

70th ANNUAL REPORT

2020-21

**GROWING
STRONGER
MAKING IT
HAPPEN**

SUDARSHAN



**GROWING
STRONGER.
MAKING IT
HAPPEN!**

“All the adversity I’ve had in my life, all my troubles and obstacles, have strengthened me. You may not realize it when it happens, but a kick in the teeth may be the best thing in the world for you.”

— Walt Disney

During challenging times, we can spiral into fear and worry or use the situation to make us stronger.

Over the past 15+ months, the novel coronavirus has caused unprecedented fear and uncertainty across the globe. In addition, the year was full of other challenges, but it was our perseverance that got us through the hard times. All we as a team knew was that there is always something to be gained from the most difficult situation.

Amid sharp and dramatic changes, we conducted our daily work, amid economic uncertainty we grew, and amid an array of natural disasters we made it happen. Our character helped us accept and adapt to the changing events, cope with the turbulent times, and bounce back stronger. The resilience helped us grow stronger, while continuing to serve the essential sectors. It was truly a remarkable year for Sudarshan.

What we all, faced last year, and how we got together to fight it, will forever be etched in our memories. It was a unique year, indeed. Best lessons are learnt in difficult times and the pandemic and all other adversities which we went through last year has taught us invaluable lessons of gratitude, agility, adaptability and a lot of other key lessons for life. During these trying times, the Company focused not on complaining about the problems but to resolve the challenges on the way and be resilient.

Despite all the adversities, we have grown stronger as we had the grit and determination to make it happen!

HOW WE MADE IT HAPPEN

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INVESTOR INFORMATION

CIN	: L24119PN1951PLC008409
BSE Code	: 506655
NSE Symbol	: SUDARSCHEM
Bloomberg Code	: SCHI:IN
Dividend recommended	: ₹ 6 per share
AGM Date and Time	: 6 th August, 2021 04:00PM
AGM mode	: Video Conferencing



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

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

HIGHLIGHTS OF THE YEAR: WE MADE IT HAPPEN

Investing for growth

- Close to commissioning capex projects of ~₹ 600 crores which are crucial for our growth journey ahead.

Spirited Growth in uncertain time:

- Despite these challenges, we could deliver a spirited performance by recording a **9% growth in sales** while expanding the operating margins by **100 bps**.
- Recorded a **consolidated revenue of ₹ 1,864 crores** as against ₹ 1,708 crores last year.
- EBITDA grew significantly with **margins at 15.4%** as against 14.4% last year.
- Profit before tax without exceptional items was recorded at ₹ 190 crores which was a **growth of 17%** over last year.

Credit rating upgrade

- While pursuing our growth aspirations and with large capex under implementation, we have effectively maintained and improved our financial metrics and key ratios. This is reflected in our long-term **rating upgrade** by one notch from **A+ to AA-**

Towards world-class manufacturing

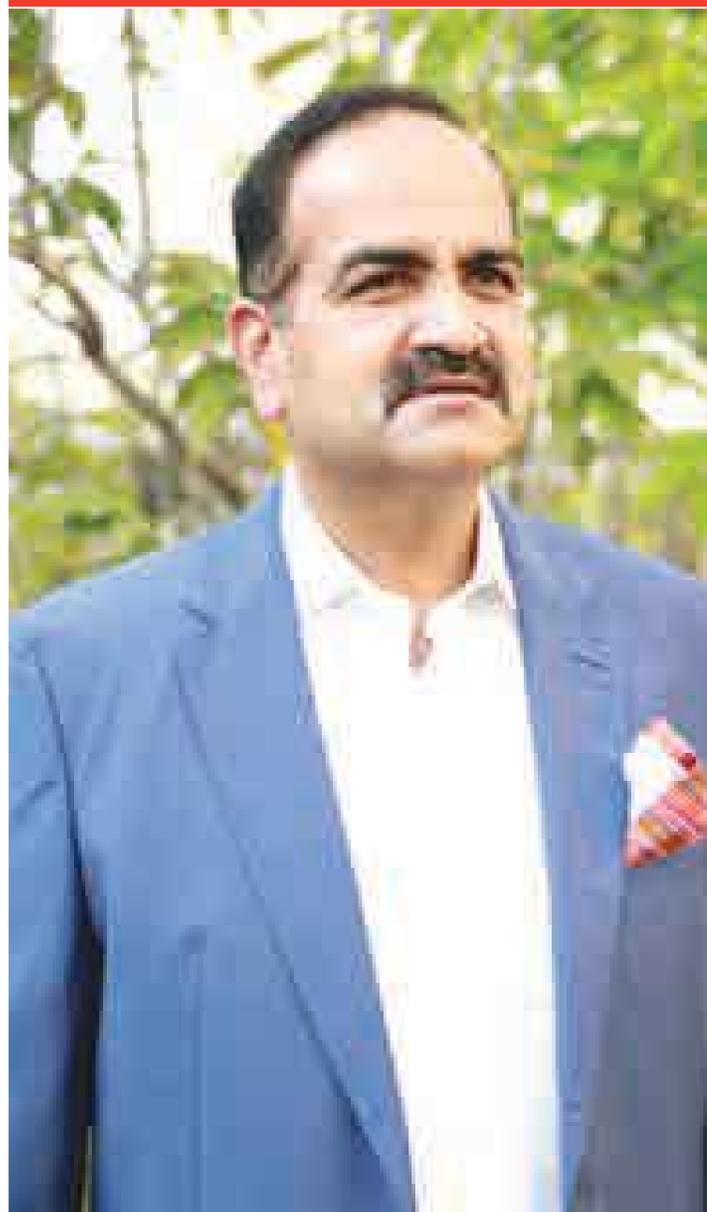
- Building world-class operations with Integrated transformation across productivity, quality (including change management), safety and others

Invested in renewable energy

- Investment in solar power plant with capacity of 19.495 MWh power, cost saving ~₹ 201 lakhs.

35,922 Mn
Market Capitalisation

MESSAGE FROM THE MANAGING DIRECTOR



Dear Stakeholders,

This past year has been a tough one for everyone, both personally and at work. During 2020, we at Sudarshan have dealt with multiple lockdowns, Cyclone Nisarga hampering our production sites as well as a Covid-19 outbreak on our own Roha campus and now the challenges of the second wave of Covid-19.

During the initial half of the financial year, domestic demand remained sluggish due to lockdowns. The company also faced supply chain constraints during this period. Moreover, limited availability of manpower and material as well as

transportation disruptions made things very difficult. However, in second half, with the easing of lockdown along with strong recovery in domestic demand and continued resilience in exports demand, the Company demonstrated a strong performance. The speciality business remained buoyant, and the non-speciality segment saw traction after remaining subdued during the early months.

Despite these challenges, we could deliver a spirited performance by recording a 9% growth in sales while expanding the operating margins by 100 bps. We recorded a consolidated revenue of ₹ 1864 crores as against ₹ 1708 crores last year. EBITDA grew significantly with margins at 15.4% as against 14.4% last year. Profit before tax without exceptional items was recorded at ₹ 190 crores which was a growth of 17% over last year.

In terms of expansion, we progressed well on capex projects. Overall, ₹ 600 Crores of capex plan was initiated in FY20, and we are confident that we will fully implement the same by FY22. Multiple projects which are now in the final stage of implementation are likely to soon get commercialised. Post this capex, we will have a product portfolio equivalent to that of global leaders. Despite pursuing our growth aspirations and with a large capex under implementation, we have effectively maintained and improved our financial metrics and key ratios. This is reflected in our long-term rating upgrade by one notch from A+ to AA-. We have also started the journey towards World Class Manufacturing - Building world class operations with integrated transformation across productivity, quality and safety.

This progress shows that even though these difficult times tested our resolve, they brought out the best in each of us.

The commitment, courage, determination, and agility demonstrated by our people throughout the year deserves to be appreciated. The outstanding performance despite all the difficulties is a testament to the strength of our character and the resilience of our people.

We have started the new financial year with a renewed sense of energy and confidence, to march towards our vision, which is a collective aspiration of all of us at Sudarshan. This year, we will continue to work towards our long-term vision and focus on growth priorities such as driving new launches with rigor and speed. Additionally, we will drive implementation of World Class Manufacturing initiatives to further strengthen our operations and transform Roha and Mahad into world class sites. We are also focusing on strengthening our supply chain through strategically important backward integration projects. We continue to strengthen our leadership bench and people pillar, and continue to drive towards creating an innovative and performance driven work culture

It was indeed a difficult year, and I would like to thank all the stakeholders for standing alongside us as we faced the crisis together and came out more resilient. My sincere gratitude to all my fellow Board members, management team, employees, customers, suppliers, government officials, and our shareholders for their continued trust, belief, and support in our journey of making Sudarshan a reliable and sustainable leading global pigment player.

We remain optimistic about the business potential and will continue to drive towards our Vision.

Sincerely,
Rajesh Rathi
Managing Director

STRONG GLOBAL SUPPLIER OF COLOUR SOLUTIONS

Serving for over 70 years in Indian and global pigment markets, Sudarshan Chemical Industries Limited ('Sudarshan' or 'the Company') has emerged as one of the leading producers in India. With high-end pigments at its core, the Company manufactures an extensive range of Organic, Inorganic and Effect Pigments and Dispersions. The Company has a dominant market share of 35%+ in India.

Industries served



The Company has two manufacturing plants in Mahad and Roha and 2 dedicated R&D centre globally. Harnessing the opportunities in the segment and moving along its constant endeavours, Sudarshan during the year, made a steady progress in new product development. With a vision of building world-class operations with integrated transformation, the Company continuously works on new products and customised solutions. This has enabled Sudarshan to spread its wings to **85+ countries**.



Our Mission

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



Our Vision

To be among the top three pigments producers in the world.



OUR 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 the organisation

35%

Domestic Market Share

10

Sales offices globally

~1,200

Employees globally

60+

Channel partners globally

₹ 29 Crores

R&D spend

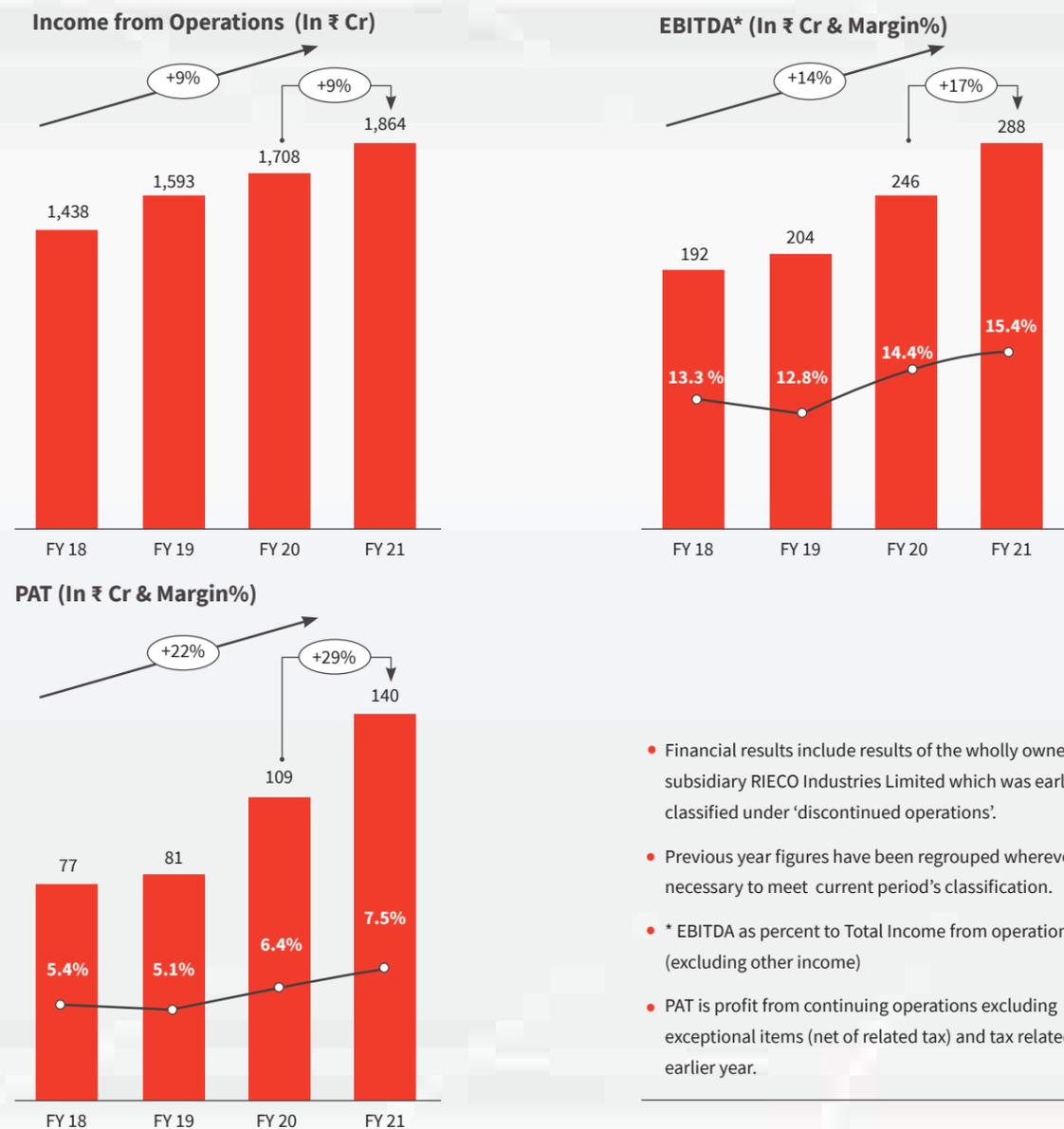
100+

Scientists and chemists

PERFORMANCE HIGHLIGHTS: WE MADE IT!

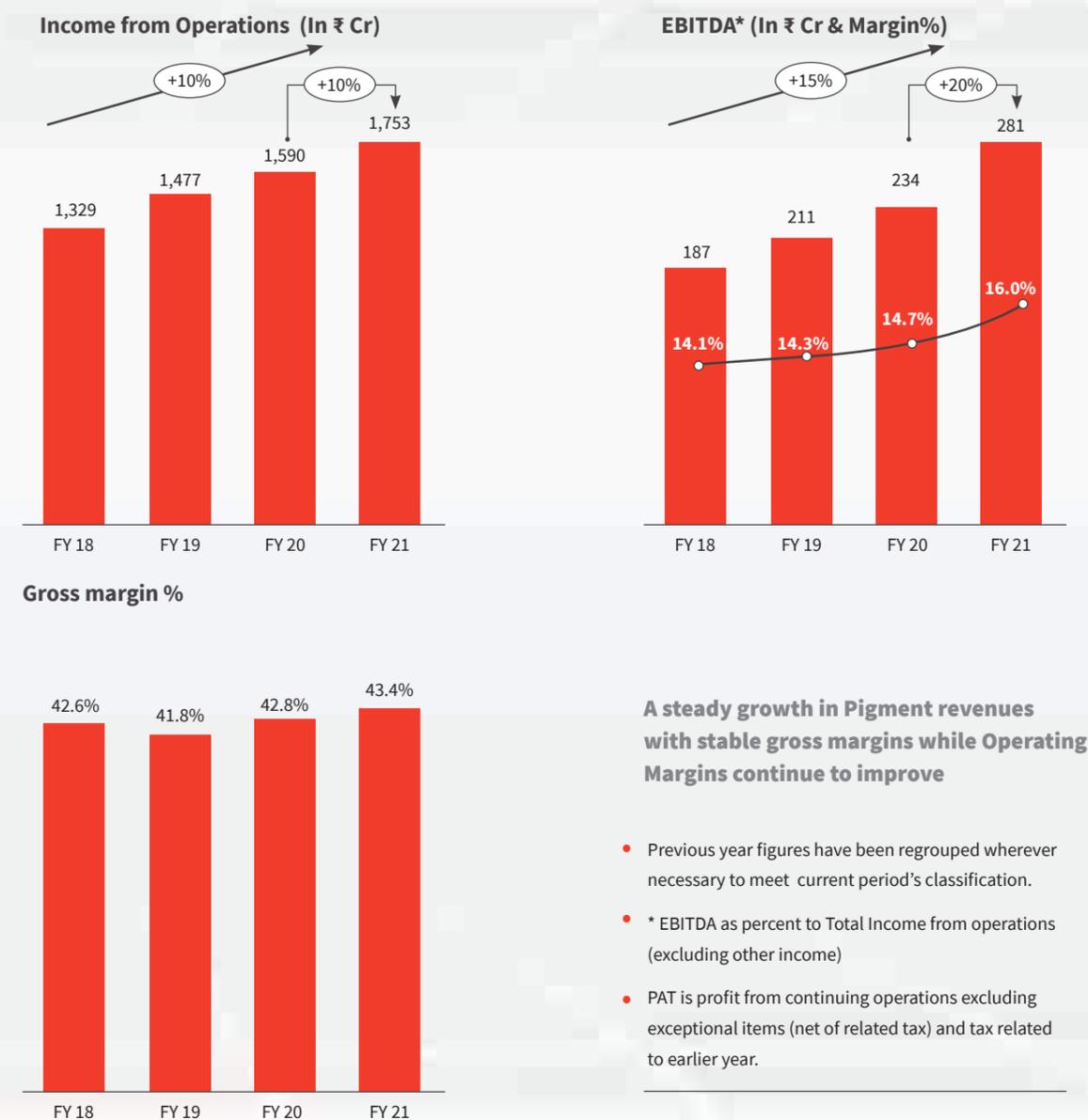


Annual Performance Highlights - Consolidated Financials



- Financial results include results of the wholly owned subsidiary RIECO Industries Limited which was earlier classified under 'discontinued operations'.
- Previous year figures have been regrouped wherever necessary to meet current period's classification.
- * EBITDA as percent to Total Income from operations (excluding other income)
- PAT is profit from continuing operations excluding exceptional items (net of related tax) and tax related to earlier year.

