
DIN 00018628

MANDAR VELANKAR
Company Secretary

Pune : 22nd June, 2020

Standalone Statement of Changes in Equity

for the year ended 31st March, 2020

(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 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
Changes in equity share capital during 2019-20	-	-
Balance as at 31st March 2020	69,227,250	1,384.5

B. Other Equity

	Reserves and Surplus				Effective portion of cashflow hedge	Total
	Securities Premium	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss		
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	-	-	-	15,155.8	-	15,155.8
Profit for the year	-	-	-	(204.1)	503.1	299.0
Other Comprehensive Income (net of tax)	-	-	-	-	-	-
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	-	-	-	(692.3)	-	(692.3)
Equity Dividend (Refer Note No. 12)	-	-	-	(142.3)	-	(142.3)
Tax on dividend (Refer Note No. 12)	-	-	-	(834.6)	-	(834.6)
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
Total comprehensive income for the year ended 31st March 2020	-	-	-	14,873.5	-	14,873.5
Profit for the year	-	-	-	(208.2)	(1,071.5)	(1,279.7)
Other Comprehensive Income (net of tax)	-	-	-	-	-	-
Total	1,321.2	0.4	21,340.5	49,973.9	(568.4)	72,067.6
Transactions with owners, recorded directly in equity	-	-	-	(8,515.0)	-	(8,515.0)
Equity Dividend (Refer Note No. 12)	-	-	-	(1,682.9)	-	(1,682.9)
Tax on dividend (Refer Note No. 12)	-	-	-	(10,197.9)	-	(10,197.9)
Total distributions to owners	-	-	-	(10,197.9)	-	(10,197.9)
Balance as at 31st March, 2020	1,321.2	0.4	21,340.5	39,776.0	(568.4)	61,869.7

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 **BSR & Associates LLP**

Chartered Accountants

Firm Regn. No.: 116231 W/W-100024

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN 02599310

ADWAIT MORWEKAR

Partner

Membership No.: 110223

Mumbai : 22nd June, 2020

P. R. RATHI

Chairman

DIN 00018577

V. V. THAKUR

Acting CFO

R. B. RATHI

Managing Director

DIN 00018628

MANDAR VELANKAR

Company Secretary

Standalone Cash Flow Statement

for the year ended 31st March, 2020

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Cash flow from operating activities		
Profit before tax and exceptional items from continuing operations	16,080.1	12,948.0
Adjustment for		
Depreciation / amortization	7,239.4	6,482.2
(Gain)/ Loss on sale or write off of fixed assets	(40.9)	3.2
Provision no longer required written back	-	(94.4)
Gain on mutual fund fair valuation / sale	-	(3.5)
Unrealized foreign exchange Loss / (Gain)	972.8	(994.1)
Fair value (Gain) / Loss on derivatives	707.1	(398.2)
Income on Financial Guarantees	(53.5)	(62.2)
Provision for expected credit loss	588.1	11.1
Bad Debts	-	77.4
Finance costs	1,168.5	1,384.7
Interest income	(281.6)	(363.8)
Operating profit before working capital changes	26,380.0	18,990.4
Working capital adjustments :		
Increase / (decrease) in trade payables	10,851.6	1,814.8
Increase / (decrease) in provisions	256.7	(392.4)
Increase / (decrease) in other current liabilities	442.3	(74.3)
Increase / (decrease) in other financial liabilities	561.5	(252.0)
Decrease / (increase) in trade receivables	(917.1)	(5,468.4)
Decrease / (increase) in inventories	(9,187.0)	(5,449.0)
Decrease / (increase) in other assets	901.6	(396.9)
Decrease / (increase) in other financial assets	470.9	733.6
Decrease / (increase) in other bank balances	(103.4)	413.7
Cash generated from operations	29,657.1	9,919.5
Income taxes paid (net of refunds)	(6,021.1)	(2,810.0)
Net cash flow from/ (used in) operating activities from continuing operations	23,636.0	7,109.5
Net cash flow from/ (used in) operating activities from discontinued operations	(54.5)	1,401.3
Net cash flow from/ (used in) operating activities from continuing and discontinued operations (A)	23,581.5	8,510.8
Cash flows from investing activities :		
Purchase of fixed assets, including intangible assets, CWIP, capital advances and capital liabilities	(25,932.5)	(10,051.4)
Proceeds from sale of fixed assets	144.8	23.9
Investment in subsidiaries/ division	(65.1)	-
Other investments	(89.8)	-
Proceeds from sale of division and subsidiary, net of incidental expenses and tax	3,214.8	7,141.3
Proceeds from sale of mutual funds	-	51.4
Interest received	281.6	363.8
Net cash flow from/ (used in) investing activities from continuing operations	(22,446.2)	(2,471.0)
Net cash flow from/ (used in) investing activities from discontinued operations	-	(15.2)
Net cash flow from/ (used in) investing activities from continuing and discontinued operations (B)	(22,446.2)	(2,486.2)

Standalone Cash Flow Statement

for the year ended 31st March, 2020

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Cash flows from financing activities :		
Proceeds from long-term borrowings	13,775.5	648.2
Repayment of long-term borrowings	(7,403.8)	(6,955.9)
Dividend and tax thereon	(10,019.8)	(824.5)
Proceeds/ (Repayment) from short-term borrowings (net)	3,669.6	2,229.5
Finance costs paid	(1,168.5)	(1,384.7)
Income from financial guarantee	53.5	62.2
Net cash flow from/ (used in) financing activities from continuing operations	(1,093.5)	(6,225.2)
Net cash flow from/ (used in) financing activities from discontinued operations	-	(88.0)
Net cash flow from/ (used in) financing activities from continuing and discontinued operations (C)	(1,093.5)	(6,313.2)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	41.8	(288.6)
Cash and cash equivalents at the beginning of the year for continuing operations	190.7	382.2
Cash and cash equivalents at the beginning of the year for discontinued operations	-	97.1
Cash and cash equivalents at the beginning of the year	190.7	479.3
Cash and cash equivalents at the end of the year for continuing operations	232.5	190.7
Cash and cash equivalents at the end of the year for discontinued operations	-	-
Cash and cash equivalents at the end of the year	232.5	190.7
Components of cash and cash equivalents		
Cash in hand	5.3	6.6
In current account	227.2	184.1
Total cash and cash equivalents	232.5	190.7

Following is the net debt movement for continuing operations for the year ended 31st March 2020

	Opening balance	Cash Flows	Foreign Exchange Movement	Closing balance
Short term borrowings	13,397.1	3,669.6	164.2	17,230.9
Long term borrowings	17,716.1	6,371.6	3,147.9	27,235.6

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 **B S R & Associates LLP**
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

ADWAIT MORWEKAR
Partner
Membership No.: 110223

Mumbai : 22nd June, 2020

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN 00018628

Pune : 22nd June, 2020

V.V.THAKUR
Acting CFO

MANDAR VELANKAR
Company Secretary

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

1. BACKGROUND:

Sudarshan Chemicals Industries Limited ("the Company") is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19th February, 1951. The name of the Company was changed to Sudarshan Chemicals Industries Limited on 15th May, 1975 and the Company went Public in the year 1976 under the Companies Act, 1956. The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The registered office of the Company is located at 162, Wellesley Road, Pune 411001, Maharashtra, India.

The Company manufactures and sells a wide range of Organic, Inorganic Pigments and Effect Pigments.

The financial statements of the Company for the year ended 31st March, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 22nd June, 2020.

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 and 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 including implications, if any arising from the global pandemic COVID-19. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes:

(a) Useful life of depreciable assets:

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

(b) Recognition of deferred tax assets:

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

(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 including implications, if any arising from the global pandemic COVID-19.

(e) Impairment of trade receivables:

The Company estimates the uncollectability of trade receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and economic trends including implications, if any arising from the global pandemic COVID-19. If the financial condition of a customer deteriorates, additional allowances may be required.

(f) Provision for inventory obsolescence:

The Company identifies slow and non-moving stock of all inventories on an ongoing basis. These materials are then classified based on their expected shelf life to determine the possibility of utilisation / liquidation of these materials. Based on this study, a provision for slow and non-moving inventory is created.

(g) Fair value of disposal group:

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

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

- (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

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

(h) Uncertainty associated with COVID-19:

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of its assets including receivables, inventories, intangible assets and investments in subsidiary companies. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

(C) Significant accounting policies:

(a) Foreign Currency Translation:

(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:

- (1) Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss and reported within foreign exchange gains / (losses).

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

(2) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

(3) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

(4) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. 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).

(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:

(1) Depreciation on tangible assets is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule - II of the Companies Act, 2013, except in respect of the following assets where, useful life of assets have been determined based on technical evaluation done by the management's expert:

Asset Class	Useful Life Adopted	Useful Life as per Schedule-II
Plant and Machinery - Other than below	9.20	7.50
Plant and Machinery - SS Vessels / SS Equipments	15.00	7.50
Plant and Machinery - Other than SS Components	7.75	7.50
Vehicles	6.00	8.00

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

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

(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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

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 amortization and accumulated impairment losses.

Research costs are recognised as an expense in the standalone statement of profit and loss in the period they are incurred.

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. Such costs are capitalised as 'Technical know-how'. Otherwise it is recognised in the standalone statement of profit and loss in the period they are incurred.

Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Amortization:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer software and technical know-how are amortized on a straight-line basis over the period of expected future benefits. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The details of estimated useful life is as follows:

Asset Class	Years
Registrations	10.00
Computer Software, Technical Know-How and Right to Use	5-10

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

(d) Investment in Subsidiaries:

Investment in subsidiaries are carried at cost less impairment, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognized in the Statement of Profit and Loss

(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 included 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

(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's are met:

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

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

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is a part of a single 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:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.
- **Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(3) Trade receivables and loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

(4) Derivatives:

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.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking 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.

Cash flow hedges

When a derivative is designated as 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.

(5) Derecognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

(6) Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the statement of profit and loss.

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(2) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(3) Derecognition:

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

(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 amortization.

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:

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 stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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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.

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.

- (ii) Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.
- (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) Income from export incentives such as duty drawback 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.
- (v) 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:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

The Company operates two defined benefit plans for its employees, viz. gratuity and pension. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods.

(3) Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized

Notes to the Standalone Financial Statements

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accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(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:

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (3) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period).

(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. Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the

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recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

Asset / Cash Generating Unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. An impairment loss is recorded in the statement of profit and loss account.

(o) Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease and are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

MCA through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

approach. Accordingly, the Company has not restated comparative information. There is no impact of the cumulative effect of initially applying this standard that would need to be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Until 31 March 2019, the accounting policy applied by the Company was as below:

- (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 entity, 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:

The MCA notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from 1 April 2020.

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2020

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

3 PROPERTY, PLANT AND EQUIPMENT

A. Reconciliation of carrying amount

	Other than Research and Development					Research and Development					Total	
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount as at 1st 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
Additions	53.2	-	866.6	5,324.5	124.0	210.8	28.1	13.0	147.0	276.2	-	7,043.4
Disposals	-	-	-	270.3	48.7	17.9	0.4	-	11.3	-	-	348.6
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount as at 31st 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
Less: Assets Held for Sale	-	-	-	192.9	7.2	7.9	2.9	-	-	-	-	210.9
Gross amount as at 31st 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
Accumulated depreciation as at 1st 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 31st 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 31st 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 31st 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
Less: Assets Held for Sale	-	-	-	128.4	0.2	2.1	2.1	-	-	-	-	132.8
Net amount as at 31st 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

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as at and for the year ended 31st March, 2020

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

	Other than Research and Development						Research and Development				Total	
	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, 2019	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
Additions	-	-	1,390.1	18,994.8	117.1	120.4	19.0	58.3	411.0	53.6	-	21,164.3
Disposals	-	-	-	0.4	94.1	10.6	1.8	-	-	-	-	106.9
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount as at 31st March, 2020 for continuing operations	1,188.9	136.3	9,141.0	66,442.2	628.0	760.4	159.9	1,154.9	2,122.1	909.9	37.9	82,681.5
Accumulated depreciation as at 1st April, 2019	-	5.5	633.5	14,460.7	289.5	128.4	67.7	47.8	488.4	132.4	14.5	16,268.4
Depreciation for the year	-	1.9	265.4	6,202.7	115.3	64.4	22.6	18.2	215.7	82.3	7.2	6,995.7
Disposals	-	-	-	0.4	77.2	9.2	1.1	-	-	-	-	87.9
Accumulated depreciation as at 31st March, 2020 for continuing operations	-	7.4	898.9	20,663.0	327.6	183.6	89.2	66.0	704.1	214.7	21.7	23,176.2
Net amount as at 31st March, 2020 for continuing operations	1,188.9	128.9	8,242.1	45,779.2	300.4	576.8	70.7	1,088.9	1,418.0	695.2	16.2	59,505.3

B. Property, plant and equipment pledged as security: Please refer details of security provided in Note No. 33.

C. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is ₹ 6,934.8 Lakhs as at 31st March, 2020 (₹ 3,622.9 Lakhs as at 31st March, 2019).

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, 2020

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

4 GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Right to Use (Acquired)	Total	Intangible assets under development	Goodwill on acquisition of Business
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 / Transfer	-	-	-	-	-	-	-	-
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 amortization as at 1st April, 2018	127.8	198.8	-	214.5	15.5	556.6	-	-
Amortization for the year	156.9	8.8	-	113.2	14.9	293.8	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization 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 amortization 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	-
Gross amount as at 1st April, 2019	429.1	187.9	-	1,135.4	150.0	1,902.4	577.0	-
Additions	132.8	-	781.4	187.8	-	1,102.0	600.0	-
Disposals / Transfer	-	-	-	116.7	-	116.7	781.4	-
Gross amount as at 31st March, 2020 for continuing operations	561.9	187.9	781.4	1,206.5	150.0	2,887.7	395.6	-
Accumulated amortization as at 1st April, 2019	284.5	186.0	-	327.7	30.4	828.6	-	-
Amortization for the year	63.8	-	51.7	115.7	14.9	246.1	-	-
Disposals	-	-	-	34.1	-	34.1	-	-
Accumulated amortization as at 31st March, 2020 for continuing operations	348.3	186.0	51.7	409.3	45.3	1,040.6	-	-
Net amount as at 31st March, 2020 for continuing operations	213.6	1.9	729.7	797.2	104.7	1,847.1	395.6	-

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, 2020	As at 31 st March, 2019
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
Sudarshan Japan Limited	65.1	-
9,850,000 (Previous Year : Nil) Equity shares of JPY 1 each		
Sudarshan (Shanghai) Trading Company Limited	477.6	477.6
\$ 739,990 (Previous Year : \$ 739,990) fully paid-up Equity share capital		
RIECO Industries Limited	2,889.3	-
12,500,000 (Previous Year : 12,500,000) Equity shares of ₹ 10 each		
Less : Impairment	1,072.8	-
	1,816.5	-
	4,275.6	2,394.0
(b) Investments in Subsidiary (Held for Sale)		
RIECO Industries Limited	-	2,889.3
12,500,000 (Previous Year : 12,500,000) Equity shares of ₹ 10 each		
Less : Impairment against Investment in RIECO	-	1,072.8
	-	1,816.5
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	4,275.6	2,394.0
<i>Aggregate amount of unquoted investments held for sale</i>	-	1,816.5
<i>Aggregate amount of impairment in the value of investments</i>	1,072.8	1,072.8
Note:		
As per the Company's policy, investments in subsidiaries include the fair value of financial guarantees issued as security for loans taken by subsidiaries. The details of such fair values included in the investments above is as shown below:		
RIECO Industries Limited	89.3	89.3
Sudarshan Europe B.V.	7.4	7.4
	96.7	96.7

Notes to the Standalone Financial Statements

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6 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) INVESTMENTS		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : Nil) Equity shares of ₹ 10 each	87.8	-
	88.8	1.0
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	88.8	1.0
<i>Aggregate amount of impairment in the value of investments</i>	-	-
(b) LOANS		
(Unsecured considered good unless stated otherwise)		
Security Deposits	64.7	64.9
Loans to related parties (refer note 42)	101.3	-
	166.0	64.9

7 OTHER NON-CURRENT ASSETS

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Capital advances		
Considered good	3,979.8	1,085.8
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	3,979.8	1,085.8
(b) Advances other than capital advances:		
Balances with Government Authorities	1,007.2	1,196.0
Prepaid expenses	581.6	1.6
Statutory receivables	276.1	276.1
Others	493.8	403.1
	2,358.7	1,876.8
	6,338.5	2,962.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Non-current tax assets (net)		
Income tax assets	24,351.2	14,446.9
Income tax liabilities	21,949.5	14,396.0
Net income tax assets	2,401.7	50.9
(b) Current tax liabilities (net)		
Income tax liabilities	5,360.0	11,805.9
Income tax assets	5,325.0	11,003.8
Net income tax liabilities	35.0	802.1

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Raw Materials	8,270.2	7,485.0
Raw materials in transit	4,144.7	2,282.3
	12,414.9	9,767.3
(b) Work-in-progress	5,822.5	4,178.9
(c) Finished Goods	13,185.4	9,063.4
Finished goods in transit	108.6	31.0
	13,294.0	9,094.4
(d) Stores and Spares	2,274.0	1,567.4
(e) Stock-in-trade	42.9	42.9
(f) Packing Materials	98.4	108.8
	33,946.7	24,759.7

During FY 2019-20, an amount of ₹ 76.9 Lakhs (Previous Year : ₹ 97.4 Lakhs written back) was charged off to the Statement of Profit and Loss on account of slow-moving / non-moving inventory.

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

10 FINANCIAL ASSETS: CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated) (Refer Note No. 42 for details of related party balances)		
Trade receivables considered good	37,020.3	35,352.8
Less: Allowance for expected credit loss	375.1	484.5
	36,645.2	34,868.3
Trade receivables which are credit impaired	697.5	-
Less: Allowance for expected credit loss	697.5	-
	-	-
	36,645.2	34,868.3
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	5.3	6.6
Balance with Banks		
In Current Accounts	227.2	184.1
	232.5	190.7
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	356.9	178.7
Margin money deposits	85.9	160.7
	442.8	339.4
(d) LOANS		
(Unsecured and considered good unless otherwise stated)		
Loans to related parties (Refer Note No. 42)	-	300.0
	-	300.0
(e) DERIVATIVE ASSETS		
Foreign exchange forward contracts	148.4	718.4
Interest rate/currency swap contracts	312.0	-
	460.4	718.4
(f) OTHER FINANCIAL ASSETS		
Receivable from subsidiaries (Refer Note No. 42)	60.6	38.0
Export benefits receivable	1,206.6	1,307.6
Other Receivables (includes interest accrued on deposits)	132.3	224.6
Others	-	990.2
	1,399.5	2,560.4

11 OTHER CURRENT ASSETS

	As at 31 st March, 2020	As at 31 st March, 2019
Advances other than capital advances:		
Prepaid Expenses	373.2	206.8
Balances with Government authorities	2,364.5	3,806.3
Other advances	768.8	978.0
	3,506.5	4,991.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

12 EQUITY SHARE CAPITAL

	As at 31 st March, 2020	As at 31 st March, 2019
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, 2020		As at 31 st March, 2019	
	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, 2020, final dividend of ₹ 6 per share was paid for the Financial Year ended 31st March, 2019. Also during March, 2020 an Interim Dividend of ₹ 6.3 per share was paid. In view of this, the amount of dividend per share aggregates to ₹ 6.3 including special dividend of ₹ 0.5 (Previous Year : ₹ 6.00) on a face value of ₹ 2 per share.

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

	As at 31 st March, 2020		As at 31 st March, 2019	
	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	4,151,600	6.00	4,651,600	6.72
Mr. Rajesh B. Rathi	3,471,929	5.02	3,284,140	4.74
Mr. Akash Bhanshali	5,567,711	8.04	5,567,711	8.04

(d) For a period of five years immediately preceding 31st March, 2020 :

- 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, 2020

13 OTHER EQUITY

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Capital Reserve	0.4	0.4
(b) Securities Premium	1,321.2	1,321.2
(c) General Reserve	21,340.5	21,340.5
(d) Hedge Reserve	(568.4)	503.1
(e) Retained Earnings	39,776.0	35,308.6
	61,869.7	58,473.8
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	21,340.5	19,840.5
Additions during the year	-	1,500.0
Deductions during the year	-	-
Balance at the end of the year	21,340.5	21,340.5
(d) Effective Portion of Cash Flow Hedge		
Balance at the beginning of the year	503.1	-
Additions during the year	-	503.1
Deductions during the year	1,071.5	-
Balance at the end of the year	(568.4)	503.1
(e) Retained Earnings		
Balance at the beginning of the year	35,308.6	22,691.5
Add : Profit after tax for the year	14,873.5	15,155.8
Other Comprehensive Income recognised directly in retained earnings	(208.2)	(204.1)
Less: Appropriations		
Final Equity Dividend (including special dividend)	4,153.6	692.3
Interim Equity Dividend	4,361.4	-
Tax on Interim and Final Equity Dividend	1,682.9	142.3
Amount transferred to General Reserve	-	1,500.0
	39,776.0	35,308.6
	61,869.7	58,473.8

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, 2020

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, 2020	As at 31 st March, 2019
(a) BORROWINGS		
Secured		
Term loans from Banks		
Foreign Currency Loans	22,499.9	9,982.9
Unsecured		
Loans from Related Parties (Refer Note No. 42)		
Intercorporate Deposits	-	1,330.6
(Refer Note No. 33 for details of security and terms of repayment)		
	22,499.9	11,313.5
(b) OTHER FINANCIAL LIABILITIES		
Security Deposits	150.6	150.6
	150.6	150.6

15 PROVISIONS : NON-CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer note 32)	998.2	862.8
Provision for compensated absences (Refer note 32)	519.6	559.4
	1,517.8	1,422.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March, 2020	As at 31 st March, 2019
The major components of the deferred tax liabilities are :		
Property, plant and equipment	5,459.9	6,110.3
Others	87.6	100.2
	5,547.5	6,210.5
The major components of the deferred tax assets are :		
Deferred tax assets on impairment of investments	249.9	249.9
Minimum Alternate Tax (MAT) Credit	92.1	-
Allowance for expected credit loss	374.8	176.2
Indexed value of investment in subsidiary classified as held for sale	-	95.7
Expenditure accrued, allowable on actual payment	407.1	275.8
	1,123.9	797.6
	4,423.6	5,412.9

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, 2020	As at 31 st March, 2019
(a) BORROWINGS		
Secured		
Loans repayable on demand		
From banks :		
Rupee Loans	11,594.9	4,276.7
Foreign Currency Loans	1,636.0	1,525.1
Unsecured		
Loans repayable on demand		
From banks :		
Rupee Loans (Unsecured)	4,000.0	7,595.3
<i>(Refer Note No. 33 for details of security and terms of repayment)</i>		
	17,230.9	13,397.1
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises <i>(Refer Note No. 34)</i>	203.5	319.1
Other than Micro and Small Enterprises	35,176.3	23,338.2
	35,379.8	23,657.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

	As at 31 st March, 2020	As at 31 st March, 2019
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	540.1	96.8
Interest rate / currency swap contracts	27.7	21.9
	567.8	118.7
(d) OTHER FINANCIAL LIABILITIES		
Current maturities of long-term debt (including interest accrued thereon) (Refer Note No. 33)	4,735.7	6,402.6
Unclaimed Dividend	356.7	178.6
Unpaid matured deposits including interest thereon	21.4	23.4
Capital creditors	2,227.0	598.2
Employee Dues	1,646.1	1,167.9
Other Liabilities (includes commission payable to directors and commission payable on sales)	532.5	449.2
	9,519.4	8,819.9

18 OTHER CURRENT LIABILITIES

	As at 31 st March, 2020	As at 31 st March, 2019
Statutory Dues	253.6	259.4
Other Liabilities (includes advances from customers)	570.7	122.6
	824.3	382.0

19 PROVISIONS : CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	124.3	115.0
Provision for gratuity (Refer Note No. 32)	416.2	96.3
Provision for compensated absences (Refer Note No. 32)	111.0	70.9
	651.5	282.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

20 REVENUE FROM OPERATIONS

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Sale of products	149,125.5	140,950.0
Other operating revenues		
Export Incentives	2,062.7	1,921.4
Miscellaneous Operating Income	638.6	414.7
<i>(Refer Note No. 44 and 47)</i>	151,826.8	143,286.1

21 OTHER INCOME

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	81.0	41.8
Others	200.6	322.0
Net gains / (losses) on fair value changes :		
Gain on sale of Mutual Fund	-	3.5
Other Non-Operating Income :		
Liabilities no longer required, written back	-	94.4
Income on Financial Guarantees	53.5	62.2
Dividend from Subsidiary	347.0	-
Profit on Sale / Disposal of Fixed Assets (Net)	40.9	-
Miscellaneous Income	48.3	85.0
	771.3	608.9

22 COST OF MATERIALS CONSUMED

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Inventory of materials at the beginning of the year	9,767.3	7,468.2
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Add : Purchases	96,960.5	91,885.1
	106,727.8	99,353.3
Less: Inventory of materials at the end of the year	12,414.9	9,767.3
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
	94,312.9	89,586.0

23 PURCHASE OF STOCK-IN-TRADE

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Purchase of Stock- in-trade	41.7	28.7
	41.7	28.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

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

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Inventory at the end of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	13,294.0	9,094.4
Work-in-progress / Semi-finished Products	5,822.5	4,178.9
Stock-in-Trade	42.9	42.9
	19,159.4	13,316.2
Inventory at the beginning 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
	(5,843.2)	(3,321.6)

25 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Salaries, wages and bonus	8,845.6	8,266.4
Contribution to Provident and Other Funds	505.1	458.7
Staff Welfare Expenses	377.7	351.0
	9,728.4	9,076.1

26 FINANCE COSTS

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest expenses on financial liabilities measured at amortised cost*	1,105.8	1,342.0
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	62.7	42.7
	1,168.5	1,384.7

*Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 245.8 Lakhs (Previous year : Nil)

The weighted average rate for capitalisation of interest relating to general borrowings and specific borrowing was approximately 5% and 3.5% respectively for the year ended 31st March 2020.

27 DEPRECIATION AND AMORTIZATION

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Depreciation of property, plant and equipment	6,993.3	6,368.6
Amortization of other intangible assets	246.1	113.6
<i>(Excludes depreciation on assets subsequently classified as held for sale)</i>		
	7,239.4	6,482.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

28 OTHER EXPENSES

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Consumption of stores and spares	2,241.4	2,301.0
Consumption of packing material	1,598.9	1,668.9
Power and fuel	6,527.7	6,725.8
Water charges	1,288.5	1,114.9
Labour charges	3,965.5	3,224.1
Rent	189.2	147.1
Repairs and maintenance	2,361.1	2,278.1
Insurance	492.2	301.5
Rates and taxes (excluding taxes on income)	96.1	100.9
Advertisement	251.1	417.5
Auditors' Remuneration (Refer Note No. 35)	63.0	42.7
Bad debts written off	-	77.4
Provision for expected credit loss allowance (Refer Note No. 43)	588.1	11.1
Bank charges	115.1	136.2
Commission to Selling Agents	1,565.6	1,465.5
Freight and forwarding expenses	982.6	959.3
Directors' sitting fees	24.8	21.2
Foreign Exchange Difference (Net)	61.6	29.7
ERP / Computer related expenses	274.5	232.6
Legal, professional and consultancy charges	3,648.6	3,107.4
Loss on sale / disposal / retirement of assets	-	3.2
Printing, stationery and communication expenses	380.8	342.0
Travelling and conveyance	1,241.1	1,237.1
Expenditure towards Corporate Social Responsibility (Refer Note No. 38)	273.0	239.5
Miscellaneous expenses (Refer Note No. 39)	1,639.8	1,526.2
	29,870.3	27,710.9

29 EARNINGS PER SHARE

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
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	14,927.9	14,951.9
Basic and Diluted earnings per share	21.56	21.60
From Discontinued Operations (Including Exceptional Items)		
Net Profit after Tax	(54.5)	203.9
Basic and Diluted earnings per share	(0.08)	0.29
From Total Operations (Including Exceptional Items)		
Net Profit after Tax	14,873.4	15,155.8
Basic and Diluted earnings per share	21.48	21.89

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

30 INCOME TAX

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year for continuing operations	3,478.8	4,074.2
Adjustment of current tax relating to earlier years	-	77.3
	3,478.8	4,151.5
Current tax for the year for discontinued operations	(29.3)	109.5
	3,449.5	4,261.0
Deferred tax (b)		
Relating to origination and reversal of temporary differences	(989.3)	343.8
Adjustment of deferred tax relating to earlier years	-	(200.4)
	(989.3)	143.4
Tax on Exceptional Items (c)	379.3	2,037.0
Total tax expenses (a+b+c)	2,839.5	6,441.4
B Reconciliation of effective tax rate		
Profit before tax from continuing operations	16,080.1	12,948.0
Profit before tax from discontinued operations	(83.7)	313.4
	15,996.4	13,261.4
Tax using Statutory tax rate @ 34.94%	5,589.8	4,589.5
Tax effect of:		
- non deductible expenses	96.5	152.7
- incremental deduction on account of research and development costs	(494.3)	(364.3)
- deduction on account of section 80 IA of Income tax Act	(674.1)	-
- deferred tax recognised on impairment provision	-	(249.9)
- income tax relating to prior years	-	123.1
- impact of deferred tax re-measurement on application of section 115BAA (refer note below)	(2,305.5)	-
- tax on exceptional items	379.3	2,037.0
- indexation benefit on investment held for sale	95.7	57.8
- others	152.1	95.5
Income tax expenses	2,839.5	6,441.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

30 INCOME TAX (CONTD.)

C. Movement in deferred tax liabilities and assets

Deferred tax liabilities

	Property, Plant and Equipments	Other deferred tax liabilities	Total
As at 1st April, 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
Charged / (credited)			
- to statement of profit and loss	(650.4)	(12.6)	(663.0)
- to other comprehensive income	-	-	-
As at 31st March, 2020	5,459.9	87.6	5,547.5

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, 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
- utilised towards payment of taxes	-	-	-	-	(90.0)	(90.0)
As at 31st March, 2019	176.2	95.7	249.9	275.8	-	797.6
(Charged) / credited						
- to statement of profit and loss	198.6	(95.7)	-	131.3	92.1	326.3
- utilised towards payment of taxes	-	-	-	-	-	-
As at 31st March, 2020	374.8	-	249.9	407.1	92.1	1,123.9

The Government of India, on 20th September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961. The amendment provides an option to the Company to pay income taxes at reduced tax rates as per the provisions/ conditions defined in the said section. The Company has evaluated and expects to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019 in a subsequent financial year. Accordingly, the Company has estimated the reversal of the deferred tax asset / liabilities until the date of exercise of the option and sums that reverse subsequent to exercise of the option. The effect of this change has been recognised in tax expense for the year ended 31st March, 2020 on an effective tax basis. This has resulted in reversal of deferred tax expense of ₹ 2,305.5 Lakhs, which has been recorded in the period ended 31st March 2020 on account of remeasurement of deferred tax liability.

The aforesaid assessment and projections consider the increase in economic uncertainties due to the COVID-19 pandemic.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

31 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

(a) Description

Agro Chemical Division (“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 year ended 31st March, 2018, 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 and 31st March 2019.

Industrial Mixing Solutions Division (“IMSD”)

The Company used to deal in industrial mixers manufacturing from its facility at Chikhli, Maharashtra. During the current financial year 2019-20, 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. The transaction got completed on 22nd April, 2019. According to the requirements of Ind AS 105 - “Non current assets held for sale and discontinued operations”, the operations related to the Industrial Mixing Solution Division upto the date of 22nd April, 2019 have been shown as held for sale / discontinued operations.

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

Particulars	As at 31 st March, 2019		
	IMSD	Agro Chemicals	Total
Assets			
(a) Property, plant and equipment & Intangible Assets	469.9	-	469.9
(b) Other non current assets	5.7	-	5.7
(c) Inventories	340.5	-	340.5
(d) Current financial assets			-
i. Trade receivables	671.2	12.7	683.9
(e) Other current assets	5.5	-	5.5
Total assets	1,492.8	12.7	1,505.5
Liabilities			
(a) Non-current provisions	16.7	-	16.7
(b) Current financial liabilities			
i. Trade payables	442.3	126.7	569.0
ii. Other financial liabilities	1.2	-	1.2
(c) Other current liabilities	114.9	-	114.9
(d) Current provisions	30.2	-	30.2
Total liabilities	605.3	126.7	732.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

31 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, 2020		Year ended 31 st March, 2019		
	IMSD	Total	IMSD	Agro Chemical	Total
Income					
Revenue from operations	36.2	36.2	3,230.9	3,687.3	6,918.2
Other income	-	-	58.8	-	58.8
Total revenue	36.2	36.2	3,289.7	3,687.3	6,977.0
Expenses					
Cost of raw materials consumed	33.4	33.4	1,245.0	-	1,245.0
Cost of Goods Traded	-	-	-	2,745.1	2,745.1
Changes in inventories	-	-	(97.0)	509.2	412.2
Employee benefit expense	24.4	24.4	369.8	140.6	510.4
Finance Costs	2.5	2.5	88.0	-	88.0
Depreciation and amortization	2.6	2.6	46.2	57.0	103.2
Other expenses	57.1	57.1	1,110.8	448.9	1,559.7
Total expenses	120.0	120.0	2,762.8	3,900.8	6,663.6
Profit before tax	(83.8)	(83.8)	526.9	(213.5)	313.4
Tax expense	(29.3)	(29.3)	184.1	(74.6)	109.5
Profit after tax	(54.5)	(54.5)	342.8	(138.9)	203.9

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Operating Activities	(54.5)	1,401.3
Investing Activities	-	(15.2)
Financing Activities	-	(88.0)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS

A Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Employer's Contribution to Provident Fund	418.8	378.7
Employer's Contribution to Superannuation Fund	48.1	35.0

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.

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)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Current service cost	158.1	134.3
Net interest (income) / expense	2.4	5.3
Net expense	160.5	139.6

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Defined benefit obligation as at the beginning of the year	2,263.2	2,099.6
Interest cost	165.0	155.7
Current service cost	158.1	134.3
Benefit payments from plan assets	(205.5)	(265.7)
Others	(30.5)	(72.5)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(7.5)	195.7
Actuarial (gain) / loss - Financial	133.5	16.1
Defined benefit obligation as at the end of the year	2,476.3	2,263.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Fair value of plan assets at the beginning of the year	2,136.5	1,953.8
Expected returns on plan assets	162.6	150.4
Employer contributions	9.4	373.1
Mortality charges and taxes	-	-
Benefits paid	(205.5)	(265.7)
Others	(30.5)	(72.5)
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(12.4)	(2.6)
Fair value of plan assets at the end of year	2,060.1	2,136.5

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(Gain) / loss on defined benefit obligation - Experience	(7.5)	195.7
(Gain) / loss on defined benefit obligation - Financial	133.5	16.1
(Gain) / loss on plan assets - Experience	12.4	2.6
Amount recognised in the statement of OCI	138.4	214.4

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Defined Benefit Obligation	2,476.3	2,263.2
Fair value of plan assets	2,060.1	2,136.5
Closing net defined benefit liability / (asset)	416.2	126.7

Last year's liabilities includes liabilities of discontinued operations ₹ 30.4 Lakhs (Refer Note No. 31)

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).

Attrition:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employee turnover		
age upto 30 years	5.0%	3.0%
age 31-45 years	6.0%	2.0%
age above 45 years	5.0%	1.0%
Retirement Age	58-80 years	58-80 years

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

Financial assumptions

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.7%	7.6%
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, 2020		As at 31 st March, 2019	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(134.6)	149.0	(152.9)	171.9
Expected rate of increment in compensation levels	147.1	(135.7)	171.2	(155.0)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

The assumptions for mortality and attrition do not have a significant impact on the liability, hence are not considered an significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Within the next 12 months	329.2	216.2
Between 2 and 5 years	989.5	691.8
Beyond 5 years	1,600.7	1,676.4

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.8 years (Previous Year : 14.6 years).

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, 2020	Year ended 31 st March, 2019
Current service cost	3.4	5.6
Net interest (income) / expense	69.9	66.8
Net expense	73.3	72.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Defined benefit obligation as at the beginning of the year	977.8	902.1
Interest cost	69.9	66.8
Current service cost	3.4	5.6
Benefit payments directly by employer	(110.2)	(96.0)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	73.8	90.8
Actuarial (gain) / loss - Financial	107.8	8.5
Defined benefit obligation as at the end of the year	1,122.5	977.8

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(Gain) / loss on defined benefit obligation - Experience	73.8	90.8
(Gain) / loss on defined benefit obligation - Financial	107.8	8.5
Amount recognised in the statement of OCI	181.6	99.3

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Defined Benefit Obligation	1,122.5	977.8
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,122.5	977.8

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)

Financial assumptions

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.7%	7.6%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2020		As at 31 st March, 2019	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(97.1)	116.9	(74.8)	88.6
Pension increase rate	24.7	(23.5)	26.1	(25.7)

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 an significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Within the next 12 months	124.3	115.0
Between 2 and 5 years	634.6	587.0
Beyond 5 years	1,222.3	1,130.7

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, 2020	As at 31 st March, 2019
Current leave obligations expected to be settled within the next 12 Months	111.0	70.9
Leave obligations expected to be settled beyond 12 months	519.6	576.1

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.

Last year's liabilities includes liabilities of discontinued operations ₹ 16.7 Lakhs

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

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).

Particulars	31 st March, 2020	31 st March, 2019
Discount rate	6.7%	7.6%
Expected rate of increment in compensation levels	7.0%	7.0%
Employee turnover		
age upto 30 years	5.0%	3.0%
age 31-45 years	6.0%	2.0%
age above 45 years	5.0%	1.0%
Leave ailment	5.0%	5.0%
Retirement age	58-80	58-80

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

(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, 2020		As at 31 st March, 2019	
				Current	Non-Current	Current	Non-Current
a) SECURED							
i) Foreign currency term loans / ECBs from banks							
Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad, Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune	30-Apr-20	11 equal quarterly instalments	3 months EURIBOR + 1.55%	543.0	-	2,044.9	498.7
	30-Dec-21	18 equal quarterly instalments	3 months EURIBOR + 1.55%	1,782.4	1,322.7	1,665.6	2,895.3
	26-Mar-23	16 equal quarterly instalments	3 months EURIBOR + 1.00%	1,456.2	2,830.4	1,362.4	3,985.9
	31-Jan-23	20 equal quarterly instalments	1 month LIBOR + 1.25%	954.1	1,885.1	871.7	2,603.0
	27-Sep-25	17 equal quarterly instalments	1 month LIBOR + 1.40%	-	16,461.7	-	-
ii) 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, Amralewadi, Dist. Pune by registered mortgage.	1-3 months	Repayable on demand	0.50% to 9.40%	13,230.9	-	5,801.8	-

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2020

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

33 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE (CONTD.)