Annual Performance Highlights - Pigment Business



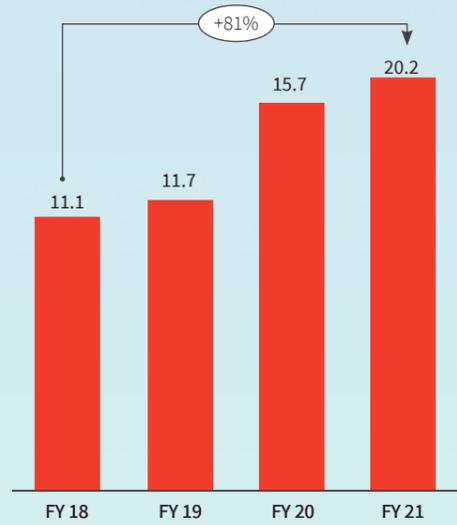
A steady growth in Pigment revenues with stable gross margins while Operating Margins continue to improve

- Previous year figures have been regrouped wherever necessary to meet current period's classification.
- * EBITDA as percent to Total Income from operations (excluding other income)
- PAT is profit from continuing operations excluding exceptional items (net of related tax) and tax related to earlier year.

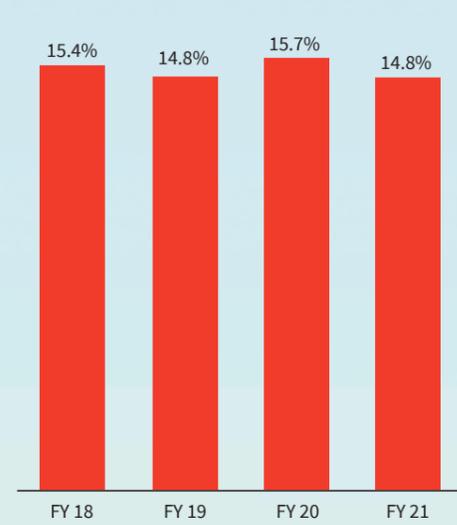


Annual Performance Highlights - Consolidated Financials

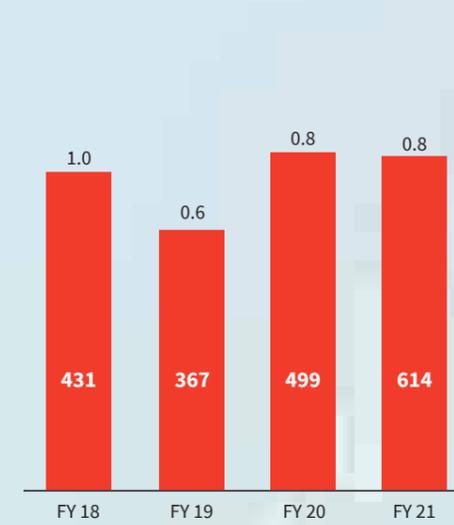
Earnings per Share*



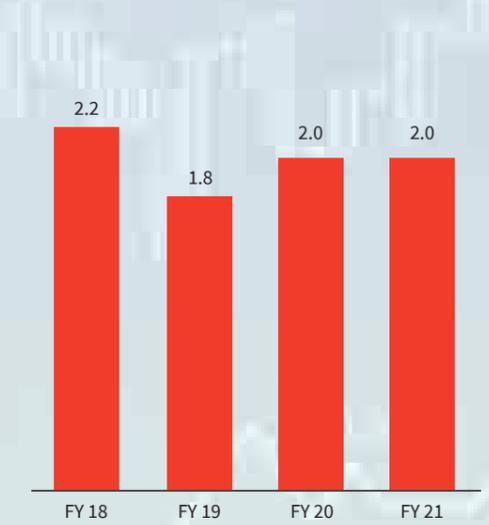
Return on Capital Employed



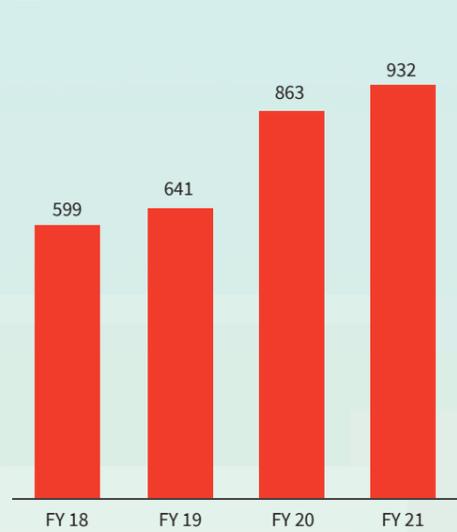
Debt to Equity Ratio



Net Debt to EBITDA



Gross Block ₹ Cr

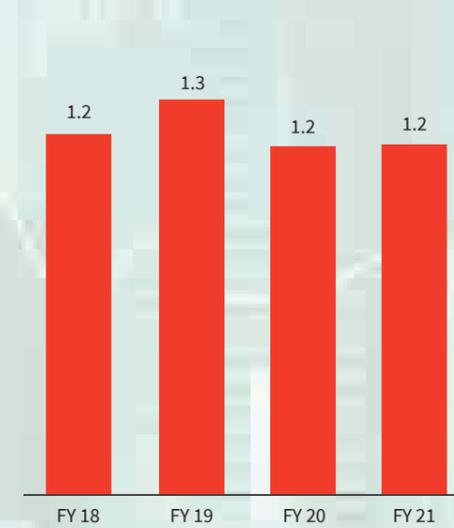


Cash conversion cycle

Working capital % to Income from Operations



Current Ratio



- Sudarshan has invested for growth in last three years
- ROCE has been steady while Earnings per share has increased by 81%
- Other key ratios remain healthy
- *EPS is Basic earnings per share from continuing operations excluding exceptional items (net of related tax) and tax related to earlier year

A DECADE'S JOURNEY



From being a manufacturer of Pigment, Agro Chemical, Masterbatches in 2011, we have traversed a journey to be a focussed **Pigment player**



From ~30% domestic market share in 2011 **to capturing around 35%** in 2021, we have given our best to strengthen our position year-on-year



During the decade, we have climbed from being amongst the top 20 pigment players in 2011, **to becoming the 4th largest pigment producer globally**, strategically reinforcing our brand position



From 1 R&D lab in India **to 2 labs in India and Germany**, we have redefined our innovation quotient to build a robust product portfolio



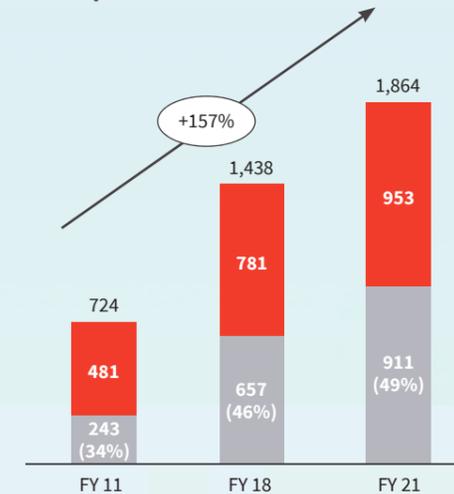
From sourcing 0% renewable energy in 2011 **to 20% in 2021**, we have progressed consistently in our sustainable journey to make the world a better place for our stakeholders



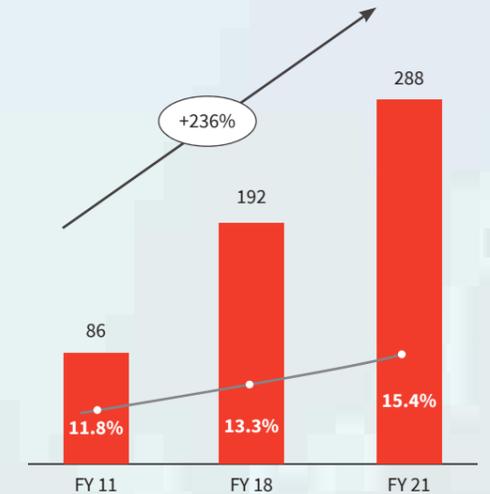
From being a classical pigment manufacturer we have widened our base to include **high performance and cosmetics product range.**



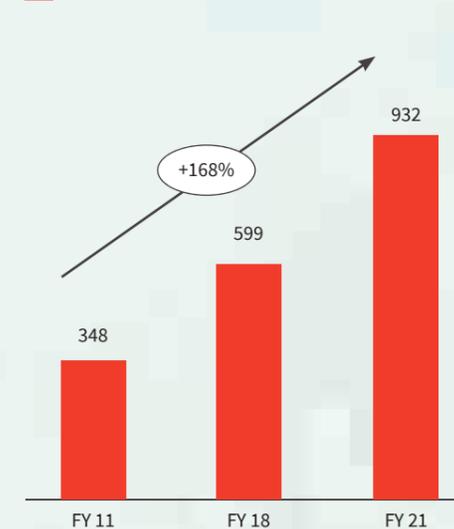
■ Domestic Revenue ₹ Cr
■ Exports Revenue ₹ Cr



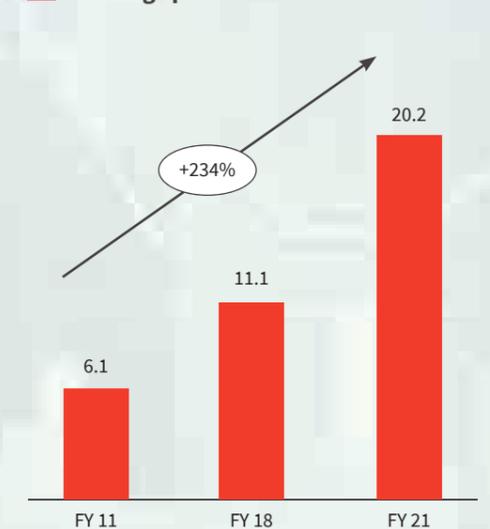
■ EBITDA ₹ Cr
— EBITDA %



■ Gross Block ₹ Cr



■ Earnings per Share



*EPS is Basic earnings per share from continuing operations excluding exceptional items (net of related tax) and tax related to earlier year

AWARDS AND ACCOLADES



CSR
2020-21

India Mahatma Award 2020
in CSR excellence in Sustainable Livelihood. Hosted by Liveweek Group, USA.



CSR
2020-21

Lokmat Achievers of Pune
Awarded for contribution in Pigment World and contribution to society through CSR. Awarded by Actress Mandira Bedi, Hon. Dattatraya Bharane (Minister of State Public Works, Soil and Water Conservation) and Shri Murlidhar Mohol (Mayor, Pune)



CSR
2020-21

Global Clean Village Award
by Energy Foundation, Delhi for adopting villages towards Sustainable Development.



CSR
2020-21

Suryagaurav National Award 2021 for exemplary contribution in field of CSR & Skill Development in Kokan region of Maharashtra by Ms. Aditi Tatkare, Maharashtra Cabinet Minister.



CSR
2019-20

Appreciation Award
Appreciation Award By Rotary for CSR activities in Roha



CSR
2019-20

International Lions Club
CSR Award from International lions Club 2020



CSR
2019-20

Global CSR Award 2020
in Platinum Category - represented case study on Paper Bag Project - Sustainable Livelihood Initiatives for Women



HR
2019-20

CII HR Excellence Award



HR

Certified as Great Place to Work for continuously 4 years



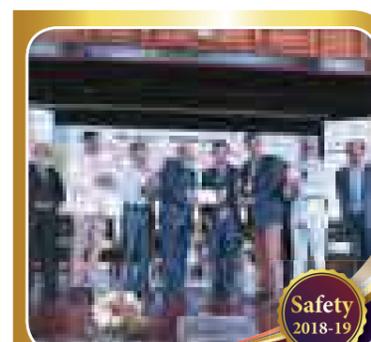
CSR
2018-19

Global CSR Award 2019
in Gold Category for an outstanding achievement in implementing CSR programme for strengthening core business with Social commitment.



CSR
2018-19

Global Waste Management Award



Safety
2018-19

DMAI Award for Energy Conservation



CSR
2018-19

Golden Peacock HR Excellence Award

GROWING STRONGER BY CONVERTING CHALLENGES INTO OPPORTUNITIES

During the year, Sudarshan navigated a dynamic business environment. The COVID-19 pandemic changed the business landscape for the entire world. While assimilating the trend of increased focus on sustainability, Sudarshan continues to work on its strategy to achieve its vision. Its agile response to these challenges ensured success and value for all its stakeholders.



High-Entry Barriers

Today chemical industry is characterised by high-entry barrier and remains highly competitive. Most of the manufacturers are present in the bulk chemical segment, where economies of scale are critical to sustain this thin-margin business. This calls for high upfront capital investment creating a barrier for smaller firms. Evolving customer needs for speciality and high-performance pigments require strong R&D capabilities, technical knowhow, long gestation periods (6 to 24 months) and good customer relations. Sudarshan is well positioned to benefit from these barriers.

Environmental Regulations

Moving towards a sustainable future, the industry is mitigating concerns arising due

to depletion of natural resources, increase in pollution, climate change and increasing environmental effluence. The Government too, has undertaken several important environment-related initiatives to curb pollution, preserve valuable resources and provide a safe environment to enable improvement in the health and well-being of Indian citizens. With environment and its preservation at our core, we abide by all regulations that the Government has imposed.

Our Environment Friendly Infrastructure

- Windmill
- Effluent Treatment Plant
- Solar



Innovation and Sustainability

Adding value by balancing the economic, social and environmental impact of the pandemic, is becoming an overarching management principle in the chemical industry value chain. Chemical companies are incorporating sustainability and green-chemistry initiatives by constantly improving products, technology and processes. They are also working closely with customers and suppliers across their value chains. With this virtue, we develop products and processes that meet demand specifications, while reducing impact on the environment.

Shift in Customer Preference

Customers are increasingly getting interested in environment-friendly and socially responsible products and services. They are now more conscious about health and hygiene. They are also demanding milder and safer products with pure ingredients. This bodes well for Sudarshan owing to its presence in organic and speciality pigments. While organic pigment caters to the same industries as inorganic, speciality pigments find its applications in cosmetics.

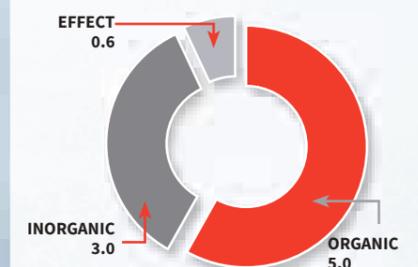
Digitalization and Industry

Digitalization offers competitive advantages through improved horizontal and vertical integration - a new definition of operations management, innovation and new digital business models. Our focus is on implementing digitalization initiatives and tools in supply chain, demand planning will help us attain cost competitiveness in the industry.

The Reliable Alternative

Consolidation in the industry and environmental reforms are changing the structure of chemical industry worldwide. This has led to uncertainty for customers sourcing material from players going through consolidation. In addition, the COVID-19 outbreak has compelled companies to move their supplier base and look for alternative locations such as India that offer the advantage of lowcost labour, innovative technology, reliable quality products and favourable investment policies. Sudarshan's diverse product portfolio and newer additions will help it seize this opportunity, leading it to reinforce its share in the domestic market and increase penetration in global markets.

Global Colour Pigment Market* - Relevant to Sudarshan



Our estimate of the Global Colour Pigments Market is **~\$ 10B**, market opportunities open to Sudarshan are **~\$ 8.6B**.

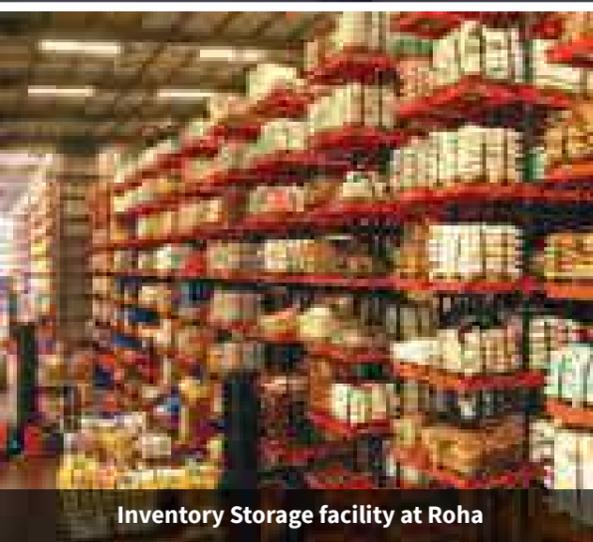
We are well placed to expand our market share for all our applications.



Research & Development Center, Sutarwadi



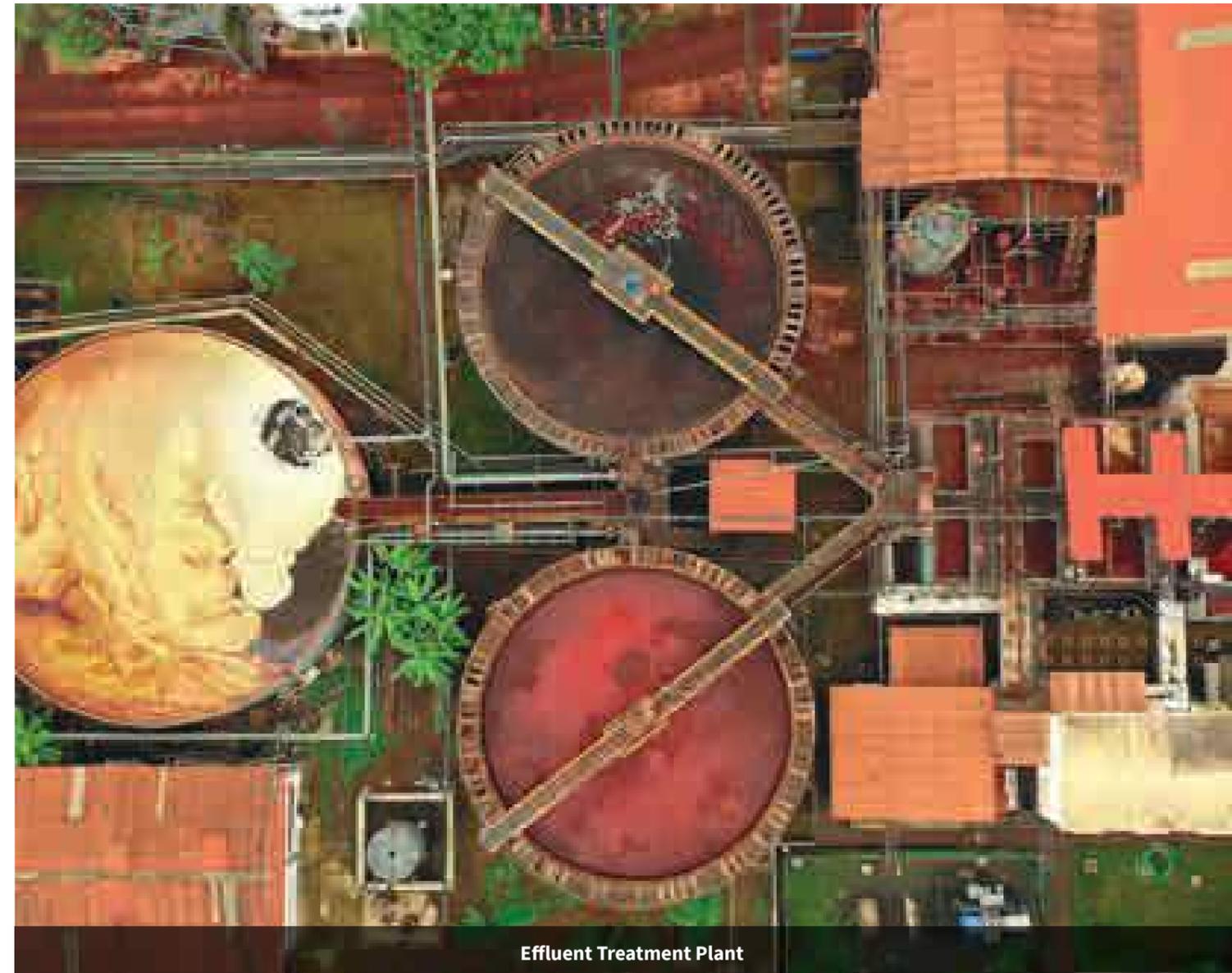
Co-gen Plant of 7.2 Mw



Inventory Storage facility at Roha

STRATEGIC PILLARS THAT LEAD A STRONG SUPPORT

Sudarshan has built a world-class operations system that gives competitive advantage to the Company. It helps in delivering on customer expectations, safety, quality, cost effectiveness and environment preservation. Through highly engaged employees and advanced technology, the Company is now a promising brand globally.



Effluent Treatment Plant

Safety

- Safety and health remains top priority.

Quality and Change Management

- Deep ownership for 'first time right - FTR' quality at the shop floor
- Quality system in plant: change from compliance to prevention

Availability

- On time in full (OTIF) monitoring

Environment and Community

- Re-use & recycle water and rainwater harvesting
- World class Effluent Treatment Plant
- Building harmonious relationships with community

Engineering/Projects

- Reliability-centred equipment maintenance strategy
- Seamless equipment integration

Productivity

- Top quartile performance on productivity benchmarks and targets (yield, energy, utility costs and others)

Inventory

- Best-in-class inventory management, including accuracy and norms

People and Change

- Management (empowered individuals and teams on the shop floor)

BUILDING CAPABILITIES: BUILDING STRENGTH



Over the time, Sudarshan has strengthened its innovation capabilities and brought in automation. With strategic research, development framework and processes, Sudarshan has leveraged its R&D capabilities to create a sustainable business model and improve efficiencies. Internal and external collaborations have helped it deliver high-quality outcome.



Roha Plant



Warehouse

Infrastructure that fosters innovation

- Dedicated site for R&D with investments > USD 6 million
- State-of-the-art equipment for characterization and composition analysis
- Ability to handle crystal modification and surface treatments
- Ability to ensure reproducibility in end application

Sustainable processes

- Stage Gate Process
- DOE approach to solutions

BUILDING CAPACITIES: BUILDING FUTURE

Committed to manufacturing high-end pigments and moving towards a larger goal, Sudarshan is investing in tomorrow. In 2019, the Company commenced its journey of building capacities to increase our share of wallet with existing customers & enter new markets to increase our footprint. Sudarshan is

investing in the development of new molecules in high-performance pigment, augmenting capacities for existing products, projects leading to EBITDA improvement, infrastructural investments and debottlenecking at Roha and Mahad facilities. This expansion will reinforce the Company's product portfolio and thereby making it happen!



Roha Plant



Effluent Treatment Plant

Product Consistency and Process Control

800+ tests **4,000+** specifications

Our Certifications

- Oliver Wight Class A Certificate
- ISO 17025:2001
- ISO 14001 | OHSAS 18001 | British Safety Council
- ISO 9001 | Six Sigma
- ISO 14001:2015 – Environmental Management systems
- ISO 45001:2018 – Occupational Health and Safety
- ISO 9001:2015 – Quality Management Systems
- Online disclosure of climate change on CDP site
- Second party audits by URSA on behalf of Loreal & HUL

Reliable Service

Recognised for operational excellence in supply chain management

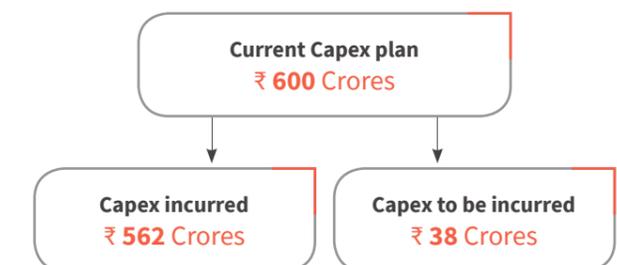
Reliable Technical Information

Laboratories certified by National Accreditation Board for Testing & Calibration Laboratories

Environment & Occupational Health

Ensure safety of our plant operatives.

Our Investment Path



BUILDING A STRONGER PORTFOLIO



Sudarshan's products are the bedrock of its success. The Company continues to build on its strengths by binding research and development together to build a diverse portfolio with renewed application focus. At the same time, it is driving forward incremental product improvements across portfolio that offer better value proposition to customers.

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

OUR BRANDS

Sudaperm™

pigments for high performance:
A premium range of high 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 consistent high-quality range of medium performance organic pigments, increasing options available for colouration.



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

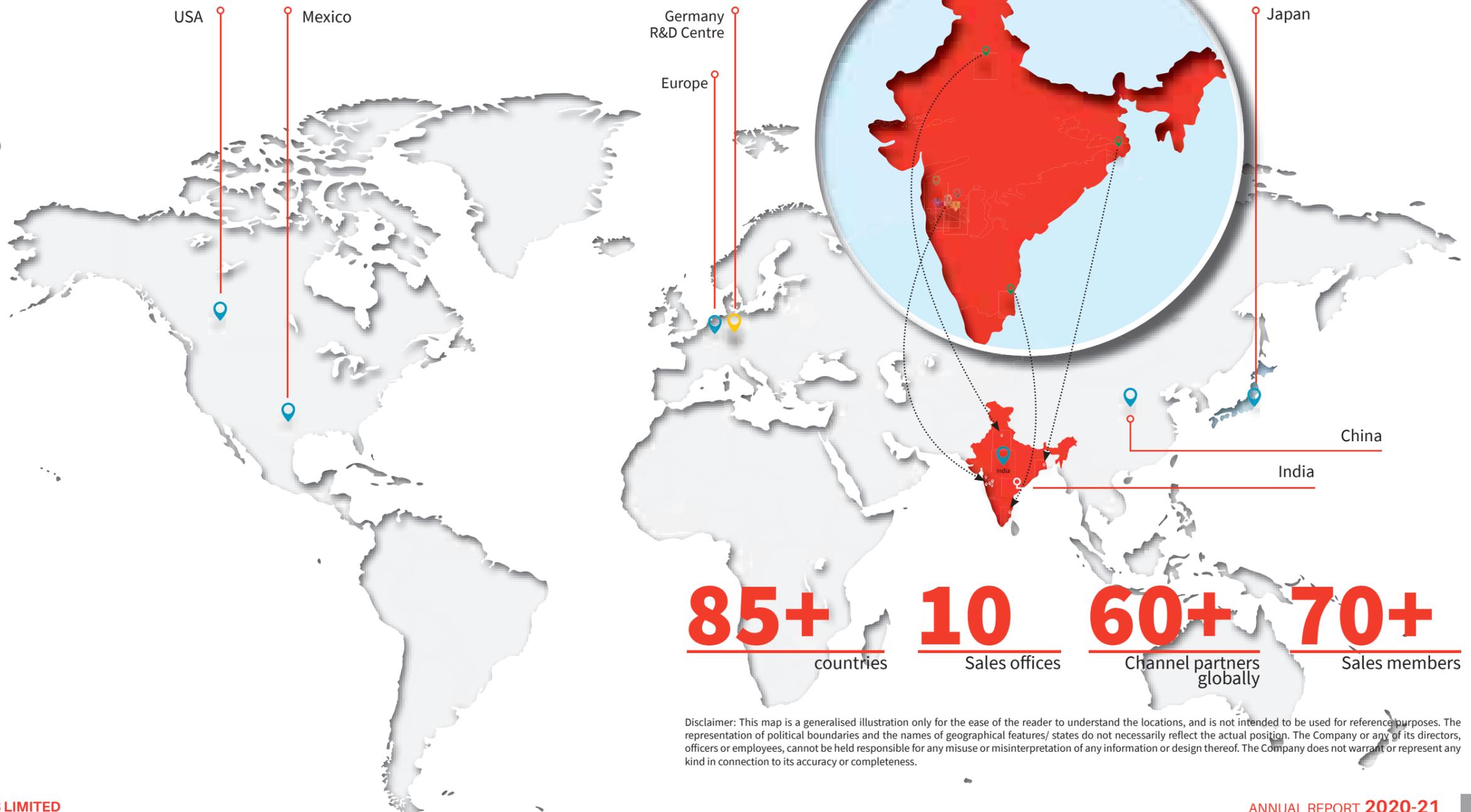


Sumicos™

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

EXPANDING REACH: GROWING BASE

Sudarshan's endeavour is to be among the top three pigments producers in the world. With this aim, it has built a diverse and robust product portfolio for the domestic as well as global markets. Over the years, the Company has strengthened its distribution network through its overseas subsidiaries and will continue to do so. Growing footprints globally, today the Company is penetrating deeper into the international markets, thereby expanding its reach.

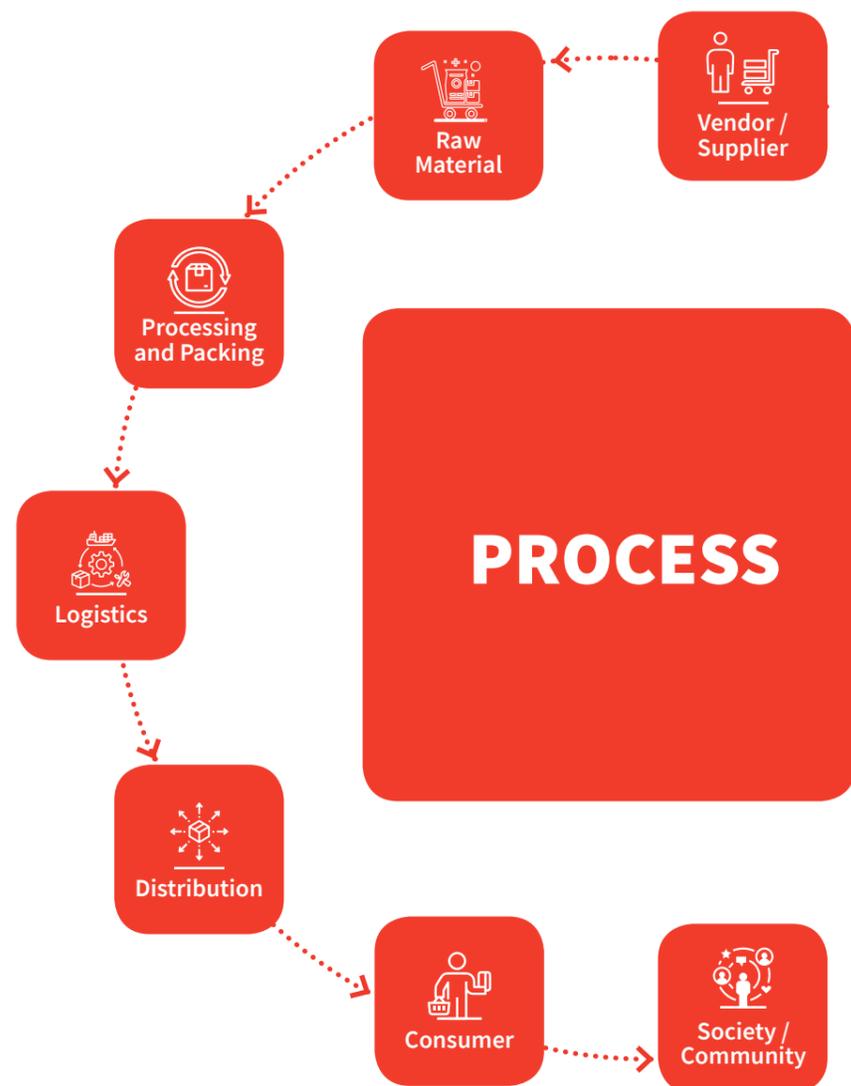


Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/ states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

BUSINESS MODEL THAT MAKES US STRONGER

INPUTS

- Financial Capital**
 - Reinvested cash flow generated from operations
 - 0.8 Net Debt: Equity
- Manufactured Capital**
 - Integrated manufacturing facilities that deliver a variety of pigments in organic, inorganic and effect category
 - Efficient systems, 800 quality tests, controls and processes
- Human Capital**
 - Appropriate skills in manufacturing capabilities training and development
 - ~1200 employees globally
- Intellectual Capital**
 - Lean and Six Sigma certifications for innovative and consistent offerings
 - 100+ scientists and technical resources working at NABL-accredited and DSIR-approved labs
 - Established Lab in Germany for keeping up with the global trends
- Natural Capital**
 - Sustainable approach to production lines powered with a co-gen plant
 - Renewable sources of energy like wind and solar to reduce load on other depleting sources
 - Two windmills with capacity of 2.1 MW
 - Solar power plants with capacity of 19.495 MW
- Relationship Capital**
 - Engaging with stakeholders
 - Being socially responsible



OUTPUTS

- Financial**
 - Cash generated from operations amounted to ₹ 20,397.2 lakhs
 - Turnover increased by 9%
 - EBITDA increased by 17%
 - Return on Capital Employed at 14.8%
- Operational**
 - World-class products with applications across various sectors
 - On time in full deliveries to customer as per agreed specifications
 - 4000+ product specifications
- Efficiency**
 - Reduced lean time and idle time
 - High level of efficiency and motivation
 - Negligible production defects and wastages
 - Ethical waste management
 - 1.43 lakhs m³ per annum water saved through rainwater harvesting and recycling
- Energy**
 - 8,487 MWh units generated through Solar Power
 - 5,845 MWh units generated through Windmills
 - 48,036 MWh generated through Cogen
- Quality & CSR**
 - Developed pigments meeting global standards at competitive costs
 - Expenditure towards Corporate Social Responsibility ₹ 300+ lakhs

OUTCOME

- Government and Society**
 - ₹ 31,254 lakhs contribution in form of direct tax and indirect tax
- Regulatory Bodies**
 - Compliance teams in place to ensure adherence to regulations
- Shareholders**
 - Capital appreciation and regular dividend
 - Strong governance and transparency
- Customers**
 - Wide range of products as per needs
 - Long-term relations with customers
- Suppliers**
 - Long-term relationships and steady demand for raw materials
- Employees**
 - Skilled workforce delivering high-quality service
 - Low attrition
 - Gender equality
- Conservation of Energy**
 - ₹ 1,681 lakhs saved through co-gen power plant generated electrical power
 - ₹ 351 lakhs saved through windmills
 - ₹ 201 lakhs saved through solar power
- Society**
 - Provided employment in and around manufacturing facilities
 - Imparted education to 2,000+ children through the Company funded schools in the vicinity

PROTECTING ENVIRONMENT WITH A STRONG MINDSET

As a responsible corporate citizen and a Company that manufactures and sells chemical substances, Sudarshan recognises that care for the environment, safety and health is fundamental to the management of the Company. Sudarshan is committed to the concept of sustainable development in all aspects of its businesses and contributes to the global environment, including biodiversity, by creating environmentally sound products and technologies.