Security	Maturity Date	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2020		As at 31 st March, 2019	
				Current	Non-Current	Current	Non-Current
b) UNSECURED							
i) Working capital loans repayable on demand from banks	1 month	Repayable on demand	8.30% to 8.60%	4,000.0	-	7,595.3	-
ii) Loans and Advances from related parties							
Intercompany Deposits	Various	Repayable on demand	7.75% to 9.00%	-	-	458.0	1,330.6
iii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	21.4	-	23.4	-
				21,988.0	22,499.9	19,823.1	11,313.5
The bifurcation of total borrowings is as follows:							
Non current borrowings	Note 14(a)			-	22,499.9	-	11,313.5
Current borrowings	Note 17(a)			17,230.9	-	13,397.1	-
Current maturities of long-term debts	Note 17(d)			4,735.7	-	6,402.6	-
Unpaid matured deposits including interest thereon	Note 17(d)			21.4	-	23.4	-
				21,988.0	22,499.9	19,823.1	11,313.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

34 DISCLOSURE FOR MICRO, SMALL AND MEDIUM ENTERPRISE CREDITORS

Outstanding to Micro, Small and Medium Enterprise : ₹ 203.5 Lakhs (Previous Year : ₹ 319.1 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	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(a) Principal amount due	203.5	319.1
(b) Interest paid under MSMED Act, 2006	-	-
(c) Interest due	57.0	53.1
(d) Interest accrued and due	-	-
(e) Interest due and payable till actual payment	57.0	53.1

35 AUDITORS' REMUNERATION

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(a) Audit Fees	31.5	14.0
Audit Fees for earlier year	-	6.0
(b) Tax Audit Fees	2.0	2.0
(c) Other services -		
Certification and Limited Review	25.5	17.0
(d) Reimbursement of Expenses	4.0	3.7
	63.0	42.7

36 FIXED DEPOSITS (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(a) Fixed Deposits with Maturity less than 12 months	-	-
(b) Fixed Deposits with Maturity more than 12 months	-	-
(c) Unclaimed Matured Fixed Deposits	21.4	23.4
	21.4	23.4

37 RESEARCH AND DEVELOPMENT EXPENDITURE

This includes expenditure incurred by the Company on in-house research and development in respect of eligible facilities at Roha and Pune, approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(a) Revenue Expenditure		
Roha Unit	618.5	593.4
Pune Unit	1,045.3	796.4
Mahad Unit	48.5	30.8
	1,712.3	1,420.6
(b) Capital Expenditure		
Roha Unit	399.1	294.5
Pune Unit	123.8	141.6
	522.9	436.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

38 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was ₹ 273.0 Lakhs. (Previous year 239.5 Lakhs)

During the year the Company has incurred CSR expenses of ₹ 273.0 Lakhs (Previous Year : ₹ 239.5 Lakhs) which includes contribution / donation of ₹ 0.5 Lakhs (Previous Year : ₹ 35.0 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 ₹ 60.0 Lakhs (Previous Year : ₹ 204.5 Lakhs) directly incurred by the Company.

A contribution of ₹ 212.5 Lakhs (Previous Year : ₹ 0.4 Lakhs) is made to its subsidiary Sudarshan CSR Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports (d) protection of national heritage and promotion and development of traditional arts (e) promotion of gender equality and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermi-culture, organic farming etc.

39 DONATIONS

Miscellaneous expenses include donation to Political Party Nil (Previous Year : Nil).

40 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013:

Amount of loan outstanding from subsidiaries/ Corporate guarantee given on standalone basis and transactions during the year.

(a) Loans

Name of the Company	Given during the year	Maximum Outstanding	Re-Paid during the year	Rate of Interest	Purpose
RIECO Industries Limited	-	300.0	300.0	9.75%	General
Sudarshan Japan Limited	101.3	101.3	-	7.00%	Corporate Purpose

(b) Corporate guarantee given for loans availed by subsidiaries

Name of the Company	Given during the year	Closing Balance	Purpose
Sudarshan North America	-	2,261.6	General Corporate Purpose
Sudarshan Europe B.V.	-	4,983.0	
RIECO Industries Ltd.	-	10,000.0	
Sudarshan (Shanghai)	-	753.9	

For further details of loans and guarantees given to related party Refer Note No. 42. For details of Investments made Refer Note No. 5.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

41 COMMITMENTS AND CONTINGENCIES:

Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Excise duty	296.1	306.9
VAT / CST	53.5	93.7
Custom duty	330.4	330.4
Electricity duty on Power Generation	1,295.8	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 / VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

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 w.e.f 1 st June, 2018)
- Mr. N. 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	Non-Executive - (Additional) Independent Director (w.e.f 1 st April, 2019)
- Mr. Mandar Velankar	Company Secretary (w.e.f. 10 th Aug, 2018)

Notes to the Standalone Financial Statements

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42 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) (CONTD.)

- Mr. P.S. Raghavan	Company Secretary (Retired on 9 th Aug, 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
- 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

(c) Subsidiary Companies :

- Prescient Color Limited (Upto 31 st May 2018, refer note 45)
- 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 Japan Limited
- Sudarshan CSR Foundation (Sudarshan CSR Foundation (CSR foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (company), is a "not for profit Company" under Section 8 of the Companies Act, 2013. Main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

42 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) (CONTD.)

(d) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence :	
- Rabro Speciality Chemicals Pvt. Ltd.	- Laxminarayan Finance Pvt. Ltd.
- Rathi Brothers Pvt. Ltd.	- Mr. Ajoy B. Rathi HUF
- Mr. R.B.Rathi HUF	- Anahita Trust
- Manan Rathi Trust	- Mr. Anuj N. Rathi HUF
- Balkrishna Rathi Finance Private Limited	- Natasha Trust
- PRR Finance Private Limited	- Rathi Mixers Pvt. Ltd.
- Marathwada Chemical Industries Private Limited	- Breakthrough Management Group
- Rathi Vessels and Systems LLP	- Shri Jagannath Rathi Trust
- NJR Finance Pvt. Ltd.	- Crawford Bayley & Co.
- Rathi Enterprises Pvt. Ltd.	- Centre For Advancement Of Philanthropy
- Forbes Marshall Pvt Ltd.	- Krohne Marshall Pvt. Ltd.
- Aquapharm Chemicals Private Ltd.	

During the year under review, shareholding held by Mr. K. L. Rathi, his relatives and entities in his group have been re-classified as public shareholders, based on stock exchange approval received on 28th January, 2020.

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2020

(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.)

B Transactions with Related Parties	For the year ended 31 st March 2020				For the year ended 31 st March 2019							
	Management Personnel	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Management Personnel	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
a Salary, Pension, Reimbursement of expenses etc.:	647.18		114.8			761.98	715.8	121.5				837.3
Mr. P.R.Rathi	-		-			-	212.4	-				212.4
Mr. R.B.Rathi	306.58		-			306.58	239.2	-				239.2
Mr. A.V.Vij	147.1		-			147.1	139.5	-				139.5
Others	193.5		114.8			308.3	124.7	121.5				246.2
b Commission (Subject to Shareholders' approval):	90.3					90.3	60.0					60.0
Mr. P.R.Rathi	9.6		-			9.6	7.0	-				7.0
Mr. S. N. Inamdar	6.0		-			6.0	8.0	-				8.0
Mr. D. N. Damania	11.1		-			11.1	6.0	-				6.0
Mr. S. Padmanabhan	9.6		-			9.6	7.0	-				7.0
Mrs. S. A. Panse	8.7		-			8.7	7.0	-				7.0
Mr. S. K. Asher	8.4		-			8.4	7.0	-				7.0
Mr. N. J. Rathi	4.8		-			4.8	7.0	-				7.0
Others	32.1		-			32.1	11.0	-				11.0
c Sitting fees:	24.8					24.8	21.2					21.2
Mr. S.K.Asher	2.8		-			2.8	3.4	-				3.4
Mr. S.N.Inamdar	2.8		-			2.8	2.6	-				2.6
Mr. S.Padmanabhan	-		-			-	1.6	-				1.6
Mr. D.N.Damania	4.0		-			4.0	3.0	-				3.0
Mrs.S.A.Panse	-		-			-	2.4	-				2.4
Mrs. Rati F. Forbes	2.8		-			2.8	-	-				-
Mr. N.T. Raisinghani	3.0		-			3.0	-	-				-
Others	9.4		-			9.4	8.2	-				8.2
d Interest paid / payable:						40.5					182.4	182.4
Balkrishna Rathi Finance Pvt. Ltd.	-		-			-	-	-			32.4	32.4
Rathi Vessels and Systems LLP	-		-			-	-	-			24.5	24.5
Rabro Speciality Chemicals Pvt. Ltd.	-		-			-	-	-			83.7	83.7
NJR Finance Pvt. Limited	-		-			-	-	-			41.8	41.8
Others	-		-			-	-	-			5.5	5.5

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as at and for the year ended 31st March, 2020

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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 2020				For the year ended 31 st March 2019			
	Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Subsidiary Companies	Others	Total
e Acceptance of Deposits:	-	-	85.5	85.5	-	-	633.3	633.3
Rabro Speciality Chemicals Pvt. Ltd.	-	-	80.0	80.0	-	-	524.0	524.0
Others	-	-	5.5	5.5	-	-	109.3	109.3
f Repayments of Deposits:	-	-	1,874.2	1,874.2	-	-	1,058.8	1,058.8
NJR Finance Pvt. Limited	-	-	179.9	179.9	-	-	-	-
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	121.3	121.3
Rathi Vessels and Systems LLP	-	-	313.3	313.3	-	-	-	-
Bal Krishna Rathi Finance Pvt. Ltd.	-	-	344.7	344.7	-	-	115.0	115.0
Rabro Speciality Chemicals Pvt. Ltd.	-	-	764.5	764.5	-	-	820.5	820.5
Others	-	-	271.8	271.8	-	-	2.0	2.0
g Sale of Fixed Asset:	73.3	-	-	73.3	5.5	-	-	5.5
Mr. Anuj N. Rathi	55.3	-	-	55.3	-	-	-	-
Mr. P.R. Rathi	18.0	-	-	18.0	-	-	-	-
Mr. K.L. Rathi	-	-	-	-	5.5	-	-	5.5
h Sale of Goods:	-	27,638.1	6.7	27,644.8	-	26,112.4	6.7	26,119.1
Sudarshan Europe B.V.	-	19,464.3	-	19,464.3	-	19,191.7	-	19,191.7
Sudarshan North America, Inc.	-	5,328.9	-	5,328.9	-	4,820.4	-	4,820.4
Others	-	2,844.9	6.7	2,851.6	-	2,100.3	6.7	2,107.0
i Purchase of Goods / Services:	-	974.5	62.1	1,036.6	-	2,402.5	166.8	2,569.3
Sudarshan (Shanghai) Trading Co. Ltd.	-	817.3	-	817.3	-	2,376.8	-	2,376.8
RIECO Industries Ltd.	-	157.2	-	157.2	-	21.4	-	21.4
Others	-	-	62.1	62.1	-	4.3	166.8	171.1
j Professional Fees Paid:	26.0	-	139.6	165.6	11.0	-	87.3	98.3
Break through Management Group	-	-	112.1	112.1	-	-	72.3	72.3
Crawford Bayley & Co.	-	-	27.0	27.0	-	-	15.0	15.0
Mr. S.N. Inamdar	26.0	-	-	26.0	11.0	-	-	11.0
Others	-	-	0.5	0.5	-	-	-	-
k Subscription to Share Capital /	-	65.1	-	65.1	-	-	-	-
Sudarshan Japan Ltd	-	65.1	-	65.1	-	-	-	-

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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 2020				For the year ended 31 st March 2019				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
l Unsecured Loans given:	-	-	101.3	-	-	-	3,800.0	-	3,800.0
Prescient Color Ltd.	-	-	-	-	-	-	2,800.0	-	2,800.0
RIECO Industries Ltd.	-	-	-	-	-	-	1,000.0	-	1,000.0
Sudarshan Japan Ltd	-	-	101.3	-	-	-	-	-	-
m Unsecured Loans repayments received:	-	-	300.0	-	-	-	3,800.0	-	3,800.0
Prescient Color Ltd.	-	-	-	-	-	-	2,800.0	-	2,800.0
RIECO Industries Ltd.	-	-	300.0	-	-	-	1,000.0	-	1,000.0
n Interest received / accrued:	-	-	12.2	-	-	-	44.4	-	44.4
Sudarshan Europe B.V.	-	-	-	-	-	-	1.9	-	1.9
RIECO Industries Ltd.	-	-	12.2	-	-	-	33.4	-	33.4
Prescient Color Ltd.	-	-	-	-	-	-	9.1	-	9.1
o Commission on Sales (Incl. Taxes):	-	-	1,318.2	1,318.2	-	-	-	1,168.6	1,168.6
Rabro Speciality Chemicals Pvt Ltd	-	-	-	1,318.2	-	-	-	1,168.6	1,168.6
p Management Consultancy fees received (Incl. Taxes):	-	-	-	-	-	-	0.1	-	0.1
Prescient Color Ltd.	-	-	-	-	-	-	0.1	-	0.1
q Rent received (Incl. Taxes):	-	-	4.7	10.4	-	-	16.0	7.1	23.1
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	5.8	-	-	-	5.8	5.8
RIECO Industries Ltd.	-	-	4.7	-	-	-	16.0	-	16.0
Others	-	-	-	4.6	-	-	-	1.3	1.3
r Rent Paid	-	-	0.8	1.5	-	-	11.6	3.0	14.6
RIECO Industries Ltd.	-	-	0.8	-	-	-	11.6	-	11.6
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	1.5	-	-	-	3.0	3.0
s Donation Paid:	-	-	212.5	-	-	-	0.4	55.0	55.4
Shri Jagannath Rathi Charity Trust	-	-	-	-	-	-	-	55.0	55.0
Sudarshan CSR Foundation	-	-	212.5	-	-	-	0.4	-	0.4

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as at and for the year ended 31st March, 2020

(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 2020			For the year ended 31 st March 2019						
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
t Reimbursement of Expenses (Net) :	-	-	(899.9)	5.1	(894.8)	-	-	(450.6)	5.6	(445.0)
Sudarshan Europe B.V.	-	-	(669.8)	-	(669.8)	-	-	(284.7)	-	(284.7)
Sudarshan (Shanghai) Trading Co. Ltd	-	-	(233.9)	-	(233.9)	-	-	(192.5)	-	(192.5)
RIECO Industries Ltd.	-	-	23.5	-	23.5	-	-	63.5	-	63.5
Others	-	-	(19.7)	5.1	(14.6)	-	-	(36.9)	5.6	(31.3)
u Interest on corporate guarantee received:	-	-	53.5	-	53.5	-	-	62.3	-	62.3
Sudarshan Europe B.V.	-	-	20.4	-	20.4	-	-	18.7	-	18.7
Sudarshan North America, Inc.	-	-	-	-	-	-	-	7.9	-	7.9
Prescient Color Limited	-	-	-	-	-	-	-	3.4	-	3.4
RIECO Industries Ltd.	-	-	30.8	-	30.8	-	-	31.5	-	31.5
Others	-	-	2.3	-	2.3	-	-	0.8	-	0.8
v Compensation of Key Management Personnel	664.1	-	-	-	664.1	807.9	-	-	-	807.9
Short-term employee benefits (compensation)	518.5	-	-	-	518.5	490.1	-	-	-	490.1
Pension	34.9	-	-	-	34.9	62.6	-	-	-	62.6
Post - employment gratuity benefits	-	-	-	-	-	146.6	-	-	-	146.6
Leave benefits	-	-	-	-	-	16.4	-	-	-	16.4
Sitting fees	24.7	-	-	-	24.7	21.2	-	-	-	21.2
Professional fees	26.0	-	-	-	26.0	11.0	-	-	-	11.0
Commission	60.0	-	-	-	60.0	60.0	-	-	-	60.0
w Purchase of Fixed Asset	-	-	-	-	-	-	-	-	13.2	13.2
Rathi Mixers Private Limited	-	-	-	-	-	-	-	-	13.2	13.2
x Car Deposit taken	49.0	-	-	-	49.0	9.7	-	-	-	9.7
Mr. P.R. Rathi	49.0	-	-	-	49.0	-	-	-	-	-
Mr. A.V.Vij	-	-	-	-	-	9.7	-	-	-	9.7
y Car Deposit Repayment	2.0	-	-	-	2.0	-	-	-	-	-
Mr. A.V.Vij	2.0	-	-	-	2.0	-	-	-	-	-

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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 2020					As at 31 st March 2019				
	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	-	-	9,030.2	(5.1)	9,025.1	-	-	6,098.6	10.3	6,108.9
Sudarshan Europe B.V.	-	-	3,176.5	-	3,176.5	-	-	3,115.8	-	3,115.8
Sudarshan North America, Inc.	-	-	3,217.1	-	3,217.1	-	-	2,103.9	-	2,103.9
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	762.1	-	762.1	-	-	-	-	-
Sudarshan Mexico S. de R.L. de C.V.	-	-	1,862.0	-	1,862.0	-	-	1,155.0	-	1,155.0
Sudarshan Japan Ltd	-	-	3.7	-	3.7	-	-	-	-	-
Others	-	-	8.8	(5.1)	3.7	-	-	(276.1)	10.3	(265.8)
b Loan given	-	-	101.3	-	101.3	-	-	300.0	-	300.0
Sudarshan Japan Ltd	-	-	101.3	-	101.3	-	-	300.0	-	300.0
c Corporate guarantee given (INR)	-	-	17,998.4	-	17,998.4	-	-	17,440.0	-	17,440.0
Sudarshan North America Inc. (in USD)	-	-	30.0	-	30.0	-	-	30.0	-	30.0
Sudarshan North America Inc. (in INR)	-	-	2,261.6	-	2,261.6	-	-	2,079.0	-	2,079.0
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	60.0	-	-	60.0	-	60.0
Sudarshan Europe B.V. (in INR)	-	-	4,983.0	-	4,983.0	-	-	4,668.0	-	4,668.0
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)	-	-	753.9	-	753.9	-	-	693.0	-	693.0

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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) (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
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	-	-	-	-	-	344.7	344.7
Rathi Vessels and Systems LLP	-	-	-	-	-	-	-	-	307.8	307.8
NJR Finance Pvt.Ltd.	-	-	-	-	-	-	-	-	179.9	179.9
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	-	-	-	684.5	684.5
Others	-	-	-	-	-	-	-	-	271.8	271.8
e Guarantee Fee Receivable	-	-	63.2	-	63.2	-	-	27.4	-	27.4
Sudarshan Europe B.V.	-	-	46.1	-	46.1	-	-	18.7	-	18.7
Sudarshan North America, Inc.	-	-	12.5	-	12.5	-	-	7.9	-	7.9
RIECO Industries Ltd.	-	-	1.6	-	1.6	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	3.0	-	3.0	-	-	0.8	-	0.8
f Salary and Commission Payable	90.3	-	-	-	90.3	60.0	-	-	-	60.0
Mr. P.R.Rathi	9.6	-	-	-	9.6	7.0	-	-	-	7.0
Mr. S. N. Inamdar	6.0	-	-	-	6.0	8.0	-	-	-	8.0
Mr. D. N. Damania	11.1	-	-	-	11.1	6.0	-	-	-	6.0
Mr. S. Padmanabhan	9.6	-	-	-	9.6	7.0	-	-	-	7.0
Mrs. S. A. Panse	8.7	-	-	-	8.7	7.0	-	-	-	7.0
Mr. S. K. Asher	8.4	-	-	-	8.4	7.0	-	-	-	7.0
Mr. N. J. Rathi	4.8	-	-	-	4.8	7.0	-	-	-	7.0
Others	32.1	-	-	-	32.1	11.0	-	-	-	11.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

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 risks include borrowings, deposits, Investments, other receivable, payables and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

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 reduction in interest rates would have led to approximately an additional ₹ 111.2 lakhs (2018-19: ₹ 77.8 lakhs) gain in statement of profit and loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
The 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 ₹ 368.7 Lakhs Loss. (2018-19: loss of ₹ 71.1 Lakhs). A 2% decrease would have led to an increase in additional ₹ 368.7 Lakhs Gain. (2018-19: gain of ₹ 71.1 Lakhs).