SOLAR POWER

As an energy-intensive company, Sudarshan is committed to energy efficiency and global climate protection. It wants to further reduce emissions along the value chain. To achieve this, it relies on efficient technologies for generating steam and electricity, and on increased use of renewable energies. The Company is making its production processes energy efficient with the help of comprehensive energy management. In addition, the Company's climate protection actions make an important contribution towards emission reduction and resource efficiency.



EFFLUENT TREATMENT

- State of the art effluent treatment facilities and the stringent standards of operations



WIND ENERGY : 2 WINDMILLS

- 2 Windmills with a capacity of 2.1 MW each generated electrical power of 5,845 MWh
- Savings of ₹ 351 lakhs during the year

WEALTH OUT OF WASTE

- Reduction in greenhouse gases due to installation of Anaerobic Hybrid Reactor
- Installed Primary and Secondary sludge dryer where secondary sludge is used as manure



DEVELOPING COMMUNITIES, MAKING THEM STRONGER

Achieving prosperity and realising dreams through sound business activities is one of the management principles of Sudarshan. Based on this principle, its mission is to ensure the economic and spiritual prosperity of people around the world, including its employees, shareholders, clients, and local communities. The idea is to fulfil their dreams and make it happen!

Sudarshan is convinced that its growth is fuelled by the commitment to maintain high ethical standards. Integrity and transparency play a critical role in the success of its business. Thus, it has been able to create value for all stakeholders and the working environment.

Empowered

1,000+ Women

8+ Villages

Through paper-bag-making and stitching projects



Health and Community Development

20 Asha workers working in **22 villages**

Distribution of water purifiers in **38+ rural schools**

Sanitary napkin vending machines in four schools for girls

Vaccination at nearby villages and contract workers

Donated **mini-ventilator** to nearby hospital



Education

J.M. Rathi High School provided education to over **2,000 students**

Education to 376 children in Pune slum area
Digitalisation of **28 rural schools**



Environment

Waste Management: Working with

4,000+ families and nine villages

Solar electrification of nearby villages



BOARD OF DIRECTORS: PEOPLE WHO MAKE IT HAPPEN

Mr. Pradeep R. Rathi (Chairman)

He has completed his MS in Chemical Engineering from MIT, USA and MBA from Columbia University, USA. He has been associated with the Company for more than four decades.

Mr. Dara N. Damania (Non-Executive, Independent Director)

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

Mr. Rajesh B. Rathi (Managing Director)

He has completed his BE (Mechanical) from MIT, Pune; BSc (Chemical) from Ohio University, USA and MBA from Pittsburgh University, USA. He has been associated with the Company for more than two decades.

Mr. Subramanian Padmanabhan (Non-Executive, Independent Director)

He has an MSc (Physics) from Delhi University and Bachelor of General Law from Mumbai University. He has a Diploma in Development Economics from University of Cambridge, UK and a Diploma in Management Accounting from Bajaj Institute of Management, Mumbai. A former IAS officer, he has wide experience in setting up of industrial projects, finance and administration.

Mr. Ashish Vij (Whole-time Director)

He has completed his BE (Chemical) UDCT from Punjab University. He is a certified Six Sigma Black Belt and Lean Practitioner from Uniworld, USA and Breakthrough Management Group India. He has also completed Strategy Intervention Programme from the Strategy Academy of Mr. Ranjan Das (Strategy Prof. of IIMC). He has been associated with the Company for more than 15 years.

Mrs. Shubhalakshmi A. Panse (Non-Executive, Independent Director)

She has an MSc, D.B.M. (Diploma in Business Management), a Masters in Management Sciences with specialisation in Financial Management from Pune University and an MBA with specialisation in Bank Management from Drexel University, USA. She also has a professional qualification C.A.I.I.B. (Certified Associate of Indian Institute of Bankers). On the professional front she was appointed as Executive Director of Vijaya Bank by GOI and later was promoted as Chairman and Managing Director of Allahabad Bank till she retired in January 2014.

Mr. Naresh T. Raisinghani (Non-Executive, Independent Director)

He is the CEO and Executive Director of BMGI, India, which is engaged in providing Consultancy Services to reputable corporate houses. He has done his Management from Harvard Business School in the Owner/President Management Program and has a Bachelor's degree in Mechanical Engineering from the University of Mumbai.

Mr. Anuj N. Rathi (Non-Executive, Non-Independent Director)

He has a Bachelor's in Science from University of Alabama, USA, a Master's degree in Business Management from Drexel University, USA, and a Master's degree in E-Business from Temple University, USA. He has acquired broad experience working globally for over 20 years in strategic planning, marketing, sales and product management roles. He 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. Sanjay K. Asher (Non-Executive, Independent Director)

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

Mr. Shrikrishna N. Inamdar (Non-Executive, Independent Director) (Upto 20th November 2020)

He stood first in B.Com examination of Pune University, a first-class-first gold medallist in the LLB examination of Mumbai University. He is the tax consultant of several industrial groups. He is a leading advocate and an expert in Income Tax matters.

Mrs. Rati F. Forbes (Non-Executive, Independent Director)

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

Dr. Deepak Parikh (Non-Executive, Independent Director)

He has a PhD in Polymer Science and Engineering from the University of Tennessee, USA, and in Materials Science and Engineering from the University of Utah, USA. He has also completed his BS in Chemical Engineering from the Institute of Chemical Technology (UDCT) in Mumbai, India. He has experience of more than 30 years in speciality chemicals, commodity plastics, chemicals and materials.

CORPORATE INFORMATION: BOARD COMPOSITION

Composition of the Board

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

Composition of Committees

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholder Relationship Committee

Name of the 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 the 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. Nilkanth Natu	Member
Mr. V. V. Thakur	Member

Corporate Social Responsibility Committee

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

Finance Committee

Name of the 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 the 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 the Director	Designation
Mr. D. N. Damania	Chairman and Independent Director
Mr. Vikas Bhatia	Managing Director
Mr. S. Padmanabhan	Independent Director
Mr. P. R. Rathi	Non - Executive and Non - Independent Director
Mr. R. B. Rathi	Non - Executive and Non - Independent Director
Mr. N. J. Rathi	Non - Executive and Non - Independent Director

Sudarshan Europe B.V.

Name of the Director	Designation
Mr. R. B. Rathi	Director
Mr. Milan Krumbé	Director
Mr. Vincent Bembaron	Director

Sudarshan Mexico S de R.L. de CV

Name of the Director	Designation
Mr. R. B. Rathi	Director
Mr. Ramesh Dumbre	Director

Sudarshan North America Inc.

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



Sudarshan (SHANGHAI) Trading Company Limited

Name of the Director	Designation
Mr. R. B. Rathi	Director
Mr. A. Vij	Director
Mr. Amol Khare	Director

Sudarshan Japan Limited

Name of the Director	Designation
Mr. R. B. Rathi	Director
Mr. Eiichi Shimizu	Director
Dr. Deepak Parikh	Director

Sudarshan CSR Foundation

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

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

Global economy contracted sharply by 3.5% in 2020 compared to a growth of 2.8% in 2019. The degrowth was primarily driven by outbreak of Covid-19 pandemic in early 2020 which resulted in widespread lockdowns and subdued economic activity across the world. The global economy is expected to rebound with growth of 5.5% in 2021, reflecting the normalisation of economic activity - largely driven by the successful roll-out of vaccines and swift fiscal response by governments across the world.

(Source: IMF)

INDIA ECONOMIC OVERVIEW

India witnessed one of the world's most stringent lockdowns from fourth week of March 2020 to curb the spread of Covid-19, impacting incomes and livelihoods of millions as a result. The Indian economy contracted by 24.4% in the April-June quarter of 2020-21, the sharpest decline experienced by the country since the index was prepared.

Calibrated easing of lockdown restrictions from June 2020, along with government's relief package helped in the overall economic recovery. As a result, economy de-grew at a relatively improved 7.5% in the July-September quarter. The economic growth returned to positive in the October-December quarter and the overall economic contraction was limited to 8% in 2020.

Indian economy is expected to grow at 11.5% in 2021 driven by growth in private investment stimulated by reforms / schemes, pent up demand of high and mid-income consumers and fiscal spending on building assets and infrastructure. However, in the midst of resurgence of Covid-19 cases, recovery is expected to gather steam from Q2 FY22.

(Source: IMF, Economic times, Business line)

PIGMENT INDUSTRY OVERVIEW

Pigment industry is a large market of ~USD 8.6 bn with steady growth of 3-4%. The industry is going through significant restructuring and tailwinds, and Indian players are poised to benefit. Two of the largest player are in the process of divesting their pigments business. Potentially long-term changes in supply chains are underway due to a combination of trade related factors and COVID (including disruption in RM prices). Your Company is in unique position to capitalise on these opportunities and ride on the wave of growth given the strong quality and cost positions.

Talking about the near term trends, Pigment goes into four key application segments - plastics, packaging inks, paints

& coatings and cosmetics. COVID-19 has had varied impact across different end application industries of pigments.

- Plastics: Moderate to low impact; use in essential goods like packaging, hygienic products helped limit COVID impact
- Packaging / Inks: Low impact and rapid recovery; use in essential goods like food packaging helped limit COVID impact
- Paints / Coatings: Demand was impacted during the phase of first and second wave of Covid

BUSINESS OVERVIEW

Strategy and priorities:

Over the last 10 years, Sudarshan evolved from being a domestic focussed player to a leading world class colour solutions provider. Pigment business revenues have grown by around 10% CAGR in this period. This has been an exciting journey and we have focussed a lot on building Specialty pigments portfolio, growing our international business, building a world class organisation.

Significant investments have been done in R&D and plant infrastructure during this period and we rolled out a wide range of High-Performance Pigments and Cosmetic products which were non-existent a decade ago. Company's investment in the pigment technical marketing capabilities during this period helped in growing specialty pigments.

To tap into the international markets, we started laying foundation for globalised operations by setting up organisations in large markets of Europe, North America, Mexico, China, Japan and onboarding sales teams in several other geographies. With strong focus on product quality and supply chain management practices, we were able to achieve initial wins and build healthy customer relationships in these years. Share of exports has grown in last three years from 49% to 51% and we expect higher growth to continue in the international markets.

Domestic market is a steady business for us. Here also we increased our market share from ~ 30% to 35% in last decade and further consolidated our leadership position. We will continue to grow in this important geography in future as well.

With these actions, we have seen consistent growth in revenues and profits. Over the last three years, we embarked on a transformation journey and have been investing in adding new capacities, expanding our portfolio into new pigment chemistries, building new businesses of specialised pigments and creating world class infrastructure. Despite

Management Discussion and Analysis

large investments in infrastructure, we have effectively maintained and improved our financial metrics and key ratios. Earnings per share has doubled during this period.

As part of our growth plan, we had commenced large capex program, some of the projects got delayed due to Covid disruption during this period but we stay committed to these projects and none of the project is cancelled in view of long-term demand for our products. We expect to ramp up these projects gradually over next three to four years.

Our manufacturing plants continue to operate in line with the various directives of the Government amidst second wave. We at Sudarshan continue to deploy & practice necessary safety precautions regularly, to ensure continuity & uninterrupted functioning of our plants. Safety and welfare of our employees continues to be of utmost importance to us as we continue to deliver on our stated goals.

FINANCIAL OVERVIEW

It was a very difficult year as we had to deal with a lot of adversities which resulted in almost 7 to 8 weeks of production loss at our plants in 1st half. The Company faced supply chain constraints in the first half of the financial year, during this period domestic demand remained sluggish due to lockdowns and manpower availability, material availability and transportation disruptions made things even more difficult. However, in 2nd half; with strong recovery in domestic demand and continued strength in exports demand, we bounced back and demonstrated a strong performance. This resilience was a result of unwavering commitment of the team as we delivered consistent growth.

Along with community help initiatives, we took prompt actions for Cost optimisation across cost chain, liquidity management and efficient working capital management, during the initial phases of COVID-19 pandemic and subsequently, throughout the year. These actions along with improved product mix resulted in improvement in margins.

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended 31 st March, 2021	Year Ended 31 st March, 2020	Year Ended 31 st March, 2021	Year Ended 31 st March, 2020
Revenue from Operations	1,70,850.1	1,51,826.8	1,86,411.2	1,70,819.2
Other Income	592.2	771.3	701.5	468.1
Total Income	1,71,442.3	1,52,598.1	1,87,112.7	1,71,287.3
Earnings before interest, tax and depreciation & amortization (EBITDA)	26,613.9	23,716.7	28,775.5	24,631.2
Profit before tax and exceptional items from continuing operations	17,051.6	16,080.1	19,038.8	16,325.9
Less: Tax expense excluding tax on exceptional items and tax related to earlier year	4,353.9	4795.0 *	5,030.5	5460.9 *
Profit after tax from continuing operations (PAT)	12,697.7	11,285.1	14,008.3	10,865.0

* Adjusted for impact of deferred tax re-measurement on application of section 115BAA (refer note 31)

Standalone

On a standalone basis, the Company's Total Income has increased by 12%. EBITDA stood at ₹ 26,613.9 Lakhs as against ₹ 23,716.7 Lakhs in 2019-20, and Profit after tax from continuing operations was recorded at ₹ 12,697.7 Lakhs in FY 20-21 as compared to ₹ 11,285.1 Lakhs in FY 2020. Earnings Per Share {from continuing operations excluding exceptional items (net of related tax) and tax related to earlier year} for FY 20-21 was ₹ 18.3 as compared to ₹ 16.3 in FY 19-20.

Pigment Consolidated

Segment revenue for Pigment business was ₹ 175,295.6 Lakhs as compared to ₹ 158,975.7 Lakhs over the previous year, a growth of 10% YoY. EBITDA has improved from ₹ 23,434.3 Lakhs (14.7%) in FY 19-20 to ₹ 28,102.1 Lakhs (16.0%) in FY 20-21.

Profit after tax from continuing operations was recorded at ₹ 13,517.5 Lakhs in FY 20-21 as compared to ₹ 10,065.4 Lakhs in FY 19-20.

Export sales at ₹ 89,681.9 Lakhs in FY 20-21 as compared to ₹ 78,345.3 Lakhs in FY 19-20, a growth of 14% YoY. Domestic sales grew by 6% YoY and stood at ₹ 85,613.2 Lakhs.

Sales from our specialty pigment business at ₹ 120,255.5 Lakhs which is 69% of our revenues. Non-specialty sales contribute 31% of our revenues and stood at ₹ 55,039.6 Lakhs.

Management Discussion and Analysis

Consolidated

On a consolidated basis, the Company's Total Income was at ₹ 187,112.7 Lakhs as compared to ₹ 171,287.3 Lakhs during FY 19-20, a growth of 9% despite the COVID disruptions throughout the year.

EBITDA for the year was at ₹ 28,775.5 Lakhs with margins of 15.4% as compared to ₹ 24,631.2 Lakhs in the previous year, with margins at 14.4%. Profit after tax from continuing operations was recorded at ₹ 14,008.3 Lakhs in FY 20-21 as compared to ₹ 10,865.0 Lakhs in FY 19-20.

Earnings Per Share {from continuing operations excluding exceptional items (net of related tax) and tax related to earlier year } has increased to ₹ 20.2 as compared to ₹ 15.7 in FY 19-20.

Key Ratios (Consolidated)	FY 20-21	FY 19-20
Return on Capital Employed	14.8%	15.7%
Debt to Equity Ratio	0.8	0.8
Current Ratio	1.2	1.2
Earnings Per Share	20.2	15.7
Operating Profit Margin	15.4%	14.4%
Net Profit Margin	7.5%	6.3%
Debt to Tangible Net Worth	0.9	0.9
Interest Coverage Ratio	11.3	12.1
Cash Conversion Cycle (in days)	93	86

There is no significant change (i.e. 25% or more) in any of the above financial ratios except Operating Profit Margin which has improved due to higher operational profits in the current year.