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as at and for the year ended 31st March, 2020

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Foreign currency exposure and sensitivity	As at 31 st March, 2020		As at 31 st March, 2019	
	USD	EURO	USD	EURO
Amounts given below are in ₹ Lakhs				
Trade receivable	16,225.3	4,140.5	13,437.8	3,283.7
Forward contracts for Trade receivable	(21,697.5)	(2,137.0)	(10,105.3)	(777.0)
Foreign currency borrowings	(19,456.3)	(9,655.9)	(4,025.6)	(13,538.0)
Trade payable	(6,937.9)	(710.2)	(3,572.9)	(23.0)
Other payable	-	(2,848.3)	-	(3,485.1)
Currency Swaps	2,848.3	-	3,485.1	-
Forward contracts for Trade payable	754.9	6,859.9	1,925.2	2,141.0
Forward contracts for Borrowings	10,546.9	3,629.8	1,578.3	6,119.5
Total	(17,716.3)	(721.2)	2,722.6	(6,278.9)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Balance at beginning of the year	773.4	-
Changes in the fair value of effective portion of derivatives - Gain/(Loss)	(1,153.2)	773.4
Net Gain/(Loss) reclassified to statement of profit and loss on occurrence of hedged forecasted transactions	(493.9)	-
Balance at end of the year	(873.7)	773.4
Tax impact	305.3	(270.3)

The Company basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

Disclosure

How the risk arises	How the Company manages risks
The Company has a significant portion of its revenue in foreign currency (other than 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: <ul style="list-style-type: none"> - 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 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.

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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 instrument are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties

The Company's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the company uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly

The following are the principal amounts of outstanding foreign currency exchange forward contracts and non derivative contracts entered into by the Company which have been designated as Cash Flow Hedges:

As at 31st March, 2020

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Non-derivative contracts	96.5	EUR	(289.0)
	257.7	USD	(584.7)

As at 31st March, 2019

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Forward Contracts - Export	10.0	EUR	30.6
Forward Contracts - Export	118.3	USD	390.8
Forward Contracts - Imports	20.0	USD	2.7
Non-derivative contracts	161.4	EUR	294.4
Combination of non-derivative & derivative instrument (EUR)	40.4	EUR	72.8
Swap contract	70.0	EUR	(17.9)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

(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 ₹36,645.2lacs, ₹34,868.3lacs for 31 st March 2020 and 31 st March 2019 respectively. Against these receivable, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss

Balance as at 1st April, 2018	522.2
Provision recognised for expected credit loss	11.1
Debtors written off against provisions	(48.8)
Balance as at 31st March, 2019	484.5
Provision recognised for expected credit loss	588.1
Balance as at 31st March, 2020	1,072.6

In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk considering emerging situations due to the COVID-19 pandemic. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case. Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

In addition, financial instruments that are subject to concentration of credit risk include loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

(c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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:</p>

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, 2020						
Borrowings - Current	17(a)	17,230.9	-	-	-	17,230.9
Borrowings - Non Current	14(a)	-	-	20,546.0	1,953.9	22,499.9
Current Maturity of debts	17(d)	2,578.0	2,157.7	-	-	4,735.7
Other financial liabilities	14(b) and 17(d)	4,783.7	-	150.6	-	4,934.3
Trade payables	17(b)	35,379.8	-	-	-	35,379.8
Derivatives	17(c)	567.8	-	-	-	567.8
	Total	60,540.2	2,157.7	20,696.6	1,953.9	85,348.4
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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

B Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

	31 st March, 2020	31 st March, 2019
Total Debt	44,487.9	31,136.6
Total Equity	63,254.2	59,858.3
Debt-Equity ratio	0.70	0.52

44 OPERATING SEGMENTS :

The disclosures under Ind AS 108 - Operating Segments have been included in the Consolidated Financial Statements and accordingly, not included in these Financial Statements. Refer Note No. 41 of the Consolidated Financial Statements.

45 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 into the business of manufacturing of plastic master batch business to Americhem Inc., U.S.A. for an "Enterprise Value" ₹117 Crores. The transaction is completed on 31st May, 2018, resultant gain, net of related cost on the transaction is been accounted as exceptional income in the financial year ended March 31, 2019.

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 ₹ 700 lakhs. The transaction was completed on 20th September, 2018. Resultant gain, net of related cost on the transaction is been accounted as exceptional income in the financial year ended March 31, 2019.

Impairment of Investment in RIECO Industries Limited

The Company has investments in subsidiaries. These investments are accounted for at cost less any provision for impairment. Management assesses the operations of the subsidiaries/entities, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account and, accordingly no additional provision is required to be made, other than the amounts already provided for in the books of account.

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.

Estimates of future cash flows used in the value in use calculation are specific to the entity based on business plans and need not be the same as those of market participants. The future cash flows consider potential risks given the current economic environment and key assumptions, such as volume forecasts and margins. The discount rate used in the calculation reflects market's assessment of the risks specific to the asset as well as time value of money.

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2020

45 EXCEPTIONAL ITEMS : (CONTD.)

Discount rate	15.4%
Terminal value growth rate	2.0%
Budgeted EBITDA growth rate	5.0%

The financial projections considered in March 31, 2020 and future cash flows basis which investments have been tested for impairment consider the increase in economic uncertainties due to the COVID-19 pandemic, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis.

Divestment of Industrial Mixer Division

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 to GMM Pfaudler Limited for ₹ 2,900 Lakhs. The division deals into large industrial vessels used for food processing and other industrial purpose. The resultant gain of ₹ 1,716.6 Lakhs was recognised under "Exceptional Items".

	31 st March, 2020	31 st March, 2019
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)
Gain from Divestment of Industrial mixer division	1,716.6	-
	1,716.6	8,335.8

46 FINANCIAL INSTRUMENTS - FAIR VALUES:

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 31st March, 2020.

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	87.8	-	88.8
Loans	166.0	-	-	166.0
Trade receivables	36,645.2	-	-	36,645.2
Cash and cash equivalents	232.5	-	-	232.5
Bank balances other than cash and cash equivalents	442.8	-	-	442.8
Derivatives-Forward Contracts Receivable	-	148.4	-	148.4
Interest rate/currency swap contracts	-	312.0	-	312.0
Other financial assets	1,399.5	-	-	1,399.5
Total	38,887.0	548.2	-	39,435.2
Financial liabilities				
Borrowings	39,730.8	-	-	39,730.8
Trade payables	35,379.8	-	-	35,379.8
Derivative-Forward Contracts Payable	-	540.1	-	540.1
Interest rate/currency swap contracts	-	27.7	-	27.7
Other financial liabilities	9,670.0	-	-	9,670.0
Total	84,780.6	567.8	-	85,348.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

46 FINANCIAL INSTRUMENTS - FAIR VALUES: (CONTD.)

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 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

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 Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) Fair value of the mutual fund is based on the price at reporting date.
- (iii) The fair value of unquoted instruments, loans from banks, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- (iv) The Company enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
- (v) The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

47 DISCLOSURE PURSUANT TO IND AS 115

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The 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	Year ended 31 st March, 2020	Year ended 31 st March, 2019
i Revenue from contracts with customer	149,125.5	140,950.0
ii Other Revenue	2,701.3	2,336.1
	151,826.8	143,286.1

(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, 2020	Year ended 31 st March, 2019
1 Major Product Lines		
Continuing Operations		
Sale of Pigments	149,125.5	140,950.0
Total	149,125.5	140,950.0
2 Primary Geographical Market		
In India	80,027.9	75,146.9
Outside India	69,097.6	65,803.1
Total	149,125.5	140,950.0
3 Timing of revenue recognition		
Products transferred at point in time	149,125.5	140,950.0
Products transferred over in Time	-	-
Total	149,125.5	140,950.0

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Receivables, which are included in 'trade and other receivables'	36,645.2	34,868.3
Receivables, which are included in 'assets held for sale'	-	683.9
Contract Assets	-	-
Contract Liabilities	-	-
	36,645.2	35,552.2

The receivable above excludes the provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,072.6 lakhs (Previous year ₹ 484.5 lakhs) for continuing operations.

Since the products of the company are sold in such manner 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 45-90 days. There are no other significant obligations attached in the contract with customer.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

48 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, 2020 and 31st March, 2019.

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/ OCI					
Foreign exchange forward contracts					
As at 31 st March, 2020	31 st March, 2020	148.4	-	148.4	-
As at 31 st March, 2019	31 st March 2019	718.4	-	718.4	-
Interest rate/currency swap contracts					
As at 31 st March, 2020	31 st March, 2020	312.0	-	312.0	-
As at 31 st March, 2019	31 st March 2019	-	-	-	-
Investment in others					
As at 31 st March, 2020	31 st March, 2020	87.8	-	-	87.8
As at 31 st March, 2019	31 st March 2019	-	-	-	-
Financial Assets measured at amortised cost					
Loans					
As at 31 st March, 2020	31 st March, 2020	166.0	-	166.0	-
As at 31 st March, 2019	31 st March 2019	364.9	-	364.9	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

48 FAIR VALUE HIERARCHY : (CONTD.)

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 Liabilities measured at fair value through profit and loss

Foreign exchange forward contracts

As at 31 st March, 2020	31 st March, 2020	540.1	-	540.1	-
As at 31 st March, 2019	31 st March 2019	96.8	-	96.8	-

Interest Rate Swap

As at 31 st March, 2020	31 st March, 2020	27.7	-	27.7	-
As at 31 st March, 2019	31 st March 2019	21.9	-	21.9	-

Financial Liabilities measured at amortised cost

Borrowings

As at 31 st March, 2020	31 st March, 2020	39,730.8	-	39,730.8	-
As at 31 st March, 2019	31 st March 2019	24,710.6	-	24,710.6	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating- rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2020

48 FAIR VALUE HIERARCHY : (CONTD.)

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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.

49 The previous years numbers have been regrouped wherever necessary to meet current year classification.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

ADWAIT MORWEKAR
Partner
Membership No.: 110223

Mumbai : 22nd June, 2020

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN 00018628

V.V.THAKUR
Acting CFO

MANDAR VELANKAR
Company Secretary

Pune : 22nd June, 2020

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 31 March 2020, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive

income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Description of Key Audit Matter

The key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of product development costs</p> <p>Product development costs for new product development are recognised as intangible assets when technical feasibility is established, Group has committed technical and commercial resources and future economic benefits are assessed as 'probable'.</p> <p>The costs capitalised during the year represents the cost of technical know-how expenses including costs paid to external consultants up to the date the intangible asset is available for use.</p> <p>The assessment of the capitalisation criteria as set out in Ind AS 38 'Intangible Assets' is made at an early stage of product development. It involves:</p> <ul style="list-style-type: none"> Group's judgement to establish technical feasibility of the product; Group's estimation of availability of committed technical and commercial resources; Inherent challenges in predicting future economic benefits which must be assessed as 'probable' for capitalisation to commence. <p>There is a risk therefore the development cost may get capitalised where the relevant criteria have not been met. Accordingly, we identified capitalisation of product development cost as a key audit matter.</p> <p>(Refer notes 2(D)(c)(ii) and 4(i) to the Consolidated Financial Statements)</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Evaluated the design, implementation and operating effectiveness of key internal controls around initiation of capitalisation of the product development costs including Group's controls over estimation of the future economic benefit of the projects; Evaluated the Group's assessment that the recorded costs meet the capitalisation criteria. One of the criteria relating to future economic benefits is assessed as 'probable' was evaluated by assessing that there is an active market available for selling the products under development; Tested sample transactions for costs incurred towards projects using statistical sampling; Analysed and determined the costs which are capitalised are 'directly attributable' towards product development activities; Assessed Group's estimate of any possible effect from COVID-19 pandemic such as discontinuance or suspension.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

The key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill</p> <p>The Group carries goodwill resulting from business acquisitions of one subsidiary company. Risk is carrying amount of goodwill may not be backed up by performance of the Cash Generating Unit ('CGU') to which goodwill is allocated.</p> <p>The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Measurement of value in use involves significant estimates and judgements of the Group, including those related to the possible effects of the COVID-19 pandemic. Goodwill is a significant asset of the Group. This is identified as a key audit matter due to inherent uncertainties involved in projecting future cash flows and discount rate which are basis of the impairment assessment.</p> <p>(Refer notes 2(D)(c)(i) and 4(i) to the Consolidated Financial Statements)</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluated the design, implementation and operating effectiveness of key internal controls around identification of cash generating units (CGUs) and allocation of goodwill to the respective CGUs; • Evaluated the Group's controls over estimation of the value in use of the CGUs; • Evaluated the Group's assessment of value in use of CGUs to which goodwill is allocated; • Evaluated key inputs used in and the arithmetical accuracy of the cash flow projections. We assessed underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance; • Assessed the Group's estimate of the impact of COVID-19 pandemic on the impairment assessment.

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.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ 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 Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us 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.

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.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company incorporated in India as on 31 March 2020 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 are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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 :
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 38 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 17(c) to the consolidated financial statements in respect of such items as it relates to the Group;
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020; and
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.
- 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 to its directors 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

Adwait Morwekar

Partner

Membership No. 110223

ICAI UDIN: 20110223AAAAAP2012

Place: Mumbai

Date: 22 June 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (REFERRED TO IN PARAGRAPH (A)(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, 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 company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our 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

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2020

accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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

Adwait Morwekar

Partner

Membership No. 110223

ICAI UDIN: 20110223AAAAAP2012

Place: Mumbai

Date: 22 June 2020

Consolidated Balance Sheet

as at 31st March, 2020

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

Particulars	Note No.	As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	59,883.2	45,422.3
(b) Right-of-Use-Assets	4(ii)	225.2	-
(c) Capital work-in-progress		4,402.6	1,818.9
(d) Goodwill	4(i)	684.4	-
(e) Other Intangible assets	4(i)	1,916.1	1,073.8
(f) Intangible assets under development	4(i)	395.6	577.0
(g) Financial assets			
i Investments	5 (a)	88.8	1.0
ii Loans	5 (b)	87.6	74.0
(h) Deferred tax assets (net)	6	552.5	207.6
(i) Other non-current assets	7	5,735.5	2,962.6
(j) Non-current tax assets (net)	8 (a)	2,622.2	176.6
		76,593.7	52,313.8
II Current Assets			
(a) Inventories	9	41,066.4	30,766.1
(b) Financial assets			
i Trade receivables	10 (a)	36,406.2	34,614.5
ii Cash and cash equivalents	10 (b)	818.2	474.7
iii Bank balances other than (ii) above	10 (c)	744.0	339.4
iv Derivatives	10 (d)	460.4	718.4
v Other financial assets	10 (e)	1,840.4	2,543.9
(c) Other current assets	11	5,030.5	5,140.7
		86,366.1	74,597.7
Assets classified as held for disposal	31	-	9,130.9
		162,959.8	136,042.4
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	58,694.1	55,386.8
		60,078.6	56,771.3
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	22,499.9	11,313.5
ii Lease liability		207.0	-
iii Other financial liabilities	14 (b)	150.6	150.6
(b) Provisions	15	1,574.1	1,422.2
(c) Deferred tax liabilities (net)	16	5,009.1	5,662.8
		29,440.7	18,549.1
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	17 (a)	22,621.3	18,993.1
ii Trade payable			
Dues of micro enterprises and small enterprises	17 (b)	544.0	319.1
Others	17 (b)	36,626.4	23,896.1
iii Derivatives	17 (c)	567.8	118.7
iv Other financial liabilities	17 (d)	9,823.1	8,839.1
(b) Other current liabilities	18	2,552.6	486.9
(c) Provisions	19	664.1	282.2
(d) Current tax liabilities (net)	8 (b)	41.2	870.0
		73,440.5	53,805.2
Liabilities associated with group of assets classified as held for disposal	31	-	6,916.8
		162,959.8	136,042.4
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For **B S R & Associates LLP**

Chartered Accountants

Firm Regn. No.: 116231 W/W-100024

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI

Chairman
DIN 00018577

V.V.THAKUR

Acting CFO

ADWAIT MORWEKAR

Partner

Membership No.: 110223

R.B.RATHI

Managing Director
DIN 00018628

MANDAR VELANKAR

Company Secretary

Mumbai : 22nd June, 2020

Pune : 22nd June, 2020

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2020

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

Particulars	Note No.	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Continuing Operations			
Income			
Revenue from operations	20	170,819.2	159,304.8
Other Income	21	468.1	703.7
Total Income		171,287.3	160,008.5
Expenses			
Cost of materials consumed	22	100,019.9	94,462.4
Purchase of stock-in-trade	23	2,764.7	3,532.9
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(5,168.4)	(3,775.1)
Employee benefits expense	25	14,574.7	12,441.4
Finance costs	26	1,422.6	1,703.6
Depreciation and amortization expense	27	7,350.8	6,557.4
Other expenses	28	33,997.1	32,239.4
Total Expenses		154,961.4	147,162.0
Profit before exceptional items and tax from continuing operations		16,325.9	12,846.5
Exceptional Items	42	1,716.6	7,227.0
Profit before tax from continuing operations		18,042.5	20,073.5
Tax Expense	30		
Current Tax		3,649.6	4,344.9
Tax on Exceptional Items		379.3	2,037.0
Deferred Tax		(494.2)	416.6
Total Tax Expense		3,534.7	6,798.5
Profit for the year from continuing operations		14,507.8	13,275.0
Discontinued Operations			
Profit before tax for the year from discontinued operations	31	(83.8)	362.4
Tax expense of discontinued operations		(29.3)	127.5
Profit for the year from discontinued operations		(54.5)	234.9
Profit for the year		14,453.3	13,509.9
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(302.9)	(434.2)
Income tax relating to above		107.5	140.9
		(195.4)	(293.3)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		(1,647.1)	773.4
Gain / (loss) on translation of foreign operations		318.8	34.0
Income tax relating to above		575.6	(270.3)
		(752.7)	537.1
Total other comprehensive income for the year (net of taxes)		(948.1)	243.8
Total comprehensive income for the year		13,505.2	13,753.7
Earnings per share [Nominal Value per share ₹ 2 (31st March 2019 - ₹ 2)]	29		
- From Continuing Operations			
Basic and Diluted ₹ per share		20.96	19.18
- From Discontinued Operations			
Basic and Diluted ₹ per share		(0.08)	0.34
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

ADWAIT MORWEKAR
Partner
Membership No.: 110223

Mumbai : 22nd June, 2020

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN 00018628

V.V.THAKUR
Acting CFO

MANDAR VELANKAR
Company Secretary

Pune : 22nd June, 2020

Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

(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 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
Changes in equity share capital during 2019-20	-	-
Balance as at 31st March 2020	69,227,250	1,384.5