RISK MANAGEMENT

Framework of risk management:

The Company is exposed to various uncertainties like market risk, credit risk and liquidity risk, among others, these can be categorised broadly as strategic, operational, financial and compliance risks. Effective management of these risks is essential for the achievement of our long-term goals. Our success as an organisation also depends on our ability to identify and leverage the opportunities while managing the risks.

Risk Management is therefore a key function which involves identification, assessment, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor and control the probability and/or impact of uncertain events or to maximise the realisation of opportunities. Risk management also attempts to identify and manage threats that could severely impact or bring down the organisation.

The Company's Board of Directors has overall responsibility for the establishment and overseeing of the Company risk management framework. Pursuant to Regulation 21 of Listing Regulations, 2015, Risk Management Committee has been constituted. The primary objective of the Committee is to review the risk management process in the Company and ensuring that the risks are brought within acceptable limits.

The Company has a robust risk management framework with documented risk management policy and risk register. Risk register is a compilation of risks broadly categorised as Strategic, Operational, Reporting & Compliance and includes the control mechanism for managing the risks and risk ratings. These are reviewed on an ongoing basis and updated periodically to reflect changes in operating environment and the Company's Activities. Annual assessment of risks management controls and procedures is also independently conducted, and the results are reviewed by risk management Committee at least once a year.

The Company also has a robust insurance program with the objective of risk transfer of insurable risks for probable catastrophic losses.

Managing uncertainties in current times:

Risk management gained much more prominence in current year as this year has posed several unprecedented challenges in the form of lockdowns, gradual opening, health hazards and supply chain disruptions globally. At the same time, these events and uncertainties also brought opportunities which could benefit the Company in longer term. Risk Management, which aims at managing the impact of these uncertainties, is an integral part of the Company's strategy setting and implementation process. The Company regularly identifies uncertainties and after due evaluation, short-term and long-term actions to mitigate the risks are finalised and acted upon.

During this critical period, special task force was created to address risks pertaining to safety at the workplace, customer engagement, business continuity, information security and prudent cashflow management helped mitigate the uncertainties to a large extent. The task force and entire team responded remarkably in adapting to the new norms of safety and managed to keep the operations going. The Company also took several measures to complete capex projects under implementation. Although the projects got delayed due to Covid disruption due to limitations around manpower availability/deployment and inability in movement of key technical resources in recent months; delay was kept to minimal due to mitigation measures.

The risks emerging from pandemic were assessed in detail and actions taken for risk mitigation was presented to Risk

Management Discussion and Analysis

Management Committee during the year. The Board was also briefed on the risks and steps taken to prevent information security risk arising due to work from home being enabled during the lockdown period.

ENVIRONMENT, CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Even during these challenging times we remained committed to our higher purpose of 'Growing together by being Spiritually fulfilled, Socially just and Environmentally sustainable'.

While India battles the second wave of the virus, we, as a responsible corporate citizen, are committed to support our employees, business partners and communities and prepare for any more likely waves in future. Our social responsibility goes beyond statutory obligations, it is embedded in our corporate culture. We have initiated several measures to help community in this nationwide crisis. Delivering on our commitments, we directed our efforts towards Covid relief work like providing food and essentials to daily wage migrant workers, supporting the local healthcare infrastructure, and promoting public awareness campaigns. Also, various educational programmes were sponsored and Ideal village project in 12 villages was carried out towards holistic community development work.

PEOPLE AND CULTURE

The year gone by was an unusually challenging year for our people. We were all affected by the pandemic in different ways. Even as the national lockdown hit us, the tremendous efforts of our people across our sites enabled us to continue to work safely, whether on factory sites, in the market, in our research & development labs, or from a home office. We quickly learned new ways of working - constantly getting challenged, navigating those challenges, and reshaping the business. As we worked with innovation and agility to respond to the unexpected events of this year, we continued to nurture a culture in which our people can thrive and prepare themselves for the future.

During the pandemic, customers across the globe were relying on us to fulfil their orders and it was necessary that we kept our factories operating. We are grateful to our employees and to everyone in our extended value chain at our distributor points who made this happen. We saw many heroes coming to the fore - our people in our factories and frontline sales, going above and beyond their jobs to grow the business, our administrative & occupational health teams working very hard to keep our people safe, and many inspiring stories of

our people volunteering their time to help communities around our sites.

During the year, focus was on business continuity and thus it was critical for essential staff, such as factory workers and support teams at factory locations, to return to workplace - this was done with extremely strict protocols to protect everyone's safety in the pandemic scenario. Protective equipment, social distancing regulations and frequent health checks including caring for people's mental health soon became part of everyday routine. We seamlessly transitioned to remote working for all our office-based employees. We rolled out guidelines on working from home and our teams swiftly found their own rhythm and cadence of working effectively.

Various safety campaigns and wellness programmes targeted for ensuring the physical and mental wellness were remotely conducted to keep up the morale of its workforce during these difficult times. Moreover, to support impacted employees and their families, we set-up the helpline, offering counselling services throughout the pandemic to help them cope with mental stress. Tie-up with hospitals was done to ensure best medical care to employees with medical issues that required hospitalisation. In addition to increase the coverage under health insurance, we also took special insurance cover for our employees for COVID-19 related expenses incurred by them during home isolation.

We continue our journey in building organisational capabilities with clear focus to make our people future-fit and outcome-oriented. Our endeavour is to make sure all our people can reskill, upskill, work with agility and adapt to the changing customer needs. The Company continued its investments in additional resources needed for future growth, this was done as we firmly believe that committed and talented workforce are one of our most critical assets and 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. Working with experts we have developed "Talent to Value" special initiative focussed on high potential employees who will lead business critical roles in the organisations journey of being the top 3 pigment player. Focus has been on developing function wise competence development. Thus, special program has been created for research and development function where technical competencies have been identified and the employees will be recruited, assessed, and trained based on the technical competency framework. Similarly, in operations under a defined initiative of "World Class Operations" focus has been to build technical competence of shop floor

Management Discussion and Analysis

employees eg: Technicians and Supervisors through a structured intervention of "Self-managed team".

We continued to align our employees on Sudarshan's Strategy and goals through our all-employee communication meet "Suda Connect" in digital format. This meet helped in communicating MD's message on past year's performance and the future plans of growth to employees. It helped us to recognise our star performers as well as our lineage employees through awards like Leader of the Year, Manager of the Year, Specialist of the year, Long Service Award, etc. While the celebration was virtual, it continued to bring the talent of employees in forefront demonstrating a global culture.

While the year was difficult, the Company adhered to its philosophy of meritocracy & market parity while implementing this year's Annual salary revisions.

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, 2021 was 1192 as compared to 1096 on 31st March, 2020.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that Internal Control is one of the key pillars of governance, which provides freedom to the management within a framework of appropriate checks and balances. The Company has a robust internal control framework, which has been developed considering the nature, size and risks that could hinder the Company from achieving its objectives. The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording and reporting transactions of its operations. The Company has well-placed, proper and adequate internal controls environment, commensurate with its size, scale and complexities of its operations. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity level policies, processes and operating level standard operating procedures (SOP). Internal control systems are an integral part of your Company's Corporate Governance structure. Information Technology (IT) policies and processes play a key role in achieving our control objectives. The application systems and business processes are continuously improved by adopting best in class processes and automation and implementing the latest IT tools which help further for maintaining financial and

commercial discipline. As part of this journey, the Company has successfully upgraded to SAP S4 HANA during FY 20-21. All IT General Controls were thereafter assessed to ensure that the security, integrity and reliability of business processes and financial information running on this application.

Entire control framework is designed to provide reasonable assurance about credibility of data and compliances, inter-alia:

- Recording and providing reliable financial and operational information;
- Complying with the applicable statutes;
- Safeguarding assets from unauthorised use;
- Executing transactions with proper authorisation, and ensuring compliance with corporate policies;
- Prevention and detection of Frauds / errors;
- Continuous updating of IT systems.

The management has assessed the effectiveness of the Company's internal control over financial reporting as of 31st March 2021.

Your Company has appointed Ernst and Young LLP to assess the effectiveness of internal financial controls of the Company. Their assessment was based on an internal audit plan, which was reviewed in consultation with the Audit Committee and is found to be quite adequate.

The Audit Committee reviewed the reports submitted by the Management and Internal Auditors. Based on their evaluation (as defined in section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations, 2015), the Company's Audit Committee has concluded that, as of 31st March 2021, the Company's internal financial controls were adequate and operating effectively.

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 - 2020-21

Your Directors are pleased to present the 70th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2021.

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 2021 is summarised below (Refer Notes to the Audited Standalone Financial Statements).

Particulars	₹ in Lakhs	
	2020-21	2019-20
Revenue from Operations	170,850.1	151,826.8
Earning Before Interest, Tax, Depreciation and Amortisation	27,206.1	24,488.0
Less: Interest	1,640.0	1,168.5
Less: Depreciation	8,514.5	7,239.4
Add: Exceptional Income	1,072.8	1,716.6
Less: Provision for Tax	4,501.0	2,868.8
Profit After Tax	13,623.4	14,927.9
Profit / (Loss) from Discontinuing Operations	-	(54.5)
Total Profit After Tax	13,623.4	14,873.4
Other Comprehensive Income	47.7	(1,279.7)
Total Comprehensive Income	13,671.1	13,593.7
Add: Surplus Brought Forward	39,776.0	35,308.6
Transfer from OCI to Hedge Reserve	(124.9)	1,071.5
Net Profit available for appropriation	53,322.2	49,973.9
Appropriation		
General Reserve	-	-
Interim Dividend	-	(4,361.0)
Final Dividend	-	(4,154.0)
Tax on Dividend	-	(1,682.9)
Total Appropriation	-	(10,197.9)
Surplus to be carried forward	53,322.2	39,776.0

2. (A) FINANCIALS:

Revenue from continuing operations for the year ended 31st March 2021 aggregated to ₹ 170,850.10 lakhs as against ₹ 151,826.8 lakhs achieved during the previous year. Profit after tax from continuing operations for the year ended 31st March 2021 was ₹ 13,623.4 lakhs as against ₹ 14,927.9 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 2021 stood at ₹ 187,112.7 lakhs, as compared to ₹ 171,287.3 lakhs in FY 2019-20.

During the first quarter of the year, domestic sales were impacted due to shut-down of plant as a result of lock-down restrictions imposed by the Government of India for containing the disease and also due to the impact of the Nisarga Cyclone. In the second quarter, Roha plant had to be shut-

Directors' Report to the Shareholders - 2020-21

down for 3-4 weeks due to covid outbreak at Roha Plant. Despite these adverse events, your Company was successful in delivering the resilient performance in the last two quarters, resulting in moderate growth in revenues as compared to the previous 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. 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:

Despite impact of Covid-19 on operations in the first quarter, the Company continued its expansion plans and has put into use projects amounting to ₹71 crores during the year under review. This capital expenditure is primarily aimed at augmenting production capacities at Roha and Mahad facilities.

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

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

3. IMPACT OF COVID-19:

The World Health Organisation declared a global pandemic of the Novel Coronavirus disease (COVID-19) on 11th February, 2020. In the last month of FY 2019-20, 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.

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: Sanitisers, 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 the third and fourth quarters of the year under review, on account of easing of first wave of Covid-19, the Company was able to deliver the resilient performance. Towards the end of the fourth quarter and till the date of this Report, due to severe second wave of the Covid-19 across India, partial lock-down restrictions have been imposed by various State Governments. Your Company continues to monitor the situation and revisit its strategy

Directors' Report to the Shareholders - 2020-21

to cope up with changing times. Overall impact of the lock-down on future operations would largely be dependent upon the speed of implementation of vaccination Programme in India and abroad and the efficacy of the vaccines in India and abroad. Your Company has focused on both economic and humanitarian fronts to ensure business continuity as well as making a positive impact on our communities. In these uncertain times, the Company stays committed to its higher purpose of "Growing together by being Spiritually fulfilled, Socially just and Environmentally sustainable."

4. DIVIDEND:

The Board of Directors at its meeting held on 28th May 2021, had recommended a Final Dividend of ₹ 6/- (Six Rupees only) per equity share of ₹ 2/- each (i.e. 300%) for FY 2020-21. A proposal seeking shareholders' approval for the declaration and payment of the said Final Dividend for FY 2020-21 is forming part of the Notice. If approved by the Shareholders, the Final Dividend shall be paid between 20th August, 2021 and 31st August, 2021. In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividend paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source. The dividend payout is in accordance with the Company's Dividend Distribution policy.

The Board of Directors at its meeting held on 28th February 2020, had 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 FY 2019-20, which included a Special Dividend on account of Profit on Exceptional Item during the FY 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 said dividend was confirmed as Final Dividend by the Shareholders at their 69th Annual General Meeting held on 4th September, 2020.

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

5. SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March 2021 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 Nomination and Remuneration Committee at its meeting held on 6th April 2020, had approved the grant of 3,94,220 Options to the eligible employees pursuant to the Sudarshan Employee Stock Option Plan, 2018. The said options were not liable for vesting and exercise during the year under review.

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 FY 2020-21, state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made

Directors' Report to the Shareholders - 2020-21

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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

9. CORPORATE GOVERNANCE:

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

A certificate from 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 capitalisation (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 2021, the Company, as in the previous years, has presented its BR Report for FY 2020-21, 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 V** to this report.

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

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

The transaction(s) of the Company with any person or entity belonging to the promoter / 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 - 2020-21

As on 31st March 2021, the composition of the Audit Committee is as under –

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

During the year under review, Mr. S. N. Inamdar, Independent Director and member of the Audit Committee resigned as a Director and hence ceased to be a member of the Audit Committee effective close of business hours on 20th November 2020.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during FY 2020-21.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has in place a 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 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 III**. The existing CSR Policy of the Company was recently amended in terms of amendments to the Companies (Corporate Social Responsibility) Rules, 2014. The CSR Policy of the Company is available on the Company's website at <http://www.sudarshan.com/perch/resources/csr-policy.pdf>

CSR Policy in brief:

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

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

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

15. RISK MANAGEMENT AND INTERNAL CONTROLS:

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

Directors' Report to the Shareholders - 2020-21

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.

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

The Company's policy on Appointment of Directors, including criteria for determining qualifications, positive attributes, independence of a Director is available on the website of the Company at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>.

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

17. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. S. N. Inamdar (DIN: 00025180), Non - Executive and Independent Director of the Company, resigned effective close of business hours on 20th November 2020. As a result, Mr. Inamdar also ceased to be a member of the Audit Committee and Nomination and Remuneration Committee of the Company. The Board places on record its appreciation for the valuable contribution made by Mr. Inamdar during his tenure as a Director of the Company.

Mr. A. Vij (DIN:08140194), Wholetime Director, was liable to retire by rotation, and being eligible had offered himself for the reappointment at the 69th Annual General Meeting held on 4th September 2020. The members' approval was sought at the 69th Annual General Meeting based on the recommendation of the Nomination and Remuneration Committee and Board which was approved by the members.

At the 69th Annual General Meeting of the Company which was held on 4th September 2020, the members approved a change in status of directorship of Mr. P. R. Rathi (DIN: 00018577) as "Director liable to retire by rotation" in lieu of "Director not liable to retire by rotation" based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors.

The Board of Directors, at its meeting held on 7th August 2019 had co-opted Mr. A. N. Rathi (DIN: 00018683) as an Additional Director with effect from 8th August 2019 until the conclusion of the 69th Annual General Meeting. Based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the members had approved appointment of Mr. A. N. Rathi as a Non - Executive and Non - Independent Director, liable to retire by rotation effective from 4th September 2020.

At the 64th Annual General Meeting of the Company, the members had approved the appointment of Mrs. S. A. Panse (DIN: 02599310) as an Independent Director for the first term of consecutive period of 5 (five) years from 14th August 2015 upto 13th August 2020. Since the first term of Mrs. Panse was expiring on 13th August 2020, based on the recommendation of the Nomination and Remuneration Committee, considering her skills, experience and knowledge she possessed and the report of performance evaluation for FY 2019-20, the Board at its meeting held on 22nd June 2020, had reappointed Mrs. Panse as an Additional Director (Independent) with effect from 14th August 2020 up to the conclusion of the 69th Annual General Meeting which was held on 4th September 2020, and further recommended for the approval of the members, for re-appointment of Mrs. S. A. Panse for a second term of five consecutive years with effect from 14th August 2020 up to 13th August 2025 in terms of section 149 read with Schedule IV to the Act and Listing Regulations or any amendment thereto or modification thereof, which was approved by the members at the 69th Annual General Meeting held on 4th September 2020.

As per the provisions of Section 152 of the Companies Act, 2013, and Rules made thereunder and as per the Articles of Association of the Company, Mr. P. R. Rathi (DIN: 00018577) Chairman and Non - Executive and Non-Independent Director of the Company retires by rotation and being eligible, offers himself for

Directors' Report to the Shareholders - 2020-21

reappointment. A resolution seeking members' approval for his reappointment forms part of the Notice.

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 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 70th 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 2021:

- a. Mr. R. B. Rathi, Managing Director
- b. Mr. A. Vij, Wholetime Director
- c. Mr. Nilkanth Natu, Chief Financial Officer (effective 28th July 2020)
- d. Mr. V. V. Thakur, Acting Chief Financial Officer (upto 27th July 2020)
- e. Mr. Mandar M. Velankar, Deputy General Manager - Legal and Company Secretary.

During the year under review, Mr. Nilkanth Natu was appointed as Chief Financial Officer (CFO) effective 28th July 2020 in place of Mr. V. V. Thakur, Acting CFO, who stepped down effective 28th July 2020 in terms

of applicable provisions of the Companies Act, 2013 and SEBI LODR Regulations, 2015. Mr. Vivek Thakur continues to be associated with the Company as "General Manager - Finance and Accounts".

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").

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

Directors' Report to the Shareholders - 2020-21

as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

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

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

18. EMPLOYEE STOCK 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), for which approval of shareholders was sought by way of Postal Ballot.

During the year under review, 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. Disclosures in terms of Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16th June 2015 are available on the website of the Company at <https://www.sudarshan.com/notices.php>

19. INDUSTRIAL RELATIONS:

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

20. 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 and economic environment and on matters affecting the Company. The details of the programmes, are placed on <http://www.sudarshan.com/perch/resources/familiarisation-of-independent-directors.pdf>.

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

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the Company has complied with the provisions relating to the constitution of the Internal Complaints Committee under the said act. During the year under review, one complaint was received by the Internal Complaints Committee of the Company, which was duly investigated and disposed of by the Internal Complaints Committee of the Company. To build awareness amongst its employees, the Company has been conducting induction/training programmes in the organization on a continuous basis.

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

22. 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.

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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.

23. COST AUDITORS:

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 had 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 FY 2021-22.

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 the 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.

24. SECRETARIAL AUDIT AND SECRETARIAL STANDARDS:

Dr. K. R. Chandratre, a Practicing Company Secretary, (FCS No. 1370, C. P. No. 5144) Pune, was appointed as the Secretarial Auditor of the Company for FY 2020-21 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 VII** and forms part of this report.

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

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

25. 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.

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

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

Directors' Report to the Shareholders - 2020-21

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.

27. RESEARCH AND DEVELOPMENT:

The Company recognises 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 ₹ 2,899 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.

28. 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 FY 2020-21, 6 (six) 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 2021, 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 shall also be placed on the website at www.sudarshan.com. The salient features of Financial Statements of Subsidiary Companies is given in **Annexure VI** of this report.

Sudarshan Europe B. V. is the Material Subsidiary of the Company for the year ended 31st March 2021. The Company has complied with all the legal requirements in respect of the Material Subsidiary.

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

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

Consolidated Financial Statements:

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

Directors' Report to the Shareholders - 2020-21

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. During the year under review, one complaint was received from a whistleblower, which was investigated by the management and was disposed off as per the legal provisions.

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 is annexed to this report as **Annexure IV**, and a complete Annual Return is also

available on the website of the Company at <https://www.sudarshan.com/notices.php>

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**.

Particulars of Employees and Related Parties

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

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

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 and 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.

Directors' Report

to the Shareholders - 2020-21

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.

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

Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof - Not Applicable.

29. RECOGNITION

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

30. 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 Limited 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: 28th May 2021

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.	Sudarshan North America, Inc.,	RIECO Industries Limited	Sudarshan (Shanghai) Trading Company Limited	Sudarshan Mexico S de R.L. De CV	Sudarshan Japan Limited
Total Income	26,020.7	8,035.0	11,499.9	1,750.5	3,432.5	451.2
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	971.8	253.0	830.6	49.3	41.1	(48.7)
Less : Interest	59.7	(7.6)	122.0	21.1	-	10.6
Less : Provision for Taxation	195.1	-	114.7	-	34.0	-
Less : Depreciation	26.7	2.2	105.4	0.4	0.4	1.3
Profit After Tax	690.3	258.4	488.5	27.8	6.7	(60.6)

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

Captive Power Generation Plant was installed at Roha Plant Location which generated a total electrical power of 48,036 MWh during the year, and which ultimately resulted into a saving of ₹ 1,681 lakhs per annum during the FY 2020-21.

ii. Steps taken by the Company for utilizing Alternate sources of energy

2 Wind Mills with a capacity of 2.1 MW each generated electrical power of 5,845 MWh, which resulted into a savings of ₹ 351 lakhs per annum during the FY 2020-21.

A Solar power generation plant with a capacity of 375 KW was installed at various locations of the Company viz. - The Registered and Global Head Office - Pune, R&D Centre at Sutarwadi, and Roha and Mahad Colony, Dist. Raigad, generated a total of 396 MWh electrical power, which resulted into a total savings of ₹ 35 lakhs per annum during the FY 2020-21.

A group Captive Solar Power Generation installed capacity of 20 MW was

commissioned on 13th November 2020. A Power Purchase Agreement was executed by the Company for a period of 25 years for commissioning the said Captive Solar Power Generation Plant at Satara, Maharashtra, where an arrangement was made to provide Solar Power Generation to Roha and Mahad plant locations. Total solar power received was 8,091 MWh, which resulted into a savings of ₹ 166 lakhs in the FY 2020-21.

iii. The capital investment on energy

Conservation equipment

Installation of energy efficient transformer, energy efficient refrigeration compressor, Capacitor banks, heating system for SFD, Cooling tower fan blades, etc. were carried out during the year under review. A total investment was amounting to ₹ 110 lakhs and saving achieved were ₹ 50 lakhs per annum during the year.

(c) Technology Absorption -

i. The efforts made towards technology absorption:

a) Energy efficient transformer was installed

Annexures to the Directors' Report

- b) Capacitor panel with detuned reactors to reduce harmonics in power system was installed.
- c) Energy Monitoring System for power and steam consumption monitoring was installed
- d) VFDs for optimum operations
- 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.
- 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) Improvement in products to meet global regulations.
- g) New grades of classical and high performance pigments for digital ink application.
- iv. Benefits derived as a result of the above R&D**
- a) New products generated additional business.
- b) Improvement in product quality and productivity that helps to reduce ETP load.
- c) Increase in capacities of existing products to meet the growing customer demand.
- d) Cost competitive products to meet the Chinese competition.
- e) Reduction in waste generated and energy inputs.
- f) Reduce dependence for critical raw material sourcing.
- (d) Foreign exchange earnings and Outgo-**
- Total Foreign Exchange Earned: ₹ 83,842.9 lakhs (Previous year ₹ 69,097.61 lakhs)
 - Total Foreign Exchange Used: ₹ 39,898.1 lakhs (Previous year ₹ 36,271 lakhs)
- 2. Change in the nature of Business, if any:**
- There is nothing to mention under this point for FY 2020-21.
- 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**
- None
- 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 Chapter V of the Act**
- Nil
- 7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future**
- Nil
- 8. Information pursuant to Section 197(12) of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended:**

Annexures to the Directors' Report

- (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 2020-21 : ₹ 793,260/-

Name	Total remuneration	Ratio	% increase in remuneration
Mr. P. R. Rathi	4,793,560	6:1	7.79
Mr. R. B. Rathi	63,447,381	79:1	106.96
Mr. A. N. Rathi*	1,000,000	1:1	Not Comparable
Mr. S. N. Inamdar**	800,000	1:1	Not Comparable
Mr. D. N. Damania	1,500,000	1:1	35.5
Mr. S. Padmanabhan	1,000,000	1:1	4.50
Mr. S. K. Asher	1,000,000	1:1	19.43
Mrs. R. F. Forbes	1,000,000	1:1	4:50
Mrs. S. A. Panse	1,500,000	1:1	72.87
Mr. N. T. Raisinghani	1,000,000	1:1	4:50
Dr. D. Parikh	1,000,000	1:1	19.43
Mr. A. Vij	17,029,262	21:1	15.77

Remuneration to Mr. P. R. Rathi includes Pension as per Pension Policy and Commission as a Non - Executive Director.

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

*During the Financial Year 2019-20, Mr. A. N. Rathi was appointed as a Director effective 8th August 2019 and hence Commission was paid for part of the year. During the year 2020-21, Commission payable to Mr. A. N. Rathi is for full year, and hence figures are not comparable.

**Mr. S. N. Inamdar resigned as an Independent Director effective 20th November 2020, and hence his remuneration is not comparable to that of last Financial Year.

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

Mr. Mandar Velankar, Deputy General Manager - Legal and Company Secretary and Mr. V. V. Thakur, Acting CFO (upto 27th July, 2020) were accorded a reasonable increase in their gross remuneration in accordance with the Remuneration Policy of the Company.

Mr. Nilkanth Natu was appointed as a CFO effective 28th July, 2020, and hence there was no occasion for increase in his remuneration during the year under review.

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

FY 2020-21 - median salary - ₹ 793,260 /- FY 2019-20 - median salary - ₹ 779,028/- (percentage increase 1.82 %)

- (D) the number of permanent employees on the rolls of Company;

There were 1,159 permanent employees on the rolls of the Company.

- (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 FY 2020-21 aggregates to 7.8%. Despite outbreak of the Covid-19 pandemic and its impact on the operations of the Company, your Company granted an increase average percentile in the salaries of the employees.

- (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: 28th May 2021
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 2021

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. Rathi (52)	Managing Director	Permanent Employee	63,447,381	B.E.Mech.Engg. MIT, Pune, B.S.Chem.Engg Ohio University, USA. M.B.A.- Pittsburgh Univesity - USA (26 years)	1 st October 1992	-
2	Mr. A. Vij (50)	Wholetime Director	Permanent Employee	17,029,262	B.E.Chem. (27 years)	8 th December 2005	Jubilant Organosys Limited, Gajraula (UP)

- The gross remuneration includes Salary, PLVA, Company's contribution to Provident Fund and Superannuation Scheme, Leave Travel Allowance, Medical, House Rent Allowance, Pension and value of perquisites in respect of car facility, which is calculated in accordance with the provisions of the Income Tax Act, 1961, and the rules made 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. Rathi, Managing Director forms part of the Promoter Group and holds in his individual name 39,95,429 (5.77%) 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: 28th May, 2021

Place: Pune

P. R. RATHI

CHAIRMAN

Annexures to the Directors' Report

ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

1. Brief outline on CSR Policy of the Company.

Introduction

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

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

To achieve the aforesaid goals, the Company adopted a series of CSR initiatives in FY 2020-21 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 and Objective of SUDHA

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

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

Objectives:

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

Framework of SUDHA

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

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.
- B. **Stitching Project** Women from 3 villages near the Roha plant, keen to acquire this skill, were

Annexures to the Directors' Report

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 FY 2020-21 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.

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. 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.

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 4,000 families in nearby villages in Roha, Mahad and Pune region for one month. Provided feed to domestic animals at Shell Adiwasiwadi in Mahad dist.

Annexures to the Directors' Report

Availability of PPE (Personal Protective Equipment) for health department

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 to 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.

2. Composition of CSR Committee:

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

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company - <https://www.sudarshan.com/company-policies.php>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable - Not Applicable for FY 2020-21.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - Not Applicable for the Financial Year 2020-21.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Nil	

TOTAL

6. Average net profit of the company as per section 135(5). - ₹ 14,25,462,521

7. (a) 2% of average net profit of the company as per section 135(5) - ₹ 28,509,250

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil

(c) Amount required to be set off for the financial year, if any - Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c). - ₹ 28,509,250

Annexures to the Directors' Report

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
29,769,167	Nil	N.A.	N.A.	Nil	N.A.

- (b) Details of CSR amount spent against ongoing projects for the financial year: No amount spent on ongoing projects during the year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State. District	Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through Implementing Agency Name CSR Registration number.
Nil										

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No).	Location of the project State. District	Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency. Name. CSR registration number
1.	Employment Enhancing vocational skill	Skill Development	Yes	Maharashtra Pune and Raigad	287,442	No	Sudarshan CSR Foundation CSR00004362
2.	Disaster Management - Flood, COVID relief operations Cyclone	Disaster Management	Yes	Maharashtra Pune, Raigad, Kolhapur and Sangli	15,667,965	No	Sudarshan CSR Foundation CSR00004362
3.	Scholastic Development of Children & Youth	Promotion of Education	Yes	Maharashtra Pune and Raigad	2,000,000	No	JM Rathi Trust CSR00000907
4.	Abyasika For Slum Area Kids	Promotion of Education	Yes	Maharashtra Pune	1,000,000	No	Seva Sahyog, Pune CSR00000756
5.	Sanskar class for Underprivileged children	Promotion of Education	Yes	Maharashtra Pune	38,400	Yes	Nil N.A.

Annexures to the Directors' Report

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No).	Location of the project		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District			Name.	CSR registration number
6.	PMC School - Provided Fellow for school	Promotion of Education	Yes	Maharashtra	Pune	500,000	No	Teach to Lead	CSR00002271
7.	Development of Rural School	Promotion of Education	Yes	Maharashtra	Pune and Raigad	212,000	Yes	Nil	N.A.
8.	Solid Waste Management	Ensuring Environment Sustainability	Yes	Maharashtra	Pune and Raigad	815,750	No	Know How Foundation	CSR00002818
9.	Comprehensive/ Ideal Village Development	Community Development	Yes	Maharashtra	Pune and Raigad	9,019,637	No	Karve Institute Of Social Science, Pune	CSR00000986
TOTAL						29,541,194			

(d) Amount spent in Administrative Overheads - ₹ 227,973

(e) Amount spent on Impact Assessment, if applicable - Not applicable for FY 2020-21

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 29,769,167

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	2% of average net profit of the company as per section 135(5)	28,509,250
(ii)	Total amount spent for the Financial Year	29,769,167
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,259,917
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1,259,917

9. (a) CSR amount spent or unspent for the financial year:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
				Nil			
TOTAL							

Annexures to the Directors' Report

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable for FY 2020-21.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
Nil								
TOTAL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- (asset-wise details). - Not Applicable for the FY 2020-21.
- (a) Date of creation or acquisition of the capital asset(s). NIL
- (b) Amount of CSR spent for creation or acquisition of capital asset. NIL
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NIL
- (d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NIL
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). - Not Applicable

Sd/-
NILKANTH NATU
CFO

Sd/-
R. B. RATHI
MANAGING DIRECTOR

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

Annexures to the Directors' Report

ANNEXURE IV

EXTRACT OF ANNUAL RETURN

as on 31st March, 2021

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.	N.A.	Step - down Subsidiary	100%	2(87)(ii)
4	Sudarshan Europe BV	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 year - 2020-21				Shareholding at the end of the FY 2020-21				% 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	25,923,899	0.00	25,923,899	37.44	26,041,609	0	26,041,609	37.62	0.18
(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	1,553,180	0	1,553,180	2.25	462,550	0	462,550	0.67	(1.58)
	Trust	2,053,450	0	2,053,450	2.97	1,208,250	0	1,208,250	1.74	(1.23)
	Sub Total (A) (1)	29,530,529	0	29,530,529	42.66	27,712,409	0	27,712,409	40.03	(2.63)
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group(A)=(A) (1)+ (A) (2)	29,530,529	0	29,530,529	42.66	27,712,409	0	27,712,409	40.03	(2.63)
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	1,749,438	0	1,749,438	2.53	5,061,660	0	5,061,660	7.30	4.78
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	714,690	0	714,690	1.03	195,825	0	195,825	0.28	(0.75)
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	5,673,034	0	5,673,034	8.19	6,480,689	0	6,480,689	9.36	1.17
(f)	Financial Institutions / Banks	33,290	1,710	35,000	0.05	1,750	1,710	3,460	0.01	(0.04)
(g)	Insurance Companies	0	4,500	4,500	0.01	970,203	4,500	974,703	1.41	1.40
(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)	8,170,452	10,210	8,180,662	11.81	12,710,127	10,210	12,720,337	18.37	6.56

Annexures to the Directors' Report

Sr. No	Category of Shareholders	Shareholding at the beginning of the year - 2020-21				Shareholding at the end of the FY 2020-21				% 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 ₹ 1 lakh.	9,979,689	1,557,275	11,536,964	16.67	9,405,366	1,465,205	10,870,571	15.7	(0.97)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16,175,492	0	16,175,492	23.37	12,910,187	51,370	12,961,557	18.72	(4.65)
(b)	NBFCs registered with RBI	7,950	0	7,950	0.01	3,450	0	3,450	0.01	0
(c)	Employee Trust	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)									
	IEPF	220	0	220	0.00	340	0	340	0.00	0.00
	Trusts	869	0	869	0.00	1,006	0	1,006	0.00	0.00
	Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
	Hindu Undivided Family	979,667	0	979,667	1.42	976,007	1,500	977,507	1.41	(0.01)
	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
	Non Resident Indians (Non Repat)	144,692	3,000	147,692	0.21	130,216	3,000	133,216	0.19	(0.02)
	Non Resident Indians (Repat)	262,783	1,840	264,623	0.38	239,101	1,500	240,601	0.35	(0.03)
	Clearing Member	153,515	0	153,515	0.22	128,208	0	128,208	0.19	(0.03)
	Bodies Corporate	2,205,247	43,820	2,249,067	3.25	3,434,228	43,820	3,478,048	5.02	1.77
	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (B) (3)	29,910,124	1,605,935	31,516,059	45.53	27,228,109	1,566,395	28,794,504	41.59	(3.94)
	Total Public Shareholding (B) = (B) (1) + (B) (2) + (B) (3)	38,080,576	1,616,145	39,696,721	57.34	39,938,236	1,576,605	41,514,841	59.97	2.63
	Total (A) + (B)	67,611,105	1,616,145	69,227,250	100.00	67,650,645	1,576,605	69,227,250	100.00	0.00
(C)	Non Promoter - Non Public									
	(C1) Shares Underlying DRs									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
	(C2) Shares Held By Employee Trust									
[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)	67,611,105	1,616,145	69,227,250	100.00	67,650,645	1,576,605	69,227,250	100.00	0.00