B. Other Equity

	Reserves and Surplus				Surplus in the Statement of Profit and Loss	Foreign Currency Translation Reserve	Effective Portion of Cash Flow Hedge	Total
	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve				
Balance as at 31st March, 2018	1,321.2	0.4	410.0	19,840.5	20,897.8	142.3	-	42,612.2
Total comprehensive income for the year ended 31st March 2019	-	-	-	-	13,509.9	-	-	13,509.9
Profit for the year	-	-	-	-	(293.3)	-	-	243.8
Other Comprehensive Income (net of tax)	-	-	-	-	34.0	-	-	503.1
Total	1,321.2	0.4	410.0	19,840.5	34,114.4	176.3	503.1	56,365.9
Transactions with owners, recorded directly in equity	-	-	-	1,500.0	(1,500.0)	-	-	-
Transfers to General Reserve	-	-	-	-	(144.5)	-	-	(144.5)
Adjustment on initial application of Ind AS 115	-	-	-	-	(692.3)	-	-	(692.3)
Equity Dividend (Refer Note No. 12)	-	-	-	-	(142.3)	-	-	(142.3)
Tax on dividend (Refer Note No. 12)	-	-	-	-	(979.1)	-	-	(979.1)
Total distributions to owners	-	-	-	-	(979.1)	-	-	(979.1)
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
Total comprehensive income for the year ended 31st Mar 2020	-	-	-	-	14,453.3	-	-	14,453.3
Profit for the year	-	-	-	-	(195.4)	-	-	(948.1)
Other Comprehensive Income (net of tax)	-	-	-	-	45,893.2	-	-	44,945.1
Total	1,321.2	0.4	410.0	21,340.5	45,893.2	495.1	(568.4)	68,892.0
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-
Equity Dividend (Refer Note No. 12)	-	-	-	-	(8,515.0)	-	-	(8,515.0)
Tax on dividend (Refer Note No. 12)	-	-	-	-	(1,682.9)	-	-	(1,682.9)
Total distributions to owners	-	-	-	-	(10,197.9)	-	-	(10,197.9)
Balance as at 31st March, 2020	1,321.2	0.4	410.0	21,340.5	35,695.3	495.1	(568.4)	58,694.1

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 **BSR & Associates LLP**

Chartered Accountants

Firm Regn. No.: 116231 W/W-100024

ADWAIT MORWEKAR

Partner

Membership No.: 110223

Mumbai : 22nd June, 2020

For and on behalf of the Board of Directors

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN 02599310

P. R. RATHI

Chairman

DIN 00018577

V. V. THAKUR

Acting CFO

MANDAR VELANKAR

Company Secretary

R. B. RATHI

Managing Director

DIN 00018628

Pune : 22nd June, 2020

Consolidated Cash Flow Statement

for the year ended 31st March, 2020

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Cash flow from operating activities		
Profit before tax from operations from continuing operations	16,325.9	12,846.5
Adjustment for		
Depreciation / amortization	7,350.8	6,557.4
(Gain)/ Loss on sale or write off of fixed assets	(48.3)	26.7
Provision no longer required written back	-	(94.4)
Gain on mutual fund fair valuation/ sale	-	(3.5)
Unrealized foreign exchange Loss / (Gain)	975.4	(996.7)
Fair value (Gain) / Loss on derivatives	707.1	(398.2)
Provision for expected credit loss	701.9	246.1
Bad Debts	229.6	133.2
Finance costs	1,422.6	1,703.6
Interest income	(272.3)	(329.4)
Operating profit before working capital changes	27,392.7	19,691.3
Working capital adjustments :		
Increase / (decrease) in trade payables	10,177.7	666.1
Increase / (decrease) in provisions	132.4	(647.1)
Increase / (decrease) in other current liabilities	2,003.3	(351.8)
Increase / (decrease) in other financial liabilities	(326.4)	(436.6)
Decrease / (increase) in trade receivables	1,961.6	(5,239.3)
Decrease / (increase) in inventories	(8,339.0)	(5,677.8)
Decrease / (increase) in other assets	275.6	680.0
Decrease / (increase) in other financial assets	(398.6)	292.0
Decrease / (increase) in other bank balances	(404.6)	413.7
Cash generated from operations	32,474.7	9,390.5
Income taxes paid (net of refunds) on total operations	(6,160.0)	(3,165.0)
Net cash flow from/ (used in) operating activities from continuing operations	26,314.7	6,225.5
Net cash flow from/ (used in) operating activities from discontinued operations	(54.5)	876.7
Net cash flow from/ (used in) operating activities from continuing and discontinued operations (A)	26,260.2	7,102.2
Cash flows from investing activities :		
Purchase of fixed assets, including intangible assets, CWIP, capital advances and capital liabilities	(25,536.1)	(10,230.4)
Proceeds from sale of fixed assets	155.6	27.4
Proceeds from sale of division and subsidiary, net of incidental expenses (refer note 46)	3,214.8	7,141.3
Proceeds from sale of mutual funds	-	51.4
Other investments	(87.8)	-
Interest received	272.3	329.4
Net cash flow from/ (used in) investing activities from continuing operations	(21,981.2)	(2,680.9)
Net cash flow from/ (used in) investing activities from discontinued operations	-	27.1
Net cash flow from/ (used in) investing activities from continuing and discontinued operations (B)	(21,981.2)	(2,653.8)

Consolidated Cash Flow Statement

for the year ended 31st March, 2020

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Cash flows from financing activities :		
Proceeds from long-term borrowings	13,775.5	648.2
Repayment of long-term borrowings	(7,403.8)	(6,955.9)
Dividend and tax thereon	(10,019.8)	(824.5)
Proceeds/ (Repayment) from short-term borrowings (net)	1,133.4	3,570.8
Finance costs paid	(1,422.6)	(1,761.3)
Net cash flow from/ (used in) financing activities from continuing operations	(3,937.3)	(5,322.7)
Net cash flow from/ (used in) financing activities from discontinued operations	-	559.1
Net cash flow from/ (used in) financing activities from continuing and discontinued operations (C)	(3,937.3)	(4,763.6)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	341.7	(315.2)
Cash and cash equivalents at the beginning of the year for continuing operations	474.7	667.4
Cash and cash equivalents at the beginning of the year for discontinued operations	1.8	124.3
Cash and cash equivalents at the beginning of the year	476.5	791.7
Cash and cash equivalents at the end of the year for continuing operations	818.2	474.7
Cash and cash equivalents at the end of the year for discontinued operations	-	1.8
Cash and cash equivalents at the end of the year	818.2	476.5
Components of cash and cash equivalents		
Cash in hand	5.3	8.4
In current account	812.9	468.1
Total cash and cash equivalents	818.2	476.5

Following is the net debt movement for continuing operations for the year ended 31st March 2020

	Opening balance	Cash Flows	Foreign Exchange Movement	Closing balance
Short term borrowings	18,993.1	1,133.4	2,494.8	22,621.3
Long term borrowings	17,716.1	6,371.7	3,147.8	27,235.6

Notes :

The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

Summary of significant accounting policies and key accounting estimates and judgments 2

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

As per our report of even date attached

For and on behalf of the Board of Directors

For **B S R & Associates LLP**
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI
Chairman
DIN 00018577

V.V.THAKUR
Acting CFO

ADWAIT MORWEKAR
Partner
Membership No.: 110223

R.B.RATHI
Managing Director
DIN 00018628

MANDAR VELANKAR
Company Secretary

Mumbai : 22nd June, 2020

Pune : 22nd June, 2020

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

1. BACKGROUND:

Sudarshan Chemicals Industries Limited ("the Company") is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19 February, 1951. The name of the Company was changed to Sudarshan Chemicals Industries Limited on 15 May, 1975 and the Company went Public in the year 1976 under the Companies Act, 1956. The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The registered office of the Company is located at 162, Wellesley Road, Pune 411001, Maharashtra, India.

The Consolidated Financial Statements include the Financial Statements of the Company's wholly owned subsidiaries viz. RIECO Industries Limited, Sudarshan Europe B.V. (The Netherlands), Sudarshan (Shanghai) Trading Company Limited (China), Sudarshan Japan Limited and the step-down subsidiaries viz. Sudarshan North America Inc. (U.S.A.), Sudarshan Mexico S de R.L.de CV (Mexico). Together, the Company and its subsidiaries are referred to as "the Group"

The Group manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments. The Group also manufactures Pollution Control Equipment, Size Reduction Equipment and Grinding Equipments for industrial applications.

The financial statements of the Group for the year ended 31 March, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 22 June, 2020.

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 consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances, transactions including unrealized gain / loss from such transactions and cash flows are eliminated upon consolidation. 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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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, 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 including implications, if any arising from the global pandemic COVID-19. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in following notes:

(a) Useful life of depreciable assets:

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

(b) Recognition of deferred tax assets:

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

(c) Defined benefit obligation:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include

the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(d) Impairment of non-financial assets and goodwill:

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. Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. Estimation uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate including implications, if any arising from the global pandemic COVID-19.

(e) Impairment of trade receivables:

The Group estimates the uncollectability of trade receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and economic trends including implications, if any arising from the global pandemic COVID-19. 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's are met:

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(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.

(h) Uncertainty associated with COVID-19:

The Group has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of its assets including receivables, inventories, intangible assets and impairment of goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Group based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances:

(1) Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of

the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss and reported within foreign exchange gains / (losses).

(2) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

(3) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

(4) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. 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).

(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:

(1) the assets and liabilities are translated at the rate on the date of that Balance Sheet.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(2) the income and expenses are translated at the monthly average exchange rates.

(3) Resulting foreign currency differences are recognized in other comprehensive income and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is reclassified to the Consolidated Statement of Profit and Loss as a part of gain or loss on disposal.

(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.

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.

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:

(1) Depreciation on tangible assets is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule - II of the Companies Act, 2013, except in respect of the following assets where, useful life of assets have been determined based on technical evaluation done by the management's expert:

Asset Class	Useful Life Adopted	Useful Life as per Schedule-II
Plant and Machinery - Other than below	9.20	7.50
Plant and Machinery - SS Vessels / SS Equipments	15.00	7.50
Plant and Machinery - Other than SS Components	7.75	7.50
Vehicles	6.00	8.00

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(2) 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.

The Group estimates the value-in-use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on the historical market returns of comparable companies

(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 amortization and accumulated impairment losses. Research costs are recognised as an expense in the consolidated statement of profit and loss in the period they are incurred.

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

costs are capitalised as 'Technical know-how'. Otherwise it is recognised in the standalone statement of profit and loss in the period they are incurred.

Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Amortization:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer software and technical knowhow are amortized on a straight-line basis over the period of expected future benefits. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The details of estimated useful life is as follows:

Asset Class	Years
Registrations	10
Computer Software, Technical Know-How and Right to Use	5-10

- (3) Amortization 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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(iv) Traded goods:

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

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

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

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is a part of a single 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.

(g) Financial Instruments:

(i) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(2) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in three categories:

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.
- **Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

period the Group changes its business model for managing financial assets.

(3) Trade receivables and loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

(4) Derivatives:

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 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.

Cash flow hedges

When a derivative is designated as 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.

(5) Derecognition:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

(6) Impairment of financial assets:

In accordance with Ind-AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Group recognises 12-24 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the statement of profit and loss.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(ii) Financial Liabilities:

(1) Initial recognition and measurement::

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

(2) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(3) Derecognition:

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

(iii) Offsetting of financial instruments:

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

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require specified payments to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(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:

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

obligations in the contract; determines the fair value transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

(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 company 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 the 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.

The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and the efforts incurred.

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. If the Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract liability ("Unearned revenue") arises when there are billing in excess of revenue.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(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:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

The Group operates two defined benefit plans for its employees, viz. gratuity and pension. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet

with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods.

(3) Compensated absences:

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(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:

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (3) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay income tax higher than that computed under MAT, during the period that MAT

is permitted to be set off under the Income Tax Act, 1961 (specified period).

(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. Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU 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 / CGU is made. Asset / CGU whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. An impairment loss is recorded in the statement of profit and loss account.

(n) Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease and are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification..

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

MCA through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using modified retrospective approach. Accordingly, the Group has not restated comparative information. There is no impact of the cumulative effect of initially applying this standard that would need to be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Until 31 March 2019, the accounting policy applied by the Group was as below:

- (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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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 Entity 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:

The MCA notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Group from 1 April, 2020.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2020

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

3 PROPERTY, PLANT AND EQUIPMENT

A. Reconciliation of carrying amount

	Other than Research and Development					Research and Development					Total	
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		
Gross amount at 1st 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
Additions	53.2	-	866.8	5,457.0	124.0	211.6	32.1	13.0	168.0	276.2	-	7,201.9
Disposals	-	-	-	292.9	53.1	17.9	0.4	-	11.3	-	-	375.6
Gross amount as at 31st March, 2019	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
Less: Assets held for Sale	0.6	-	115.3	334.4	118.3	11.6	9.7	-	-	-	-	589.9
Gross amount as at 31st March, 2019	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
Accumulated depreciation as at 1st 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
Closing accumulated depreciation as at 31st March, 2019	-	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
Closing accumulated depreciation as at 31st March, 2019	-	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 31st March, 2019	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
Less: Assets held for Sale	0.6	-	101.3	211.1	79.5	3.9	6.0	-	-	-	-	402.4
Net amount as at 31st March, 2019	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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

3 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Other than Research and Development					Research and Development					Total	
	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, 2019	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
Additions	-	-	1,390.1	19,120.4	117.1	130.1	2.8	58.3	411.0	53.6	-	21,302.4
Disposals	-	-	-	1.4	102.7	10.6	1.8	-	-	-	-	116.5
Gross amount as at 31st March, 2020	1,188.9	136.3	9,141.2	66,690.5	632.1	771.9	165.8	1,155.0	2,122.0	910.0	38.0	82,951.7
Add : Earlier Assets Held for Sale	0.6	-	115.3	141.4	111.1	3.7	6.8	-	-	-	-	378.9
Gross amount as at 31st March, 2020	1,189.5	136.3	9,256.5	66,831.9	743.2	775.6	172.6	1,155.0	2,122.0	910.0	38.0	83,330.6
Accumulated depreciation as at 1st April, 2019	-	5.5	633.3	14,519.8	303.5	129.0	69.4	47.8	488.3	132.4	14.5	16,343.5
Depreciation for the year	-	1.9	270.3	6,277.7	124.1	64.9	24.0	18.2	215.7	82.3	7.2	7,086.3
Disposals	-	-	-	1.4	80.1	9.2	1.1	-	-	-	-	91.8
Closing accumulated depreciation as at 31st March, 2020	-	7.4	903.6	20,796.1	347.5	184.7	92.3	66.0	704.0	214.7	21.7	23,338.0
Add : Earlier Assets Held for Sale	-	-	14.0	58.8	31.8	1.9	2.9	-	-	-	-	109.4
Closing accumulated depreciation as at 31st March, 2020	-	7.4	917.6	20,854.9	379.3	186.6	95.2	66.0	704.0	214.7	21.7	23,447.4
Net amount as at 31st March, 2020	1,189.5	128.9	8,338.9	45,977.0	363.9	589.0	77.4	1,089.0	1,418.0	695.3	16.3	59,883.2

B. Property, plant and equipment pledged as security: Please refer details of security provided in Note No. 33.

C. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is ₹ 6,934.8 Lakhs as at 31st March, 2020 (₹ 3,622.9 Lakhs as at 31st March, 2019).

D. 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, 2020

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

4(i) GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Right to Use (Acquired)	Total	Intangible assets under development	Goodwill on acquisition of Business
Gross amount 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	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	429.4	187.9	-	1,135.4	150.0	1,902.7	577.0	-
Accumulated amortization as at 1st April, 2018	155.0	198.8	-	214.5	15.5	583.8	-	-
Amortization for the year	162.8	8.8	-	113.2	14.9	299.7	-	-
Disposals	-	-	-	-	-	-	-	-
Closing accumulated amortization as at 31st March, 2019	317.8	207.6	-	327.7	30.4	883.5	-	-
Less : Assets Held for Sale	33.0	21.6	-	-	-	54.6	-	-
Closing accumulated amortization as at 31st March, 2019	284.8	186.0	-	327.7	30.4	828.9	-	-
Net amount as at 31st March, 2019	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	144.6	1.9	-	807.7	119.6	1,073.8	577.0	-
Gross amount at 1st April, 2019	429.4	187.9	-	1,135.4	150.0	1,902.7	577.0	-
Additions	176.0	-	781.4	187.8	-	1,145.2	600.0	684.4
Disposals	-	-	-	116.7	-	116.7	781.4	-
Gross amount as at 31st March, 2020	605.4	187.9	781.4	1,206.5	150.0	2,931.2	395.6	684.4
Add : Earlier Assets Held for Sale	71.2	-	-	-	-	71.2	-	-
Gross amount as at 31st March, 2020	676.6	187.9	781.4	1,206.5	150.0	3,002.4	395.6	684.4
Accumulated amortization as at 1st April, 2019	284.8	186.0	-	327.7	30.4	828.9	-	-
Amortization for the year	76.4	-	51.7	115.7	14.9	258.7	-	-
Disposals	-	-	-	34.1	-	34.1	-	-
Closing accumulated amortization as at 31st March, 2020	361.2	186.0	51.7	409.3	45.3	1,053.5	-	-
Add : Earlier Assets Held for Sale	32.8	-	-	-	-	32.8	-	-
Closing accumulated amortization as at 31st March, 2020	394.0	186.0	51.7	409.3	45.3	1,086.3	-	-
Net carrying amount as at 31st March, 2020	282.6	1.9	729.7	797.2	104.7	1,916.1	395.6	684.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

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

B. Impairment tests for goodwill:

The aggregate carrying amounts of goodwill represents goodwill recognised on consolidation of RIECO Industries Limited ("RIECO"). RIECO deals in Air Pollution Control System, Size Reduction Equipments and Pneumatic Conveying System. Below are the details of goodwill.

The recoverable amount of the 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, 2020	As at 31 st March, 2019
Discount rate	15.4%	14.5%
Terminal value growth rate	2.0%	5.0%
Budgeted EBITDA growth rate	5.0%	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.

4(II) RIGHT-OF-USE ASSETS

	Buildings
Gross amount as at 1st April, 2019	-
Transition impact of Ind AS 116	-
Additions	231.0
Deletions	-
Gross amount as at 31st March, 2020	231.0
Accumulated depreciation as at April 1, 2019	-
Transition impact of Ind AS 116	-
Depreciation for the year	5.8
Deletions	-
Accumulated depreciation as at 31st March, 2020	5.8
Net amount as at 31st March, 2020	225.2

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

5 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) INVESTMENTS		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : Nil) Equity shares of ₹ 10 each	87.8	-
	88.8	1.0
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	88.8	1.0
<i>Aggregate amount of impairment in the value of investments</i>	-	-
(b) LOANS		
(Unsecured considered good unless stated otherwise)		
Security Deposits	87.6	74.0
	87.6	74.0

6 DEFERRED TAX ASSETS (NET)

	As at 31 st March, 2020	As at 31 st March, 2019
The major components of the deferred tax assets are :		
Accumulated tax losses and unabsorbed depreciation	100.0	-
Unrealised profit on intra-group transfer of inventories	294.8	207.6
Minimum Alternate Tax (MAT) Credit	-	-
Allowance for expected credit loss	86.6	-
Others	95.7	-
	577.1	207.6
The major components of the deferred tax liabilities are :		
Property, plant and equipment	24.6	-
	24.6	-
<i>For movement in deferred tax assets and liabilities Refer Note No. 30.</i>	552.5	207.6

7 OTHER NON-CURRENT ASSETS

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Capital advances		
Considered good	3,376.8	1,085.8
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	3,376.8	1,085.8
(b) Advances other than capital advances:		
Balances with Government Authorities	1,007.2	1,196.0
Prepaid expenses	581.6	1.6
Statutory receivables	276.1	276.1
Others	493.8	403.1
	2,358.7	1,876.8
	5,735.5	2,962.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Non-current tax assets (net)		
Income tax assets	24,771.7	14,758.2
Income tax liabilities	22,149.5	14,581.6
Net income tax assets	2,622.2	176.6
(b) Current tax liabilities (net)		
Income tax liabilities	5,573.0	12,144.5
Income tax assets	5,531.8	11,274.5
Net income tax liabilities	41.2	870.0

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Raw Materials	8,368.2	7,470.4
Raw materials in transit	4,144.7	2,282.3
	12,512.9	9,752.7
(b) Work-in-progress	6,947.9	4,178.9
(c) Finished Goods	18,965.1	15,084.4
Finished goods in transit	163.8	31.0
	19,128.9	15,115.4
(d) Stores and Spares	2,335.4	1,567.4
(e) Stock-in-trade	42.9	42.9
(f) Packing Materials	98.4	108.8
	41,066.4	30,766.1

During FY 2019-20 an amount of ₹ 76.9 Lakhs (Previous Year : ₹ 97.4 Lakhs written back) was charged to the Statement of Profit and Loss on account of slow-moving / non-moving inventory.