Annexures to the Directors' Report

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year - 2020-21			Shareholding at the end of the year - 2020-21			% 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	5,447,620	7.87	0.00	5,447,620	7.87	0.00	0.00
2	RAHUL PRADEEP RATHI	4,754,540	6.87	0.00	4,754,540	6.87	0.00	0.00
3	PRADEEP RAMWILAS RATHI	3,823,450	5.52	0.00	3,823,450	5.52	0.00	0.00
4	RAJESH BALKRISHNA RATHI	3,471,929	5.02	0.00	3,995,429	5.77	0.00	0.76
5	AJOY BALKRISHNA RATHI	1,651,060	2.38	0.00	2,073,660	3.00	0.00	0.61
6	SUBHADRA PRADEEP RATHI	1,313,680	1.90	0.00	1,313,680	1.90	0.00	0.00
7	RAJESH BALKRISHNA RATHI (As Trustee - Sow Rachna Rathi Family Trust)	1,208,250	1.75	0.00	1,208,250	1.75	0.00	0.00
8	NJR FINANCE PRIVATE LIMITED	1,090,630	1.58	0.00	0	0.00	0.00	-1.58
9	AJOY BALKRISHNA RATHI (HUF)	1,030,000	1.49	0.00	1,175,325	1.70	0.00	0.21
10	RAJESH BALKRISHNA RATHI (As Trustee - Shri Balkrishna Rathi Family Trust)	845,200	1.22	0.00	0	0.00	0.00	-1.22
11	MANAN AJOY RATHI	827,900	1.20	0.00	827,900	1.20	0.00	0.00
12	NARAYANDAS JAGANNATH RATHI	797,650	1.15	0.00	797,650	1.15	0.00	0.00
13	ARCHANA ANUJ RATHI	727,490	1.05	0.00	0	0.00	0.00	-1.05
14	NISHA AJOY RATHI	719,370	1.04	0.00	719,370	1.04	0.00	0.00
15	ANUJ NARAYANDAS RATHI (HUF)	567,770	0.82	0.00	567,770	0.82	0.00	0.00
16	BAL KRISHNA RATHI FINANCE PRIVATE LIMITED	462,550	0.67	0.00	462,550	0.67	0.00	0.00
17	KUSUM RAMWILAS RATHI	362,790	0.52	0.00	362,790	0.52	0.00	0.00
18	BALKRISHNA JAGANNATH RATHI (HUF)	189,750	0.27	0.00	0	0.00	0.00	-0.27
19	RAJESH BALKRISHNA RATHI (HUF)	133,000	0.19	0.00	177,425	0.26	0.00	0.06
20	KUSUM BALKRISHNA RATHI	100,900	0.15	0.00	0	0.00	0.00	-0.15
21	RACHNA RAJESH RATHI	5,000	0.01	0.00	5,000	0.01	0.00	0.00
	Total	29,530,529	42.66	0.00	27,712,409	40.03	0.00	-2.63

Notes:

- The inter-se acquisition of 8,45,200 Equity Shares of ₹ 2/- each (i.e. 1.22%) of Sudarshan Chemical Industries Limited ("the Company") held by Shri Balkrishna Rathi Family Trust were transferred to Mr. Ajoy Balkrishna Rathi (4,22,600 Equity Shares i.e. 0.61%) and Mr. Rajesh Balkrishna Rathi (4,22,600 Equity Shares i.e. 0.61%), due to dissolution of the said Trust.
- A total of 1,89,750 Equity Shares of ₹ 2/- each (i.e. 0.27%) of the Company held by Balkrishna Jagannath Rathi (HUF) were transferred to Ajoy Balkrishna Rathi (HUF) (1,45,325 Equity Shares i.e. 0.21%) and Rajesh Balkrishna Rathi (HUF) (44,425 Equity Shares i.e. 0.06%), due to partition of the said HUF.
- A total of 1,00,900 Equity Shares of ₹ 2/- each (i.e. 0.15%) of the Company held by Smt. Kusum Balkrishna Rathi were transferred to Mr. Rajesh Balkrishna Rathi as a Gift.
Due to above transactions, total Shareholding of Mr. R. B. Rathi changed from 5.02% to 5.77%, total Shareholding of Mr. R. B. Rathi HUF changed from 0.19% to 0.26%, total Shareholding of Mr. A. B. Rathi changed from 2.38% to 3.00%, total Shareholding of Mr. A. B. Rathi HUF changed from 1.49% to 1.70%.
Similarly, total Shareholding of Smt. K. B. Rathi, Shri Balkrishna Rathi Family Trust and Balkrishna Jagannath Rathi HUF is Nil due to execution of the above transactions.
- Further, on 3rd December 2020, a total of 10,90,630 Equity Shares of ₹ 2/- each (i.e. 1.58%) of the Company held by NJR Finance Private Limited were sold through Open Market and a total of 727,490 Equity Shares of ₹ 2/- each (i.e. 1.05%) of the Company held by Mrs. Archana A. Rathi were sold through Open Market.
Therefore, the Promoter Group Shareholding as on 31st March, 2021 stands at a total of 2,77,12,409 Equity Shares of ₹ 2/- each (i.e. 40.03%).

Annexures to the Directors' Report

(iii) Change in Promoters Shareholding

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2020-21		Transactions during the year		Cumulative Shareholding at the end of the FY 2020-21	
		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	5,447,620	7.87			5,447,620	7.87
	AT THE END OF THE YEAR					5,447,620	7.87
2	RAHUL PRADEEP RATHI	4,754,540	6.87			4,754,540	6.87
	AT THE END OF THE YEAR					4,754,540	6.87
3	RAJESH BALKRISHNA RATHI	3,471,929	5.02			3,471,929	5.02
	Promoter inter-se transfer			28 th September 2020	523,500	3,995,429	5.77
	AT THE END OF THE YEAR					3,995,429	5.77
4	PRADEEP RAMWILAS RATHI	3,823,450	5.52			3,823,450	5.52
	AT THE END OF THE YEAR					3,823,450	5.52
5	AJOY BALKRISHNA RATHI	1,651,060	2.38			1,651,060	2.38
	Promoter inter-se transfer			28 th September 2020	422,600	2,073,660	3.00
	AT THE END OF THE YEAR					2,073,660	3.00
6	SUBHADRA PRADEEP RATHI	1,313,680	1.90			1,313,680	1.90
	AT THE END OF THE YEAR					1,313,680	1.90
7	RAJESH BALKRISHNA RATHI (As Trustee - Sow Rachna Rathi Family Trust)	1,208,250	1.75			1,208,250	1.75
	AT THE END OF THE YEAR					1,208,250	1.75
8	AJOY BALKRISHNA RATHI (HUF)	1,030,000	1.49			1,030,000	1.49
	Promoter inter-se transfer			28 th September 2020	145,325	1,175,325	1.70
	AT THE END OF THE YEAR					1,175,325	1.70
9	MANAN AJOY RATHI	827,900	1.20			827,900	1.20
	AT THE END OF THE YEAR					827,900	1.20
10	NARAYANDAS JAGANNATH RATHI	797,650	1.15			797,650	1.15
	AT THE END OF THE YEAR					797,650	1.15
11	NISHA AJOY RATHI	719,370	1.04			719,370	1.04
	AT THE END OF THE YEAR					719,370	1.04
12	ANUJ NARAYANDAS RATHI (HUF)	567,770	0.82			567,770	0.82
	AT THE END OF THE YEAR					567,770	0.82
13	BAL KRISHNA RATHI FINANCE PRIVATE LIMITED	462,550	0.67			462,550	0.67
	AT THE END OF THE YEAR					462,550	0.67
14	KUSUM RAMWILAS RATHI	362,790	0.52			362,790	0.52
	AT THE END OF THE YEAR					362,790	0.52
15	RAJESH BALKRISHNA RATHI (HUF)	133,000	0.19			133,000	0.19
	Promoter inter-se transfer			28 th September 2020	44,425	177,425	0.26
	AT THE END OF THE YEAR					177,425	0.26
16	RACHNA RAJESH RATHI	5,000	0.01			5,000	0.01
	AT THE END OF THE YEAR					5,000	0.01
17	NJR FINANCE PRIVATE LIMITED	1,090,630	1.58			1,090,630	1.58
	On Market Sale			3 rd December, 2020	(1,090,630)	0	0
	AT THE END OF THE YEAR					0	0

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2020-21		Transactions during the year		Cumulative Shareholding at the end of the FY 2020-21	
		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
18	RAJESH BALKRISHNA RATHI (As Trustee - Shri Balkrishna Rathi Family Trust)	845,200	1.22			845,200	1.22
	Promoter inter-se transfer			28 th September 2020	(845,200)	0	0.00
	AT THE END OF THE YEAR					0	0.00
19	ARCHANA ANUJ RATHI	727,490	1.05			727,490	1.05
	On Market Sale			3 rd December 2020	(727,490)	0	0.00
	AT THE END OF THE YEAR					0	0.00
20	BALKRISHNA JAGANNATH RATHI (HUF)	189,750	0.27			189,750	0.27
	Promoter inter-se transfer			28 th September 2020	(189,750)	0	0.00
	AT THE END OF THE YEAR					0	0.00
21	KUSUM BALKRISHNA RATHI	100,900	0.15			100,900	0.15
	Promoter inter-se transfer			28 th September 2020	(100,900)	0	0.00
	AT THE END OF THE YEAR					0	0.00

Note :

- The inter-se acquisition of 8,45,200 Equity Shares of ₹ 2/- each (i.e. 1.22%) of Sudarshan Chemical Industries Limited ("the Company") held by Shri Balkrishna Rathi Family Trust were transferred to Mr. Ajoy Balkrishna Rathi (4,22,600 Equity Shares i.e. 0.61%) and Mr. Rajesh Balkrishna Rathi (4,22,600 Equity Shares i.e. 0.61%), due to dissolution of the said Trust.
- A total of 1,89,750 Equity Shares of ₹ 2/- each (i.e. 0.27%) of the Company held by Balkrishna Jagannath Rathi (HUF) were transferred to Ajoy Balkrishna Rathi (HUF) (1,45,325 Equity Shares i.e. 0.21%) and Rajesh Balkrishna Rathi (HUF) (44,425 Equity Shares i.e. 0.06%), due to partition of the said HUF.
- A total of 1,00,900 Equity Shares of ₹ 2/- each (i.e. 0.15%) of the Company held by Smt. Kusum Balkrishna Rathi were transferred to Mr. Rajesh Balkrishna Rathi as a Gift.
Due to above transactions, total Shareholding of Mr. R. B. Rathi changed from 5.02% to 5.77%, total Shareholding of Mr. R. B. Rathi HUF changed from 0.19% to 0.26%, total Shareholding of Mr. A. B. Rathi changed from 2.38% to 3.00%, total Shareholding of Mr. A. B. Rathi HUF changed from 1.49% to 1.70%.
Similarly, total Shareholding of Smt. K. B. Rathi, Shri Balkrishna Rathi Family Trust and Balkrishna Jagannath Rathi HUF is Nil due to execution of the above transactions.
- Further, on 3rd December 2020, a total of 10,90,630 Equity Shares of ₹ 2/- each (i.e. 1.58%) of the Company held by NJR Finance Private Limited were sold through Open Market and a total of 727,490 Equity Shares of ₹ 2/- each (i.e. 1.05%) of the Company held by Mrs. Archana A. Rathi were sold through Open Market.
Therefore, the Promoter Group Shareholding as on 31st March 2021 stands at a total of 2,77,12,409 Equity Shares of ₹ 2/- each (i.e. 40.03%).

Annexures to the Directors' Report

(iv) Shareholding Pattern of Top Ten Shareholders

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2020-21		Transactions during the year		Cumulative Shareholding at the end of the year - 2021	
		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	5,567,711	8.04			5,567,711	8.04
	Transfer			24 th July 2020	(1,000,000)	4,567,711	6.60
	Transfer			25 th September 2020	(112,711)	4,455,000	6.44
	Transfer			26 th March 2021	(200,000)	4,255,000	6.15
	AT THE END OF THE YEAR					4,255,000	6.15
2	AMANSA HOLDINGS PRIVATE LIMITED	2,179,230	3.15			2,179,230	3.15
	AT THE END OF THE YEAR					2,179,230	3.15
3	VIJAYKUMAR RAMCHANDRA RATHI	2,117,179	3.06			2,117,179	3.06
	Transfer			15 th May 2020	75	2,117,254	3.06
	Transfer			22 nd May 2020	10	2,117,264	3.06
	Transfer			17 th Jul 2020	10	2,117,274	3.06
	Transfer			7 th August 2020	(49)	2,117,225	3.06
	Transfer			14 th August 2020	(200)	2,117,025	3.06
	Transfer			21 st August 2020	(25)	2,117,000	3.06
	Transfer			18 th September 2020	(20)	2,116,980	3.06
	Transfer			25 th September 2020	35	2,117,015	3.06
	Transfer			18 th December 2020	7,500	2,124,515	3.07
	Transfer			15 th January 2021	(7,500)	2,117,015	3.06
	AT THE END OF THE YEAR					2,117,015	3.06
4	ROHIT KISHOR RATHI	4,151,600	6.00			4,151,600	6.00
	Transfer			21 st August 2020	(1,000,000)	3,151,600	4.55
	Transfer			18 th September 2020	(18,534)	3,133,066	4.53
	Transfer			25 th September 2020	(41,373)	3,091,693	4.47
	Transfer			30 th September 2020	(53,536)	3,038,157	4.39
	Transfer			2 nd October 2020	(42,925)	2,995,232	4.33
	Transfer			9 th October 2020	(88,681)	2,906,551	4.20
	Transfer			16 th October 2020	(112)	2,906,439	4.20
	Transfer			4 th December 2020	(15,000)	2,891,439	4.18
	Transfer			11 th December 2020	(153,864)	2,737,575	3.90
	Transfer			15 th January 2021	(39,412)	2,698,163	4.20
	Transfer			30 th August 2019	(25)	2,116,993	3.06
	Transfer			22 nd January 2021	(91,929)	2,606,234	3.76
	Transfer			29 th January 2021	(62,939)	2,543,295	3.67
	Transfer			5 th February 2021	(92,853)	2,450,442	3.54
	Transfer			12 th February 2021	(5,370)	2,445,072	3.53

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2020-21		Transactions during the year		Cumulative Shareholding at the end of the year - 2021	
		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			19 th February 2021	(16,355)	2,428,717	3.51
	Transfer			26 th February 2021	(129,746)	2,298,971	3.32
	Transfer			5 th March 2021	(156,500)	2,142,471	3.09
	Transfer			12 th March 2021	(8,680)	2,133,791	3.08
	Transfer			19 th March 2021	(76,300)	2,057,491	2.97
	Transfer			26 th March 2021	(5,200)	2,052,291	2.96
	AT THE END OF THE YEAR					2,052,291	2.96
5	GOVERNMENT PENSION FUND GLOBAL	1,671,344	2.41			1,671,344	2.41
	AT THE END OF THE YEAR					1,671,344	2.41
6	ICICI PRUDENTIAL SMALLCAP FUND	460	0.00			460	0.00
	Transfer			17 th April 2020	8	468	0.00
	Transfer			1 st May 2020	(8)	460	0.00
	Transfer			8 th May 2020	(168)	292	0.00
	Transfer			15 th May 2020	(16)	276	0.00
	Transfer			29 th May 2020	8	284	0.00
	Transfer			5 th June 2020	(10)	274	0.00
	Transfer			26 th June 2020	(24)	250	0.00
	Transfer			10 th July 2020	(24)	226	0.00
	Transfer			17 th July 2020	(8)	218	0.00
	Transfer			24 th July 2020	(8)	210	0.00
	Transfer			7 th August 2020	(24)	186	0.00
	Transfer			28 th August 2020	950,000	950,186	1.37
	Transfer			4 th September 2020	11,353	961,539	1.39
	Transfer			11 th September 2020	3,700	965,239	1.39
	Transfer			25 th September 2020	(11,353)	953,886	1.38
	Transfer			23 rd October 2020	(8)	953,878	1.38
	Transfer			13 th November 2020	(8)	953,870	1.38
	Transfer			27 th November 2020	(3,692)	950,178	1.37
	Transfer			11 th December 2020	616,333	1,566,511	2.26
	Transfer			22 nd January 2021	(3,550)	1,562,961	2.26
	Transfer			19 th March 2021	46,532	1,609,493	2.32
	Transfer			26 th March 2021	17,555	1,627,048	2.35
	Transfer			31 st March 2021	8	1,627,056	2.35
	AT THE END OF THE YEAR					1,627,056	2.35