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

10 FINANCIAL ASSETS: CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
<i>(Refer Note No. 39 for details of related party balances)</i>		
Trade receivables considered good	37,053.3	35,175.9
Less: Allowance for expected credit loss	647.1	561.4
	36,406.2	34,614.5
Trade receivables which are credit impaired	864.5	-
Less: Allowance for expected credit loss	864.5	-
	-	-
	36,406.2	34,614.5
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	5.3	6.6
Balance with Banks		
In Current Accounts	812.9	468.1
	818.2	474.7
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	356.9	178.7
Margin money deposits	387.1	160.7
	744.0	339.4
(d) DERIVATIVE ASSETS		
Foreign exchange forward contracts	148.4	718.4
Interest rate/currency swap contracts	312.0	-
	460.4	718.4
(e) OTHER FINANCIAL ASSETS		
Export Benefit receivable	1,247.3	1,307.6
Other Receivables (includes interest accrued on deposits)	132.3	1,214.8
Unbilled revenue	399.7	-
Deposits	61.1	21.5
	1,840.4	2,543.9

11 OTHER CURRENT ASSETS

	As at 31 st March, 2020	As at 31 st March, 2019
Advances other than capital advances:		
Prepaid Expenses	513.2	306.6
Balances with Government authorities	2,727.6	3,806.3
Other advances	1,789.7	1,027.8
	5,030.5	5,140.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

12 EQUITY SHARE CAPITAL

	As at 31 st March, 2020	As at 31 st March, 2019
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, 2020		As at 31 st March, 2019	
	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, 2020, final dividend of ₹ 6 per share was paid for the Financial Year ended 31st March, 2019. Also during March, 2020 an Interim Dividend of ₹ 6.3 per share was paid. In view of this, the amount of dividend per share aggregates to ₹ 6.3 including special dividend of ₹ 0.5 (Previous Year : ₹ 6.00) on a face value of ₹ 2 per share.

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

	As at 31 st March, 2020		As at 31 st March, 2019	
	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	4,151,600	6.00	4,651,600	6.72
Mr. Rajesh B. Rathi	3,471,929	5.02	3,284,140	4.74
Mr. Akash Bhanshali	5,567,711	8.04	5,567,711	8.04

(d) For a period of five years immediately preceding 31st March, 2020 :

- 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, 2020

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

13 OTHER EQUITY

	As at 31 st March, 2020	As at 31 st March, 2019
(a) Capital Reserve	0.4	0.4
(b) Capital Redemption Reserve	410.0	410.0
(c) Securities Premium	1,321.2	1,321.2
(d) General Reserve	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve	495.1	176.3
(f) Effective Portion of Cash Flow Hedge	(568.4)	503.1
(g) Retained Earnings	35,695.3	31,635.3
	58,694.1	55,386.8
MOVEMENTS IN OTHER EQUITY		
(a) Capital Reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital Redemption Reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0
(c) Securities Premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(d) General Reserve		
Balance at the beginning of the year	21,340.5	19,840.5
Additions during the year	-	1,500.0
Deductions during the year	-	-
Balance at the end of the year	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve		
Balance at the beginning of the year	176.3	142.3
Add: Other comprehensive income not recognised directly in retained earnings	318.8	34.0
Balance at the end of the year	495.1	176.3
(f) Effective Portion of Cash Flow Hedge		
Balance at the beginning of the year	503.1	-
Add: Other comprehensive income not recognised directly in retained earnings (net of taxes)	(1,071.5)	503.1
Balance at the end of the year	(568.4)	503.1
(g) Retained Earnings		
Balance at the beginning of the year	31,635.3	20,897.8
Add: Profit after tax for the year	14,453.3	13,509.9
Remeasurement of defined benefit obligations (net of tax)	(195.4)	(293.3)
Transitional provision of Ind AS 115	-	(144.5)
Less: Appropriations	-	-
Final Equity Dividend	4,153.6	692.3
Interim Equity Dividend	4,361.4	-
Tax on Interim and Final Equity Dividend	1,682.9	142.3
Amount transferred to General Reserve	-	1,500.0
	35,695.3	31,635.3
	58,694.1	55,386.8

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

13 OTHER EQUITY (CONTD.)

Description of nature and purpose of each reserve

- Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.
- Capital Reserve includes surplus on re-issue of shares in the financial year 1996-97 ₹ 0.4 Lakhs.
- Capital Redemption Reserve is created pursuant to redemption of Preference Share Capital (₹ 400.0 Lakhs) in the Financial Year 2013-14 and buy-back of Equity Shares (₹ 10.0 Lakhs) in the Financial Year 2006-07
- General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes.
- Cash flow hedging reserve -

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

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) BORROWINGS		
Secured		
Term loans from Banks		
Foreign Currency Loans	22,499.9	9,982.9
Unsecured		
Loans from Related Parties (Refer Note No. 39)		
Intercorporate Deposits	-	1,330.6
(Refer Note No. 33 for details of security and terms of repayment)		
	22,499.9	11,313.5
(b) OTHER FINANCIAL LIABILITIES		
Security Deposits	150.6	150.6
	150.6	150.6

15 PROVISIONS : NON-CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	998.2	862.8
Provision for gratuity (Refer Note No. 32)	10.5	-
Provision for compensated absences (Refer Note No. 32)	565.4	559.4
	1,574.1	1,422.2

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March, 2020	As at 31 st March, 2019
The major components of the deferred tax liabilities are :		
Property, plant and equipment	5,459.9	6,110.3
Others	423.2	47.2
	5,883.1	6,157.5
The major components of the deferred tax assets are :		
Minimum Alternate Tax (MAT) Credit	92.1	-
Allowance for expected credit loss	374.8	176.2
Indexed value investment in subsidiary classified as held for sale	-	95.6
Expenditure accrued, allowable on actual payment	407.1	222.9
	874.0	494.7
	5,009.1	5,662.8

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

For movement in deferred tax assets and liabilities Refer Note No. 30.

17 FINANCIAL LIABILITIES : CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) BORROWINGS		
Secured		
Loans repayable on demand		
From banks :		
Rupee Loans	12,527.1	4,276.7
Foreign Currency Loans	6,094.2	7,121.1
Unsecured		
Loans repayable on demand		
From banks :		
Rupee Loans	4,000.0	7,595.3
<i>(Refer Note No. 33 for details of security and terms of repayment)</i>		
	22,621.3	18,993.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

	As at 31 st March, 2020	As at 31 st March, 2019
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises	544.0	319.1
Other than Micro and Small Enterprises	36,626.4	23,896.1
	37,170.4	24,215.2
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	540.1	96.8
Interest rate / currency swap contracts	27.7	21.9
	567.8	118.7
(d) OTHER FINANCIAL LIABILITIES		
Current maturities of long-term debt (including interest accrued thereon) (Refer Note No. 33)	4,735.7	6,402.6
Unclaimed Dividend	356.7	178.6
Unclaimed fixed deposits including interest thereon	21.4	23.4
Capital creditors	2,227.0	598.2
Employee Dues	1,915.5	1,178.0
Other Liabilities (includes commission payable to directors and commission payable on sales)	566.8	458.3
	9,823.1	8,839.1

18 OTHER CURRENT LIABILITIES

	As at 31 st March, 2020	As at 31 st March, 2019
Statutory Dues	356.1	341.6
Deferred Revenue	541.3	-
Other Liabilities (includes advances from customers)	1,655.2	145.3
	2,552.6	486.9

19 PROVISIONS : CURRENT

	As at 31 st March, 2020	As at 31 st March, 2019
(a) PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (Refer Note No. 32)	124.3	115.0
Provision for gratuity (Refer Note No. 32)	416.2	96.3
Provision for compensated absences (Refer Note No. 32)	123.6	70.9
	664.1	282.2

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

20 REVENUE FROM OPERATIONS

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Sale of products	168,076.1	156,751.0
Sale of services	14.9	161.7
Other operating revenues		
Export Incentives	2,089.6	1,977.4
Miscellaneous Operating Income	638.6	414.7
<i>(Refer Note No. 41 and 45)</i>	170,819.2	159,304.8

21 OTHER INCOME

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	81.0	41.8
Others	191.3	287.6
Net gains / (losses) on fair value changes :		
Gain on sale of mutual funds	-	3.5
Other Non-Operating Income :		
Liabilities no longer required, written back	-	94.4
Profit/ loss on sale of fixed assets	48.3	-
Miscellaneous Income	147.5	276.4
	468.1	703.7

22 COST OF MATERIALS CONSUMED

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Inventory of materials at the beginning of the year <i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>	10,071.2	7,943.9
Add : Purchases	102,461.6	96,589.7
	112,532.8	104,533.6
Less: Inventory of materials at the end of the year <i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>	12,512.9	10,071.2
	100,019.9	94,462.4

23 PURCHASE OF STOCK-IN-TRADE

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Purchase of Stock-in-trade	2,764.7	3,532.9
	2,764.7	3,532.9

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(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, 2020	Year ended 31 st March, 2019
Inventory at the end of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	19,128.9	15,489.6
Work-in-progress / Semi-finished Products	6,947.9	5,418.9
Stock-in-Trade	42.9	42.9
	26,119.7	20,951.4
Inventory at the beginning of the year		
<i>(Excluding Inventories pertaining to Discontinued Operations. Refer. Note No. 31)</i>		
Finished Products	15,489.5	11,876.3
Work-in-progress / Semi-finished Products	5,418.9	5,257.4
Stock-in-Trade	42.9	42.6
	20,951.3	17,176.3
	(5,168.4)	(3,775.1)

25 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Salaries, wages and bonus	13,327.5	11,298.2
Contribution to Provident and Other Funds	829.7	753.2
Staff Welfare Expenses	417.5	390.0
	14,574.7	12,441.4

26 FINANCE COSTS

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest expenses on financial liabilities measured at amortised cost*	1,282.3	1,611.9
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	140.3	91.7
	1,422.6	1,703.6

*Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 245.8 Lakhs (Previous year : Nil)

The weighted average rate for capitalisation of interest relating to general borrowings and specific borrowing was approximately 5% and 3.5% respectively for the year ended 31st March 2020.

27 DEPRECIATION AND AMORTIZATION

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Depreciation of property, plant and equipment	7,086.3	6,437.9
Amortization of right of use assets	5.8	-
Amortization of other intangible assets	258.7	119.5
(Excludes depreciation on assets subsequently classified as held for sale)		
	7,350.8	6,557.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

28 OTHER EXPENSES

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Consumption of stores and spares	2,447.0	2,477.3
Consumption of packing material	1,598.9	1,668.9
Power and fuel	6,559.8	6,760.4
Water charges	1,288.5	1,114.9
Labour charges	4,572.4	4,151.8
Rent	511.8	504.6
Repairs and maintenance	2,435.1	2,331.0
Insurance	560.7	361.7
Rates and taxes (excluding taxes on income)	154.5	115.1
Advertisement	324.4	449.9
Auditors' Remuneration (Refer Note No. 34)	66.5	51.3
Bad debts written off	229.6	133.2
Provision for expected credit loss allowance (Refer Note No. 40)	701.9	246.1
Advance written off	46.0	84.2
Bank charges	217.7	237.1
Commission to Selling Agents	1,751.1	1,555.5
Directors' sitting fees	24.8	21.2
ERP / Computer related expenses	274.5	234.2
Foreign Exchange difference	140.5	60.5
Legal, professional and consultancy charges	3,799.0	3,547.3
Loss on sale / disposal / retirement of assets	0.9	26.7
Printing, stationery and communication expenses	453.9	414.5
Freight and Forwarding	1,145.5	1,254.2
Travelling and conveyance	1,966.3	2,073.5
Expenditure towards Corporate Social Responsibility (Refer Note No. 36)	273.0	239.5
Miscellaneous expenses (Refer Note No. 37)	2,452.8	2,124.8
	33,997.1	32,239.4

29 EARNINGS PER SHARE

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
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	14,507.8	13,275.0
Basic and Diluted earnings per share	20.96	19.18
From Discontinued Operations (Including Exceptional Items)		
Net Profit After Tax	(54.5)	234.9
Basic and Diluted earnings per share	(0.08)	0.34
From Total Operations (Including Exceptional Items)		
Net Profit After Tax	14,453.3	13,509.9
Basic and Diluted earnings per share	20.88	19.52

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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

30 INCOME TAX

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year for continuing operations	3,649.6	4,267.6
Adjustment of current tax relating to earlier years	-	77.3
	3,649.6	4,344.9
Current tax for the year for discontinued operations	(29.3)	127.5
	3,620.3	4,472.4
Deferred tax (b)		
Relating to origination and reversal of temporary differences	(494.2)	617.0
Adjustment of deferred tax relating to earlier years	-	(200.4)
	(494.2)	416.6
Tax on Exceptional Items (c)	379.3	2,037.0
Total tax expenses (a+b+c)	3,505.4	6,926.0
B Reconciliation of effective tax rate		
Profit before tax from continuing operations	16,325.8	12,846.5
Profit before tax from discontinued operations	(83.7)	362.4
	16,242.1	13,208.9
Income tax calculated at corporate tax rate	5,675.0	4,571.3
Tax effect of:		
- non deductible expenses	96.5	152.7
- incremental deduction on account of research and development costs	(494.3)	(364.3)
- deduction on account of section 80 IA of Income tax Act	(674.1)	-
- income tax relating to prior years	-	123.1
- tax on exceptional items	379.3	2,037.0
- impact of deferred tax re-measurement on application of section 115BAA (refer note below)	(2,305.5)	-
- indexation benefit on investment held for sale	95.7	57.8
- deferred tax recognised on undistributed reserves of subsidiary	335.6	-
- deferred tax not recognised on loss making entities	112.8	90.6
- tax implication on account of (higher)/ lower rates	223.8	68.4
- others	60.5	189.4
Income tax expenses	3,505.3	6,926.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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, 2018	6,170.7	43.8	6,214.5
Charged / (credited)			
- to statement of profit and loss	361.5	72.0	433.5
- to other comprehensive income	-	-	-
- transferred pertaining to discontinued business	(390.4)	(68.6)	(459.0)
As at 31st March, 2019	6,141.8	47.2	6,189.0
Charged / (credited)			
- to statement of profit and loss	(657.3)	376.0	(281.3)
- to other comprehensive income	-	-	-
- transferred pertaining to discontinued business	-	-	-
As at 31st March, 2020	5,484.5	423.2	5,907.7

(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, 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)
- transferred pertaining to discontinued business	-	(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
(Charged) / credited							
- to statement of profit and loss	87.2	(349.6)	224.7	(95.6)	254.1	92.1	212.9
- to other comprehensive income	-	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	-	-	-
As at 31st March, 2020	294.8	100.0	461.4	-	502.8	92.1	1,451.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

30 INCOME TAX (CONTD.)

The above movement of deferred tax assets and liabilities include the following balances

	As at 31 st March, 2020	As at 31 st March, 2019
Deferred tax assets (Refer Note No. 6)	552.5	207.6
Deferred tax assets of discontinued operations	-	504.4
Deferred tax (liabilities) (Refer Note No. 16)	(5,009.1)	(5,662.8)
Deferred tax assets / (liabilities) net	(4,456.6)	(4,950.8)

D. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the carried forwarded losses of following entities, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	As at 31 st March, 2020		As at 31 st March, 2019	
	Gross Amount	Unrecognised Deferred Tax Assets	Gross Amount	Unrecognised Deferred Tax Assets
Sudarshan Mexico S de R.L.de CV	-	-	19.7	5.9
Sudarshan Japan Limited	80.8	24.2	-	-
Sudarshan (Shanghai) Trading Company Limited	606.8	182.0	613.8	184.1
Sudarshan North America Inc.	2,200.4	660.1	1,878.2	563.5
	2,888.0	866.3	2,511.7	753.5

The Government of India, on 20th September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961. The amendment provides an option to the Holding Company to pay income taxes at reduced tax rates as per the provisions/ conditions defined in the said section. The Holding Company has evaluated and expects to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019 in a subsequent financial year. Accordingly, the Holding Company has estimated the reversal of the deferred tax asset / liabilities until the date of exercise of the option and sums that reverse subsequent to exercise of the option. The effect of this change has been recognised in tax expense for the year ended 31st March, 2020 on an effective tax basis. This has resulted in reversal of deferred tax expense of ₹ 2,305.5 Lakhs, which has been recorded in the period ended 31st March 2020 on account of remeasurement of deferred tax liability. The aforesaid assessment and projections consider the increase in economic uncertainties due to the COVID-19 pandemic.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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 year ended 31st March, 2018, 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 and 31st March 2019

Industrial Mixing Solutions Division ("IMSD")

The Group used to deal in industrial mixers manufacturing from its facility at Chikhli, Maharashtra. During the current financial year 2019-20, 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. The transaction got completed on 22nd April, 2019. According to the requirements of Ind AS 105 - "Non current assets held for sale and discontinued operations", the operations related to the Industrial Mixing Solution Division upto the date of 22nd April, 2019 have been shown as held for sale / discontinued operations.

RIECO Industries Limited

RIECO is engaged in the business of Size reduction equipments, Pneumatic handling 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 were classified as held for sale / discontinued operations in the financial year 31st March, 2019 as the Group had plans for divestment. During the current year, the Group has re-classified the operations of this subsidiary to continuing operations from earlier classified as discontinued operations, as the mandate given for sale is withdrawn. Accordingly, the statement of profit and loss presented during the year ended 31st March 2019 have been restated to include the operations of RIECO Industries Limited.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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			
	Agro Chemicals	IMSD	RIECO	Total
Assets				
Property, plant and equipment & Intangible Assets	-	469.9	308.0	777.9
Goodwill on consolidation	-	-	684.4	684.4
Deferred tax assets (net)	-	-	504.4	504.4
Other non current assets	-	5.7	87.0	92.7
Inventories	-	340.5	1,961.3	2,301.8
Current financial assets				
i. Trade receivables	12.7	671.2	3,080.7	3,764.6
ii. Cash and cash equivalents	-	-	1.8	1.8
iii. Other financial assets	-	-	350.5	350.5
Other current assets	-	5.5	647.3	652.8
Total assets	12.7	1,492.8	7,625.4	9,130.9
Liabilities				
Non-current financial liabilities				
i. Other financial liabilities	-	-	35.0	35.0
Non-current provisions	-	16.7	66.2	82.9
Current financial liabilities				
i. Borrowings	-	-	2,328.8	2,328.8
ii. Trade payables	126.7	442.3	2,067.5	2,636.5
iii. Other financial liabilities	-	1.2	62.5	63.7
Other current liabilities	-	114.9	1,586.5	1,701.4
Current provisions	-	30.2	32.2	62.4
Current tax liabilities (net)	-	-	6.1	6.1
Total liabilities	126.7	605.3	6,184.8	6,916.8

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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, 2020		Year ended 31 st March, 2019			
	IMSD	Total	Agro Chemical	PCL	IMSD	Total
Income						
Revenue from operations	36.2	36.2	3,687.3	1,192.8	3,230.9	8,111.0
Other income	-	-	-	-	58.8	58.8
Total revenue	36.2	36.2	3,687.3	1,192.8	3,289.7	8,169.8
Expenses						
Cost of raw materials consumed	33.4	33.4	-	720.6	1,245.0	1,965.6
Cost of Goods Traded	-	-	2,745.1	-	-	2,745.1
Changes in inventories	-	-	509.2	(29.6)	(97.0)	382.6
Employee benefit expense	24.4	24.4	140.6	-	369.8	510.4
Finance Costs	2.5	2.5	-	34.9	88.0	122.9
Depreciation and amortization	2.6	2.6	57.0	38.4	46.2	141.6
Other expenses	57.1	57.1	448.9	379.5	1,110.8	1,939.2
Total expenses	120.0	120.0	3,900.8	1,143.8	2,762.8	7,807.4
Profit before tax	(83.8)	(83.8)	(213.5)	49.0	526.9	362.4
Tax expense	(29.3)	(29.3)	(74.6)	18.0	184.1	127.5
Profit after tax	(54.5)	(54.5)	(138.9)	31.0	342.8	234.9

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Operating Activities	(54.5)	876.7
Investing Activities	-	27.1
Financing Activities	-	559.1

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as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS

A Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Employer's Contribution to Provident Fund	477.5	426.2
Employer's Contribution to Superannuation Fund	48.1	61.8

Group's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The Group makes contributions to the Superannuation Scheme, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Group has no obligation to the scheme beyond its annual contributions.

B Defined Benefit Plans

I Gratuity

The Group has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

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)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Current service cost	172.9	144.5
Net interest (income) / expense	4.9	7.5
Net benefit expense	177.8	152.0

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Defined benefit obligation as at the beginning of the year	2,422.6	2,288.6
Interest cost	175.6	170.2
Current service cost	172.9	144.5
Benefit payments from plan assets	(249.8)	(440.6)
Others	(30.5)	(72.5)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(14.3)	312.8
Actuarial (gain) / loss - Financial	123.4	19.6
Defined benefit obligation as at the end of the year	2,599.9	2,422.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Fair value of plan assets at the beginning of the year	2,253.5	2,159.0
Adjustment to opening fair value	-	-
Expected returns on plan assets	170.7	162.7
Employer contributions	41.5	447.4
Mortality charges and taxes	-	-
Benefits paid	(249.8)	(440.6)
Others	(30.5)	(72.5)
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(12.2)	(2.5)
Fair value of plan assets at the end of year	2,173.2	2,253.5

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(Gain) / loss on defined benefit obligation - Experience	(14.3)	312.8
(Gain) / loss on defined benefit obligation - Financial	123.4	19.6
(Gain) / loss on plan assets - Experience	12.2	2.5
Amount recognised in the statement of OCI	121.3	334.9

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Defined Benefit Obligation	2,599.9	2,422.6
Fair value of plan assets	2,173.2	2,253.5
Closing net defined benefit liability / (asset)	426.7	169.1

Last year's liabilities includes liabilities of discontinued operations ₹ 72.8 Lakhs (Refer Note No. 31)

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).

Attrition:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employee turnover		
age upto 30 years	5.0%	3.0%
age 31-45 years	6.0%	2.0%
age above 45 years	5.0%	1.0%
Retirement Age	58-80 years	58-80 years

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as at and for the year ended 31st March, 2020

32 EMPLOYEE BENEFITS (CONTD.)

Financial assumptions		
Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.7%	7.6%
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, 2020		As at 31 st March, 2019	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(132.5)	146.9	(150.1)	169.2
Expected rate of increment in compensation levels	145.3	(133.6)	168.8	(152.6)

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 an significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Within the next 12 months (next annual reporting period)	355.8	216.2
Between 2 and 5 years	1,069.4	802.0
Beyond 5 years	1,634.6	1,720.6

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.8 years (Previous Year : 14.6 years).

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, 2020	Year ended 31 st March, 2019
Current service cost	3.4	5.6
Net interest (income) / expense	69.9	66.8
Past service cost	-	-
Net benefit expense	73.3	72.4

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32 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Defined benefit obligation as at the beginning of the year	977.8	902.1
Interest cost	69.9	66.8
Current service cost	3.4	5.6
Benefit payments directly by employer	(110.2)	(96.0)
Past service cost	-	-
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	73.8	90.8
Actuarial (gain) / loss - Financial	107.8	8.5
Defined benefit obligation as at the end of the year	1,122.5	977.8

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(Gain) / loss on defined benefit obligation - Experience	73.8	90.8
(Gain) / loss on defined benefit obligation - Financial	107.8	8.5
Amount recognised in the statement of OCI	181.6	99.3

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Defined Benefit Obligation	1,122.5	977.8
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,122.5	977.8

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).

Financial assumptions

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.7%	7.6%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

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32 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2020		As at 31 st March, 2019	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(97.1)	116.9	(74.8)	88.6
Pension increase rate	24.7	(23.5)	26.1	(25.7)

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 an significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Within the next 12 months (next annual reporting period)	124.3	115.0
Between 2 and 5 years	634.6	587.0
Beyond 5 years	1,222.3	1,130.7

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, 2020	As at 31 st March, 2019
Current leave obligations expected to be settled within the next 12 Months	123.6	81.3
Leave obligations expected to be settled beyond 12 months	565.4	616.2

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.

Last year's liabilities includes liabilities of discontinued operations ₹ 67.2. Lakhs

Notes to the Consolidated Financial Statements

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32 EMPLOYEE BENEFITS (CONTD.)

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).

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Discount rate	6.0% to 6.7%	7.0% to 7.6%
Expected rate of increment in compensation levels	6.0% to 7.0%	7.0% to 10.0%
Employee turnover		
age upto 30 years	5.0%	3.0%
age 31-45 years	6.0%	2.0%
age above 45 years	5.0%	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, 2020		As at 31 st March, 2019	
				Current	Non-Current	Current	Non-Current
a) SECURED							
i) Foreign currency term loans / ECBs from banks							
Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune and further secured by way of Supplemental Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune	30-Apr-20	11 equal quarterly instalments	3 months EURIBOR + 1.55%	543.0	-	2,044.9	498.7
	30-Dec-21	18 equal quarterly instalments	3 months EURIBOR + 1.55%	1,782.4	1,322.7	1,665.6	2,895.3
	26-Mar-23	16 equal quarterly instalments	3 months EURIBOR + 1.00%	1,456.2	2,830.4	1,362.4	3,985.9
	31-Jan-23	20 equal quarterly instalments	1 month LIBOR + 1.25%	954.1	1,885.1	871.7	2,603.0
	27-Sep-25	17 equal quarterly instalments	1 month LIBOR + 1.40%	-	16,461.7	-	-
ii) 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 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, Amravezadi, Dist. Pune by creation of a joint registered mortgage. Subsidiary loans are secured by hypothecation of inventory and receivables and corporate guarantee of holding company.	1-3 months	Repayable on demand	0.50% to 9.40%	18,621.3	-	11,397.8	-

Notes to the Consolidated Financial Statements

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

33 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE (CONTD.)

Security	Maturity Date	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2020		As at 31 st March, 2019	
				Current	Non-Current	Current	Non-Current
b) UNSECURED							
i) Working capital loans repayable on demand from banks	1 month	Repayable on demand	8.30% to 8.60%	4,000.0	-	7,595.3	-
ii) Loans and Advances from related parties							
Intercompany Deposits	Various	Repayable on demand	7.75% to 9.00%	-	-	458.0	1,330.6
iii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	21.4	-	23.4	-
				27,378.4	22,499.9	25,419.1	11,313.5
The bifurcation of total borrowings is as follows:							
Non current borrowings	Note 14(a)			-	22,499.9	-	11,313.5
Current borrowings	Note 17(a)			22,621.3	-	18,993.1	-
Current maturities of long-term debts	Note 17(d)			4,735.7	-	6,402.6	-
Unpaid matured deposits including interest thereon	Note 17(d)			21.4	-	23.4	-
				27,378.4	22,499.9	25,419.1	11,313.5

Notes to the Consolidated Financial Statements

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34 AUDITORS' REMUNERATION

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(a) Audit Fees	34.5	22.6
Audit Fees for earlier year	-	6.0
(b) Tax Audit Fees	2.0	2.0
(c) Other services -		
Certification and Limited Review	25.5	17.0
(d) Reimbursement of Expenses	4.5	3.7
	66.5	51.3

35 FIXED DEPOSITS (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(a) Fixed Deposits with Maturity less than 12 months	-	-
(b) Fixed Deposits with Maturity more than 12 months	-	-
(c) Unclaimed Matured Fixed Deposits	21.4	23.4
	21.4	23.4

36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was ₹ 273.0 Lakhs. (Previous year 239.5 Lakhs)

During the year the Holding Company has incurred CSR expenses of ₹ 273.0 Lakhs (Previous Year : ₹ 239.5 Lakhs) which includes contribution / donation of ₹ 0.5 Lakhs (Previous Year : ₹ 35.0 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 ₹ 60.0 Lakhs (Previous Year : ₹ 204.5 Lakhs) directly incurred by the Holding Company.

A contribution of ₹ 212.5 Lakhs (Previous Year : ₹ 0.4 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 : Nil)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

38 COMMITMENTS AND CONTINGENCIES:

Contingent liabilities

Claims against the Group not acknowledged as debts

Particulars	As at	As at
	31 st March, 2020	31 st March, 2019
Excise duty	296.1	306.9
VAT / CST	82.0	116.6
Custom duty	330.4	330.4
Electricity duty on Power Generation	1,295.8	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 / VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

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. 24th 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 w.e.f 1 st June, 2018)
- Mr. N. 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	Non-Executive - (Additional) Independent Director (w.e.f 1 st April, 2019)
- Mr. Mandar Velankar	Company Secretary (w.e.f. 10th Aug, 2018)
- Mr. P.S. Raghavan	Company Secretary (Retired on 9th Aug, 2018)
- Mr. Vivek V. Thakur	Acting CFO

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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. 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
- 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

(c) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence :

- Mr. Ajoy B. Rathi HUF	Rabro Speciality Chemicals Pvt. Ltd.
- Anahita Trust	Laxminarayan Finance Pvt. Ltd.
- Manan Rathi Trust	Mr. Anuj N. Rathi HUF
- Balkrishna Rathi Finance Private Limited	Natasha Trust
- PRR Finance Private Limited	Mr. R.B.Rathi HUF
- Marathwada Chemical Industries Private Limited	Rathi Mixers Pvt. Ltd.
- Rathi Vessels and Systems LLP	Breakthrough Management Group
- NJR Finance Pvt. Ltd.	Shri Jagannath Rathi Trust
- Rathi Brothers Pvt. Ltd.	Crawford Bayley & Co.
- Rathi Enterprises Pvt. Ltd.	Sudarshan CSR Foundation **
- Forbes Marshall Pvt Ltd.	Centre For Advancement Of Philanthropy
- Aquapharm Chemicals Private Ltd.	Krohne Marshall Pvt. Ltd.

* (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.)

During the year under review, shareholding held by Mr. K. L. Rathi, his relatives and entities in his group have been re-classified as public shareholders, based on stock exchange approval received on 28th January, 2020.

Notes to the Consolidated Financial Statements

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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.)

B Transactions with Related Parties Nature of Transactions	For the year ended 31 st March 2020				For the year ended 31 st March 2019				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
a Salary, Pension, Reimbursement of expenses etc.:	647.2	114.8	-	-	762	131.2	-	-	1,075.7
Mr. P. R. Rathi	-	-	-	-	-	-	-	-	212.4
Mr. R. B. Rathi	306.58	-	-	-	306.58	-	-	-	239.2
Mr. A. V. Vij	147.1	-	-	-	147.1	-	-	-	139.5
Mr. A. B. Rathi	-	-	-	-	-	-	-	-	228.7
Mr. R. K. Rathi	-	-	-	-	-	9.7	-	-	9.7
Others	193.4	114.8	-	-	308.2	124.7	-	-	246.2
b Commission (Subject to Shareholders' approval) :	90.3	-	-	-	90.3	60.0	-	-	60.0
Mr. P.R.Rathi	9.6	-	-	-	9.6	7.0	-	-	7.0
Mr. R.B.Rathi	-	-	-	-	-	-	-	-	-
Mr. S. N. Inamdar	6.0	-	-	-	6.0	8.0	-	-	8.0
Mr. D. N. Damania	11.1	-	-	-	11.1	6.0	-	-	6.0
Mr. S. Padmanabhan	9.6	-	-	-	9.6	7.0	-	-	7.0
Mrs. S. A. Panse	8.7	-	-	-	8.7	7.0	-	-	7.0
Mr. S. K. Asher	8.4	-	-	-	8.4	7.0	-	-	7.0
Mr. N. J. Rathi	4.8	-	-	-	4.8	7.0	-	-	7.0
Mr. K. L. Rathi	-	-	-	-	-	-	-	-	-
Others	32.1	-	-	-	32.1	11.0	-	-	11.0
c Sitting fees:	24.8	-	-	-	24.8	21.2	-	-	21.2
Mr.S.KAsher	2.8	-	-	-	2.8	3.4	-	-	3.4
Mr.S.N.Inamdar	2.8	-	-	-	2.8	2.6	-	-	2.6
Mr.S.Padmanabhan	-	-	-	-	-	1.6	-	-	1.6
Mr.D.N.Damania	4.0	-	-	-	4.0	3.0	-	-	3.0
Mrs.S.A.Panse	-	-	-	-	-	2.4	-	-	2.4
Mrs. Rati F. Forbes	2.8	-	-	-	2.8	-	-	-	-
Mr. N.T. Raisinghani	3.0	-	-	-	3.0	-	-	-	-
Others	9.4	-	-	-	9.4	8.2	-	-	8.2
d Interest paid / payable :	-	-	-	40.5	40.5	-	-	182.4	182.4
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	8.9	8.9	-	-	32.4	32.4
Rathi Vessels and Systems LLP	-	-	-	5.4	5.4	-	-	24.5	24.5
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	16.3	16.3	-	-	83.7	83.7
NJR Finance Pvt. Limited	-	-	-	4.4	4.4	-	-	-	-
Others	-	-	-	5.5	5.5	-	-	41.8	41.8

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as at and for the year ended 31st March, 2020

(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 2020				For the year ended 31 st March 2019				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
e Acceptance of Deposits :	-	-	-	85.5	-	-	-	633.3	633.3
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	80.0	-	-	-	524.0	524.0
Others	-	-	-	5.5	-	-	-	109.3	109.3
f Repayments of Deposits :	-	-	-	1,874.2	-	-	-	1,058.8	1,058.8
NJR Finance Pvt. Limited	-	-	-	179.9	-	-	-	-	-
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	-	121.3	121.3
Rathi Vessels and Systems LLP	-	-	-	313.3	-	-	-	-	-
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	344.7	-	-	-	115.0	115.0
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	764.5	-	-	-	820.5	820.5
Others	-	-	-	271.8	-	-	-	2.0	2.0
g Sale of Fixed Asset:	73.3	-	-	-	73.3	-	-	-	5.5
Mr. Anuj N. Rathi	55.3	-	-	-	55.3	-	-	-	-
Mr. P.R. Rathi	18.0	-	-	-	18.0	-	-	-	-
Mr. K.L. Rathi	-	-	-	-	-	5.5	-	-	5.5
h Purchase of Fixed Asset:	-	-	-	-	-	-	-	13.2	13.2
Rathi Mixers Private Limited	-	-	-	-	-	-	-	13.2	13.2
i Sale of Goods :	-	-	-	6.7	-	-	-	6.7	6.7
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	6.7	-	-	-	6.7	6.7
j Purchase of Goods / Services :	-	-	-	62.1	-	-	-	-	-
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	0.3	-	-	-	-	-
Forbes Marshall Pvt. Ltd.	-	-	-	19.0	-	-	-	-	-
Krohne Marshall Pvt. Ltd.	-	-	-	42.8	-	-	-	-	-
k Professional Fees Paid :	26.0	-	-	139.6	165.6	11.0	-	87.3	98.3
Break through Management Group	-	-	-	112.1	112.1	-	-	72.3	72.3
Crawford Bayley & Co.	-	-	-	27.0	27.0	-	-	15.0	15.0
Mr. S.N. Inamdar	26.0	-	-	-	26.0	11.0	-	-	11.0
Others	-	-	-	0.5	0.5	-	-	-	-
l Commission on Sales (Incl. Taxes):	-	-	-	1,318.2	1,318.2	-	-	1,168.6	1,168.6
Rabro Speciality Chemicals Pvt Ltd	-	-	-	1,318.2	1,318.2	-	-	1,168.6	1,168.6
Others	-	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2020

(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 2020				For the year ended 31 st March 2019				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
m Rent received (Incl. Taxes):	-	-	-	10.4	-	-	-	7.1	7.1
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	5.8	-	-	-	5.8	5.8
Others	-	-	-	4.6	-	-	-	1.3	1.3
n Rent Paid	-	-	-	1.5	-	-	-	3.0	3.0
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	1.5	-	-	-	3.0	3.0
o Donation Paid:	-	-	212.5	-	-	-	0.4	55.0	55.4
Shri Jagannath Rathi Charity Trust	-	-	-	-	-	-	-	55.0	55.0
Sudarshan CSR Foundation	-	-	212.5	-	-	-	0.4	-	0.4
p Reimbursement of Expenses (Net):	-	-	-	5.1	-	-	-	5.6	5.6
Rabro Speciality Chemicals Pvt Ltd	-	-	-	5.1	-	-	-	1.1	1.1
Rathi Mixers Pvt. Ltd.	-	-	-	-	-	-	-	4.5	4.5
q Compensation of Key Management Personnel	664.1	-	-	-	-	-	-	1,036.7	1,036.7
Short-term employee benefits (compensation)	518.5	-	-	-	-	-	-	577.5	577.5
Pension	34.9	-	-	-	-	-	-	62.6	62.6
Post - employment gratuity benefits	-	-	-	-	-	-	-	288.0	288.0
Leave benefits	-	-	-	-	-	-	-	16.4	16.4
Sitting fees	24.7	-	-	-	-	-	-	21.2	21.2
Professional fees	26.0	-	-	-	-	-	-	11.0	11.0
Commission	60.0	-	-	-	-	-	-	60.0	60.0
r Car deposit taken	49.0	-	-	-	-	-	-	9.7	9.7
Mr. A.V.Vij	-	-	-	-	-	-	-	9.7	9.7
Mr. P.R. Rathi	49.0	-	-	-	-	-	-	-	-
s Car Deposit Repayment	2.0	-	-	-	-	-	-	2.0	2.0
Mr. A.V.Vij	2.0	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

(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.)

C	Balances due from / to related parties:	For the year ended 31 st March 2020					For the year ended 31 st March 2019						
		Nature of Transactions	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	-	-	-	-	(5.1)	(5.1)	-	-	-	-	10.3	10.3
	Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	-	0.7	0.7	-	-	-	-	1.4	1.4
	Aquapharm Chemicals Private Ltd.	-	-	-	-	-	-	-	-	-	-	5.4	5.4
	Krohne Marshall Pvt. Ltd.	-	-	-	-	(6.8)	(6.8)	-	-	-	-	(0.1)	(0.1)
	Forbes Marshall Pvt Ltd.	-	-	-	-	1.0	1.0	-	-	-	-	3.6	3.6
	Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	0.1	0.1	-	-	-	-	-	-
b	Deposits Payable	-	-	-	-	-	-	-	-	-	-	1,788.7	1,788.7
	Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	344.7	344.7
	Rathi Vessels and Systems LLP	-	-	-	-	-	-	-	-	-	-	307.8	307.8
	NJR Finance Pvt.Ltd.	-	-	-	-	-	-	-	-	-	-	179.9	179.9
	Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	684.5	684.5
	Others	-	-	-	-	-	-	-	-	-	-	271.8	271.8
c	Salary and Commission Payable	90.3	-	-	-	-	90.3	60.0	-	-	-	-	60.0
	Mr. P.R.Rathi	9.6	-	-	-	-	9.6	7.0	-	-	-	-	7.0
	Mr. S. N. Inamdar	6.0	-	-	-	-	6.0	8.0	-	-	-	-	8.0
	Mr. D. N. Damania	11.1	-	-	-	-	11.1	6.0	-	-	-	-	6.0
	Mr. S. Padmanabhan	9.6	-	-	-	-	9.6	7.0	-	-	-	-	7.0
	Mrs. S. A. Panse	8.7	-	-	-	-	8.7	7.0	-	-	-	-	7.0
	Mr. S. K. Asher	8.4	-	-	-	-	8.4	7.0	-	-	-	-	7.0
	Mr. N. J. Rathi	4.8	-	-	-	-	4.8	7.0	-	-	-	-	7.0
	Others	32.1	-	-	-	-	32.1	11.0	-	-	-	-	11.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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 risks include borrowings, deposits, Investments, other receivable, payables and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
The Group is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.	In order to manage its interest rate risk arising from variable interest rate borrowings, the Group uses Interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps decrease in interest rates would have led to approximately an additional ₹ 124.7 lakhs (2018-19: ₹ 91.8 lakhs) gain in statement of profit and loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk also includes highly probable foreign currency cash flows.	The Group has exposure arising out of export, import, loans and other transactions. The Group hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Group's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the Group has calculated the impact on the statement of profit and loss. The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional ₹ 483.4 Lakhs Loss. (2018-19: loss of ₹ 198.6 Lakhs). A 2% decrease would have led to an increase in additional ₹ 483.4 Lakhs Gain. (2018-19: Gain of ₹ 198.6 Lakhs).

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Foreign currency exposure and sensitivity	As at 31 st March, 2020		As at 31 st March, 2019	
	Exposure in \$	Exposure in €	Exposure in \$	Exposure in €
Amounts given below are in ₹ Lakhs				
Trade receivable	19,079.5	9,914.5	11,914.9	4,857.1
Forward contracts for Trade receivable	(21,697.5)	(2,137.0)	(10,105.3)	(777.0)
Foreign currency borrowings	(19,499.3)	(13,843.1)	(5,322.0)	(17,837.5)
Trade payable	(12,996.2)	(4,784.0)	(3,927.9)	(497.9)
Other payable	-	(2,848.3)	-	(3,485.1)
Currency Swaps	2,848.3	-	3,485.1	-
Forward contracts for Trade payable	754.9	6,859.9	1,925.2	2,141.0
Forward contracts for Borrowings	10,546.9	3,629.8	1,578.3	6,119.5
Total	(20,963.4)	(3,208.2)	(451.7)	(9,479.9)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Balance at beginning of the year	773.4	-
Changes in the fair value of effective portion of derivatives – Gain/(Loss)	(1,153.2)	773.4
Net Gain/(Loss) reclassified to statement of profit and loss on occurrence of hedged forecasted transactions	(493.9)	-
Balance at end of the year	(873.7)	773.4
Tax impact	305.3	(270.3)

Disclosure

How the risk arises	How group manages risks
The Group has a significant portion of its revenue in foreign currency (other than INR). This exposure in foreign exchange risk affects the profitability and financial position of the group due to variation in the foreign exchange rates.	The risk management strategy is as follows: <ul style="list-style-type: none"> - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.
The Group has certain amount of its purchases in foreign currency (other than INR) which results in exposure to fluctuation of exchange rate affecting the profitability and financial position of the Group.	The risk management strategy is to use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted purchases.
The Group has taken loans denominated in EUR which have floating interest rate. This results in exposing the Group to fluctuations in cash flow due to floating interest rate risk.	The risk management strategy is to use the Interest Rate Swap (IRS) to hedge the interest rate risk associated with floating interest rate cash flow.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

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 instrument are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties

The Group's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the group uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly

The following are the principal amounts of outstanding foreign currency exchange forward contracts and non derivative contracts entered into by the Holding Company which have been designated as Cash Flow Hedges:

As at 31st March, 2020

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Non-derivative contracts	96.5	EUR	(289.0)
	257.7	USD	(584.7)

As at 31st March, 2019

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Forward Contracts - Export	10.0	EUR	30.6
Forward Contracts - Export	118.3	USD	390.8
Forward Contracts - Imports	20.0	USD	2.7
Non-derivative contracts	161.4	EUR	294.4
"Combination of non-derivative & derivative instrument"	40.4	EUR	72.8
Swap contract	70.0	EUR	(17.9)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

(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 ₹ 36,406.2 lacs, ₹ 34,614.5 lacs for 31 st March 2020 and 31 st March 2019 respectively. Against these receivable, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss

Balance as at 1st April, 2018	1,599.2
Provision recognised for expected credit loss for continuing operations	246.1
Debtors written off against provisions	(992.6)
Balance as at 31st March, 2019 for total operations	852.7
Balance as at 31 st March, 2019 for discontinuing operations	291.3
Balance as at 31 st March, 2019 for continuing operations	561.4
Provision recognised for expected credit loss	701.9
Debtors written off against provisions	(42.9)
Balance as at 31st March, 2020	1,511.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

(c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
<p>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.</p> <p>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.</p>	<p>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.</p>	<p>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.</p> <p>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:</p>

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, 2020						
Borrowings - Current	17(a)	22,621.3	-	-	-	22,621.3
Borrowings - Non Current	14(a)	-	-	20,546.0	1,953.9	22,499.9
Current Maturity of debts	17(d)	2,578.0	2,157.7	-	-	4,735.7
Other financial liabilities	14(b) and 17(d)	5,238.0	-	-	-	5,238.0
Trade payables	17(b)	37,170.4	-	-	-	37,170.4
Derivatives	17(c)	567.8	-	-	-	567.8
	Total	68,175.5	2,157.7	20,546.0	1,953.9	92,833.1
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)	2,436.4	-	150.6	-	2,587.0
Trade payables	17(b)	24,215.2	-	-	-	24,215.2
Derivatives	17(c)	118.7	-	-	-	118.7
	Total	49,041.8	3,124.2	11,464.1	-	63,630.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

40 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

B Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

	As at 31 st March, 2020	As at 31 st March, 2019
Total Debt	49,878.3	36,732.6
Total Equity	60,078.6	56,771.3
Debt-Equity ratio	0.83	0.65

41 OPERATING SEGMENTS :

A Basis of Segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments as described below, which are the Group's strategic business units.

(i) Pigments

(ii) Others - Comprising of Engineering business (Manufacturer of pollution controls equipments, size reduction equipments and pneumatic conveying systems.)

B Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

Assumptions	Year ended 31 st March, 2020			Year ended 31 st March, 2019		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	158,975.7	11,843.5	170,819.2	147,651.0	11,653.8	159,304.8
Inter-segment Revenue	-	-	-	-	-	-
Total segment revenue	158,975.7	11,843.5	170,819.2	147,651.0	11,653.8	159,304.8
Segment Results						
Profit before tax and finance cost	16,515.7	1,232.8	17,748.5	15,159.7	(609.6)	14,550.1
Less: Finance costs (net)	1,274.6	148.0	1,422.6	1,524.0	179.6	1,703.6
Profit after finance cost but before tax	15,241.1	1,084.8	16,325.9	13,635.7	(789.2)	12,846.5
Profit after tax	12,328.0	842.5	13,170.5	8,784.4	(699.4)	8,085.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

41 OPERATING SEGMENTS: (CONTD.)

Assumptions	Year ended 31 st March, 2020			Year ended 31 st March, 2019		
	Pigment	Others	Total	Pigment	Others	Total
Capital Employed:						
Segment Assets	156,393.6	6,013.7	162,407.3	126,703.9	7,121.0	133,824.9
Segment Liabilities	43,937.8	4,077.4	48,015.2	29,982.3	3,856.0	33,838.3
Net Assets	112,455.8	1,936.3	114,392.1	96,721.6	3,265.0	99,986.6
Other Details:						
Capital Expenditure	24,734.1	346.8	25,080.9	9,131.5	75.2	9,206.7
Depreciation and Amortization	7,267.3	83.6	7,350.8	6,489.7	67.7	6,557.4

c Geographical Information

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Segment Revenue by location of customers		
In India	85,894.6	89,192.8
Outside India	84,924.6	70,112.0
	170,819.2	159,304.8
Non-current operating assets by location of assets		
In India	73,404.9	51,904.8
Outside India	2,636.4	201.4
	76,041.3	52,106.2

D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

42 EXCEPTIONAL ITEMS:

Exceptional item pertains to the following -

Divestment of Precient Color Limited ("PCL")

The Group divested its holding in PCL, which was into the business of manufacturing of plastic master batch business to Americhem Inc., U.S.A. for an "Enterprise Value" of ₹ 117 Crores. The transaction is completed on 31st May, 2018, resultant gain, net of related cost on the transaction is been accounted as exceptional income.

Agro Formulation Branding Business

The holding 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 ₹ 700 Lakhs. The transaction was completed on 20th September, 2018. Resultant gain, net of related cost on the transaction is been accounted as exceptional income.

Divestment of Industrial Mixer Division

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 to GMM Pfaudler Limited for ₹ 2,900 Lakhs. The division deals into large industrial vessels used for food processing and other industrial purpose. The resultant gain of ₹ 1,716.6 Lakhs was recognised under "Exceptional Items".

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

42 EXCEPTIONAL ITEMS: (CONTD.)

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Gain from Divestment of Subsidiary PCL	-	6,705.3
Gain from sale of Agro formulation branding business	-	521.7
Divestment of Industrial Mixer Division	1,716.6	-
	1,716.6	7,227.0

43 FINANCIAL INSTRUMENTS - FAIR VALUES:

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2020.

Particulars	Amortised cost	Financial assets/liabil- ities at fair value through profit and loss	Financial assets/liabil- ities at fair value through OCI	Total carrying value
Financial assets				
Investments	1.0	87.8	-	88.8
Loans	87.6	-	-	87.6
Trade receivables	36,406.2	-	-	36,406.2
Cash and cash equivalents	818.2	-	-	818.2
Bank balances other than cash and cash equivalents	744.0	-	-	744.0
Foreign exchange forward contracts	-	148.4	-	148.4
Interest rate/currency swap contracts	-	312.0	-	312.0
Other financial assets	1,840.4	-	-	1,840.4
Total	39,897.4	548.2	-	40,445.6
Financial liabilities				
Borrowings	45,121.2	-	-	45,121.2
Lease Liability	207.0	-	-	207.0
Trade payables	37,170.4	-	-	37,170.4
Foreign exchange forward contracts	-	540.1	-	540.1
Interest rate / currency swap contracts	-	27.7	-	27.7
Other financial liabilities	9,973.7	-	-	9,973.7
Total	92,472.3	567.8	-	93,040.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

43 FINANCIAL INSTRUMENTS - FAIR VALUES: (CONTD.)

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 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

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 employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
- (v) The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

44 FAIR VALUE HIERARCHY :

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Group's over-the- counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31st March, 2020 and 31st March, 2019.

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/ OCI					
Foreign exchange forward contracts					
As at 31 st March, 2020	31 st March, 2020	148.4	-	148.4	-
As at 31 st March, 2019	31 st March 2019	718.4	-	718.4	-
Investment in others					
As at 31 st March, 2020	31 st March, 2020	87.8	-	-	87.8
As at 31 st March, 2019	31 st March 2019	-	-	-	-
Interest rate/currency swap contracts					
As at 31 st March, 2020	31 st March, 2020	312.0	-	312.0	-
As at 31 st March, 2019	31 st March 2019	-	-	-	-
Financial Assets measured at amortised cost					
Loans					
As at 31 st March, 2020	31 st March, 2020	87.6	-	87.6	-
As at 31 st March, 2019	31 st March 2019	74.0	-	74.0	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2020	31 st March, 2020	540.1	-	540.1	-
As at 31 st March, 2019	31 st March 2019	96.8	-	96.8	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

44 FAIR VALUE HIERARCHY :(CONTD.)

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)
Interest Rate Swap					
As at 31 st March, 2020	31 st March, 2020	27.7	-	27.7	-
As at 31 st March, 2019	31 st March 2019	21.9	-	21.9	-
Financial Liabilities measured at amortised cost					
Borrowings					
As at 31 st March, 2020	31 st March, 2020	45,212.2	-	45,212.2	-
As at 31 st March, 2019	31 st March 2019	30,306.6	-	30,306.6	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating- rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
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, 2020

45 DISCLOSURE PURSUANT TO IND AS 115

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The Group generates revenue primarily from the sale of pigments and engineering business. Refer note on Segments. Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
i Revenue from contracts with customer	168,091.0	156,912.7
ii Other Revenue	2,728.2	2,392.1
	170,819.2	159,304.8

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
1 Major Product Lines		
Continuing Operations		
Sale of Pigments	156,247.5	145,258.9
Sale of Engineering Equipments	11,843.5	11,653.8
2 Primary Geographical Market		
Domestic	83,166.4	86,800.7
Export	84,924.6	70,112.0
Total	168,091.0	156,912.7
3 Timing of revenue recognition		
Products transferred at Point in Time	156,247.5	145,258.9
Products transferred over in Time	11,843.5	11,653.8
Total	168,091.0	156,912.7

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers for continuing operations

	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Receivables, which are included in 'trade and other receivables'	36,406.2	34,614.5
Receivables, which are included in 'assets held for sale'	-	3,764.6
Contract Assets	399.7	-
Contract Liabilities	541.3	-

The receivable above excludes the provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,511.7 lakhs. (Previous year ₹ 561.4 lakhs)

(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 do not contain any financing component. The payment is generally due within 45-90 days. There are no other significant obligations attached in the contract with customer.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

46 DETAILS OF SUBSIDIARIES

(a) The following subsidiary companies are considered in the Consolidated Financial Statement

Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2019-20	2018-19	
1 Prescient Color Limited (Upto 31st May, 2018 only)	-	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	100%	100%	India
7 Sudarshan Japan Limited	100% #	-	Japan

* Sudarshan CSR Foundation, a wholly owned subsidiary is not considered for Consolidation, refer note 39 (A) (c)

Incorporated during the year

(b) Additional information pursuant to Para 2 of general instructions for the preparation of Consolidated Financial Statement

Entity	Total Assets - Total Liabilities		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI	Amount
Parent Company								
Sudarshan Chemical Industries Limited	105.3	63,254.2	102.9	14,873.4	135.0	(1,279.7)	100.7	13,593.7
Indian Subsidiaries								
RIECO Industries Limited	2.1	1,261.7	5.5	799.5	(1.3)	12.8	6.0	812.3

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2020

46 DETAILS OF SUBSIDIARIES (CONTD.)

Entity	Total Assets - Total Liabilities		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI	Amount
Foreign Subsidiaries								
Sudarshan Europe B.V	6.3	3,773.2	3.3	483.3	(21.3)	201.5	5.1	684.8
Sudarshan North America	0.1	43.2	(3.1)	(441.6)	(8.5)	80.2	(2.7)	(361.4)
Sudarshan Mexico	0.1	30.1	(0.2)	(33.5)	(2.4)	22.3	(0.1)	(11.2)
Sudarshan (Shanghai)	(0.2)	(129.2)	(0.1)	(20.6)	(1.5)	13.9	-	(6.7)
Sudarshan Japan	-	(15.7)	(0.6)	(81.7)	(0.1)	0.9	(0.6)	(80.8)
Eliminations	(13.7)	(8,138.9)	(7.7)	(1,125.5)	-	-	(8.4)	(1,125.5)
Total		60,078.6		14,453.3		(948.1)		13,505.2

47 The previous years numbers have been regrouped wherever required to meet current year's classification.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Regn. No.: 116231 W/W-100024

ADWAIT MORWEKAR
Partner
Membership No.: 110223

Mumbai : 22nd June, 2020

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN 00018628

V.V.THAKUR
Acting CFO

MANDAR VELANKAR
Company Secretary

Pune : 22nd June, 2020



Company's windmill of 2.2 MW



Co-gen Plant of 8.24 MW



Roha Plant



Inner View of Roha Plant



CBSE Affiliated J. M. Rathi School at Roha



Roha Warehouse

Sudarshan Chemical Industries Limited**Registered Office/Global Head Office:**

162 Wellesley Road
Pune 411 001, India
Tel: +91 20 682 81 200
Fax: +91 20 260 58 222
Email: contact@sudarshan.com

RIECO Industries Limited**Registered Office:**

1162/2, Shivajinagar,
Behind Observatory,
Pune 411 005, India
Tel: +91 20 - 255 35 384
+91 20 - 255 35 215
Fax: +91 20 - 255 33 229
Email: rieco@rieco.com

Sudarshan Europe B.V.

Kingsfordweg 151
1043 GR Amsterdam
Tel: +31 (0)20 491 9417
Fax: +31 (0)20 491 9415
Email: eu@sudarshan.com

Sudarshan North America Inc.

76 N. Walnut Street
Ridgewood, NJ
USA 07450
Tel: +1 201 300 2770
Email: usa@sudarshan.com

Sudarshan (Shanghai) Trading Company Limited

Room 1911, 19/F New Hualian Mansion,
East Wing, No. 755 Middle Huaihai Road,
Huangpu District, Shanghai, China, 200020
Tel: +86 21 2215 7500, +86 21 2215 7559
Fax: +86 21 2215 7463
Email: china@sudarshan.com

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

Av. Chalma s/n Oficina b-13
Jardines de la Hacienda Sur, 54720
Cuautitlan Izcalli, Edo. de Mexico, Mexico
Tel: +52 55 2472 0246
Email: mexico@sudarshan.com

Sudarshan Japan Limited.

8F KS Building 4-5-20 Kojimachi
Chiyoda-ku, Tokyo, Japan - 102 - 0083
Tel: +81 3 6867 1484
Fax: +81 3 6867 1401
Email: japan@sudarshan.com

Sudarshan CSR Foundation**Registered Office:**

162 Wellesley Road
Pune 411 001, India
Tel: +91 20 262 26 200
Fax: +91 20 260 58 222
Email: contact@sudarshan.com

The logo for Sudarshan, featuring the word "SUDARSHAN" in a bold, sans-serif font. The letters "S", "U", "D", "A", "R", "S", "H", "A", and "N" are in red, while the letter "R" is in grey. The logo is centered within a white rectangular area.

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