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2020-21		Transactions during the year		Cumulative Shareholding at the end of the year - 2021	
		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
7	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	1,397,522	2.02			1,397,522	2.02
	Transfer			10 th July 2020	(550)	1,396,972	2.02
	Transfer			21 st August 2020	(3,900)	1,393,072	2.01
	Transfer			28 th August 2020	(2,850)	1,390,222	2.01
	Transfer			4 th September 2020	(34,966)	1,355,256	1.96
	Transfer			25 th September 2020	(48,065)	1,307,191	1.89
	Transfer			30 th September 2020	(6,169)	1,301,022	1.88
	Transfer			9 th October 2020	(2,000)	1,299,022	1.88
	Transfer			8 th January 2021	2,865	1,301,887	1.88
	AT THE END OF THE YEAR					1,301,887	1.88
8	PROFITEX SHARES AND SECURITIES PRIVATE LIMITED	0	0.00			0	0.00
	Transfer			4 th September 2020	1,000,000	1,000,000	1.44
	Transfer			26 th March 2021	200,000	1,200,000	1.73
	AT THE END OF THE YEAR					1,200,000	1.73
9	MIRAE ASSET MIDCAP FUND	0	0.00			0	0.00
	Transfer			18 th December 2020	5,563	5,563	0.01
	Transfer			25 th December 2020	95,814	101,377	0.15
	Transfer			31 st December 2020	51,261	152,638	0.22
	Transfer			1 st January 2021	6,310	158,948	0.23
	Transfer			8 th January 2021	85,138	244,086	0.35
	Transfer			15 th January 2021	266,348	510,434	0.74
	Transfer			22 nd January 2021	171,684	682,118	0.99
	Transfer			29 th January 2021	172,983	855,101	1.24
	Transfer			5 th February 2021	90,787	945,888	1.37
	Transfer			12 th February 2021	28,205	974,093	1.41
	Transfer			26 th February 2021	38,761	1,012,854	1.46
	Transfer			5 th March 2021	53,069	1,065,923	1.54
	Transfer			12 th March 2021	17,350	1,083,273	1.56
	Transfer			19 th March 2021	101,703	1,184,976	1.71
	AT THE END OF THE YEAR					1,184,976	1.71
10	VIJAY KISHANLAL KEDIA	1,415,484	2.04			1,415,484	2.04
	Transfer			3 rd April 2020	(15,484)	1,400,000	2.02
	Transfer			17 th April 2020	(10,644)	1,389,356	2.01
	Transfer			24 th April 2020	(5,000)	1,384,356	2.00
	Transfer			1 st May 2020	(10,000)	1,374,356	1.99
	Transfer			8 th May 2020	(24,356)	1,350,000	1.95

Annexures to the Directors' Report

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the FY 2020-21		Transactions during the year		Cumulative Shareholding at the end of the year - 2021	
		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			15 th May 2020	(22,000)	1,328,000	1.92
	Transfer			22 nd May 2020	(12,712)	1,315,288	1.90
	Transfer			19 th June 2020	(11,424)	1,303,864	1.88
	Transfer			17 th July 2020	(40,038)	1,263,826	1.83
	Transfer			24 th July 2020	(13,826)	1,250,000	1.81
	Transfer			31 st July 2020	(5,000)	1,245,000	1.80
	Transfer			14 th August 2020	(85,009)	1,159,991	1.68
	Transfer			21 st August 2020	(34,991)	1,125,000	1.63
	Transfer			4 th September 2020	(13,686)	1,111,314	1.61
	Transfer			25 th September 2020	(11,314)	1,100,000	1.59
	Transfer			30 th October 2020	(32,745)	1,067,255	1.54
	Transfer			6 th November 2020	(52,255)	1,015,000	1.47
	Transfer			20 th November 2020	(15,000)	1,000,000	1.44
	AT THE END OF THE YEAR					1,000,000	1.44
11	GOLDMAN SACHS INDIA LIMITED	957,098	1.38			957,098	1.38
	Transfer			31 st July 2020	(25,901)	931,197	1.35
	Transfer			6 th November 2020	(19,856)	911,341	1.32
	AT THE END OF THE YEAR					911,341	1.32
12	ARUNA KISHOR RATHI	761,500	1.10			761,500	1.10
	AT THE END OF THE YEAR					761,500	1.10
13	LAXMINARAYAN FINANCE PRIVATE LIMITED	698,920	1.01			698,920	1.01
	AT THE END OF THE YEAR					698,920	1.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the FY 2020-21		Cumulative shareholding during the FY 2020-21	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Pradeep R. Rathi	3,823,450	5.52	3,823,450	5.52
	At the end of the year			3,823,450	5.52
2	Mr. Rajesh B. Rathi	3,471,929	5.02	3,471,929	5.02
	At the end of the year			3,995,429	5.77
3	Mr. Anuj N. Rathi	5,447,620	7.87	5,447,620	7.87
	At the end of the year			5,447,620	7.87
4	Mr. Ashish Vij	100	0.00	100	0.00
	At the end of the year			100	0.00
5	Mr. Dara N. Damania	930	0.00	930	0.00
	At the end of the year			930	0.00
6	Mr. S. Padmanabhan	-	-	-	-
	At the end of the year				
7	Mr. Shrikrishna N. Inamdar	-	-	-	-
	At the end of the year				

Annexures to the Directors' Report

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the FY 2020-21		Cumulative shareholding during the FY 2020-21	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8	Mr. Sanjay K. Asher	-	-	-	-
	At the end of the year	-	-	-	-
9	Mr. Naresh T. Raisinghani	700	0.00	700	0.00
	At the end of the year			700	0.00
10	Mrs. Rati F. Forbes	-	-	-	-
	At the end of the year	-	-	-	-
11	Mrs. Shubhalakshmi Panse	-	-	-	-
	At the end of the year	-	-	-	-
12	Dr. Deepak Parikh	-	-	-	-
	At the end of the year	-	-	-	-
13	Mr. Vivek V. Thakur (01/04/2020 to 27/07/2020)	-	-	-	-
	At the end of the year	-	-	-	-
14	Mr. Nilkanth Natu (CFO) (28/07/2020 to 31/03/2021)	-	-	-	-
	At the end of the year	-	-	-	-
15	Mr. Mandar Velankar (Company Secretary)	-	-	2	0.00
	At the end of the year	-	-	2	0.00

Notes:

- By way of promoter inter-se transaction, out of 8,45,200 Equity Shares of ₹ 2/- each (i.e. 1.22%) of Sudarshan Chemical Industries Limited ("the Company") held by Shri Balkrishna Rathi Family Trust, 4,22,600 Equity Shares (i.e. 0.61%) were transferred to Mr. R. B. Rathi, due to dissolution of the said Trust.
A total of 1,00,900 Equity Shares of ₹ 2/- each (i.e. 0.15%) of the Company held by Smt. Kusum Balkrishna Rathi were transferred to Mr. Rajesh Balkrishna Rathi as a Gift.
As a result of the above transactions, total Shareholding of Mr. R. B. Rathi changed from 5.02% to 5.77% during the year.
- Mr. S. N. Inamdar resigned as a Director effective 20th November, 2020.

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	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
Changes in Indebtedness during the Financial Year:				
Addition	39,894.9	30,757.5	-	70,652.5
Reduction	34,610.5	24,216.9	-	58,827.5
Net Change	5,284.4	6,540.6	-	11,825.0
Indebtedness at the end of the financial year:				
i) Principal Amount	45,750.9	10,540.6	21.4	56,312.9
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	45,750.9	10,540.6	21.4	56,312.9

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	59,660,876	16,906,619	76,567,495
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,786,505	122,643	3,909,148
	(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)	63,447,381	17,029,262	80,476,643
	Ceiling as per the Act (10% of profits calculated under Section 198 of the Companies Act, 2013)			178,167,738

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. S. N. Inamdar*	Mr. D. N. Damania	Mr. S. Padmanabhan	Mr. S. K. Asher	
1. Independent Directors					
• Fee for attending board / committee meetings	260,000	340,000	140,000	380,000	1,120,000
• Commission+	800,000	1,500,000	1,000,000	1,000,000	4,300,000
• 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	260,000	260,000	240,000	120,000	880,000
• Commission+	1,000,000	1,500,000	1,000,000	1,000,000	4,500,000
• Others, Please specify	-	-	-	-	-
Total (1)					10,800,000

Annexures to the Directors' Report

	Mr. P. R. Rathi	Mr. A. N. Rathi	Total Amount
2. Other Non-Executive Directors			
• Fee for attending board / committee meetings	200,000	120,000	320,000
• Commission+	1,000,000	1,000,000	2,000,000
• Others, Please specify (Pension)	3,793,560	-	3,793,560
Total (2)			6,113,560
Total (B)=(1+2)			16,913,560
Total Managerial Remuneration - (A+B)			97,390,203
Ceiling as per the Act (11% of profits calculated under Section 198 of the Companies Act, 2013)			195,984,511

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

+The Commission which is proposed for FY 2020-21, will be paid subsequent to approval of accounts by the shareholders at the ensuing Annual General Meeting.

In accordance with the definition of perquisites under the Income-tax Act, 1961, the remuneration includes the value of stock incentives only on those shares that have been exercised during the period. Accordingly, the value of stock options granted during the period is not included.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Vivek Thakur Acting CFO (1 st April 2020 to 27 th July 2020)	Nilkanth Natu CFO (28 th July 2020 to 31 st March 2021)	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	1,129,136	3,835,863	4,841,252	9,806,251
	(b) Value of perquisites under section 17(2) Income Tax Act, 1961	7,200	-	-	7,200
	(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	1,136,336	3,835,863	4,841,252	9,813,451

*In accordance with the definition of perquisites under the Income-tax Act, 1961, the remuneration includes the value of stock incentives only on those shares that have been exercised during the period. Accordingly, the value of stock options granted during the period is not included.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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

Date: 28th May 2021

Place: Pune

P. R. RATHI

CHAIRMAN

Annexures to the Directors' Report

ANNEXURE V

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
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Date: 28th May 2021

Place: Pune

P. R. RATHI

CHAIRMAN

Annexures to the Directors' Report

Annexure VI

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	478.0	7,204.0	5,476.0	-	11,340.5	603.2	114.7	488.5	100%
2	Sudarshan Europe B.V.	Euro	1,909.0	2,535.0	15,028.7	10,584.8	2,467.9	25,987.8	885.4	195.1	690.3	100%
3	Sudarshan North America, Inc.	US Dollars	2,467.8	(1,945.4)	4,171.4	3,649.0	-	8,034.3	258.4	-	258.4	100%
4	Sudarshan (Shanghai) Trading Company Limited	CNY	477.6	(533.9)	769.5	825.9	-	1,743.3	27.8	-	27.8	100%
5	Sudarshan Mexico S de R.L.de CV	US Dollars	0.1	17.8	3,102.2	3,084.3	-	3,432.5	40.7	34.0	6.7	100%
6	Sudarshan Japan Limited	JPY	65.1	(114.5)	504.8	554.2	-	-	(60.6)	-	(60.6)	100%

Notes:

- All figures provided are in ₹ lakhs.
- The reporting period for all Subsidiaries mentioned above is from 1st April 2020 to 31st March 2021.
- 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 FY 2020-21.
- Names of subsidiaries which are yet to commence operations: Nil

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

Date: 28th May 2021

Place: Pune

P. R. RATHI
CHAIRMAN

Annexures to the Directors' Report

Annexure VII

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[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 authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 ('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 31st March 2021 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) The 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 (Not applicable to the Company during the Audit Period);
 - (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:

- (a) Manufacture Storage and Import of Hazardous Chemical Rules, 1989, as amended;
- (b) Environment Protection Act, 1986;
- (c) Public Liability Insurance Act, 1991, as amended;
- (d) Gas Cylinder Rules, 1981;
- (e) Explosives Act, 1889;
- (f) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
- (g) The Water (Prevention and Control of Pollution) Act, 1974;
- (h) 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 decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings 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 audit period, the Company consented

- In terms of Section 180 (1) (c) of the Companies Act, 2013, to the Board of Directors for borrowing money together with the money already borrowed by the Company exceeding the aggregate of the paid-up share capital, free reserves and securities premium account of the Company, up to the total amount of ₹ 1200 crores (Rupees Twelve Hundred crores) at any point of time.
- In terms of Section 180 (1) (a) of the Companies Act, 2013, to the Board of Directors for mortgaging and / or charging in such form and manner as the Board may deem fit, the whole or substantially the whole of the undertaking of the Company, all moveable and immoveable properties of the Company in favour of Financial Institutions / Investment Institution(s) / Bank(s) / Trustees to secure the borrowings and / or other credit facilities availed or proposed to be availed together with interest thereon and such other costs, charges, expenses and other monies payable by the Company, up to a maximum limit not exceeding ₹ 1500 crores (Rupees Fifteen Hundred crores).

Dr. K. R. Chandratre

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

UDIN: F001370C000388823

Peer Review Certificate No. : 463/2016

Place: Pune
28th May 2021

Annexures to the Directors' Report

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
The Members,

Sudarshan Chemical Industries Limited

162, Wellesley Road, Pune - 411 001
Maharashtra - India

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Dr. K. R. Chandratre

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

UDIN: F001370C000388823

Peer Review Certificate No. : 463/2016

Place: Pune

28th May 2021

Annexures to the Directors' Report

Annexure VIII

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 an Annual Dividend pay-out in the range of 25% to 40% of profits after tax (PAT) on standalone financials. However, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision.

Disclosure

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

Policy review

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

This Policy was approved by the Board of Directors at its meeting held on 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 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 FY 2020-21 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	L24119PN1951 PLC008409
2	Name of the Company	Sudarshan Chemical Industries Limited
3	Registered Address Website	162, Wellesley Road, Pune - 411001
4	E-mail	www.sudarshan.com
5	Financial Year of Report	shares@sudarshan.com
6	Financial Year of Report	1 st April 2020 - 31 st March 2021
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 ₹)	1,384.5 lakhs
2	Total turnover (in ₹) as per Ind-AS	170,850.1 lakhs
3	Total profit after taxes (including Discontinued Operations) (in ₹) and exceptional items	13,623.4 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. Started "SUKUSHAL" Skill Development Training Centre for Women at Roha.
- b) Education: 14 E-learning set ups have been installed in schools, 35 Teachers from 27 schools are trained with effective use of e- learning, SUDHA had tied up with Seva Sahyog and TFI in Pune and sponsors 5 slums and 2 classrooms, has funded to Pune City Connect Project, SUDHA provides funds to JM Rathi school for labs, infrastructure, playground and other facilities, Anganwadi was constructed in Shell Adivasiwadi and Roha as a provision for children in the village from the age of 6 months to 6 years. A 5 feet boundary wall was constructed for the Zilla Parishad school in shell Adivasiwadi and Roha to secure it from stray animals, trespasser's and water during rainy season.
- c) Environment: Paper Bag Project has resulted in livelihood enhancement, ensuring environment sustainability by way of solid waste management and Organic farming in 11 villages across Roha, Mahad and Sutarwadi. Solid organic and non-organic waste disposal through Vermi-compost bins and Ghantagdis.
- 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:

- i. Supply of food grains to more than 4000 families.
- ii. Donated 10 ventilators to Govt. of Maharashtra.
- iii. Donation of 30,000 masks to Govt. health dept. police dept. ASHA workers etc.
- iv. We have trained more than 150 women from our self-help groups to prepare cloth masks from the raw material provided by the Company. With this created employment for the community women.
- v. Donation of essential medicines, PPE Kits to Rural Hospital at Roha.
- vi. 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.
 - 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 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 (OHSAS18001), 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.

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 FY 2020-21.

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

Business Responsibility Report

of any fraud or unethical activity within the Company and has provisions to ensure protection of the whistleblower against victimization for the disclosures made by him / her. The policy also provides contact details of the Chairman of the Audit Committee for direct access in appropriate or exceptional cases. There are dedicated resources to respond to the complaints within a time bound manner.

During the year under review, 1 complaint was received from the whistleblower, which was duly investigated and disposed of by following the principles of natural justice.

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.

(a) 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. Re-use of 500M3 of Mica water for Lime preparation and Scrubber operations in ETP Paddle Dryer.

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 on - boarded post Regulatory Team Site visit & Audit approval. 100 % natural Mica Sourcing is from local India and is sourced sustainably.

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 lifecycle, 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

Business Responsibility Report

work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, color, ancestry, marital status or affiliation with a political, religious or union organization or majority / minority group. In FY 2020-21, 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. During the year under review, 1 complaint was received and which was disposed of after duly investigation carried out by the Internal Complaints Committee of the Company.

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 FY 2020-21 formal training was 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 members 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.

Business Responsibility Report

- b) Completeness
Understanding key concerns of stakeholders and their expectations
- c) Responsiveness
Responding coherently and transparently to such issues and concerns.

The Company has put in place the Whistle-Blower Policy whereby any employee, irrespective of his level, grade can voice against any discrimination, marginalisation by using the Whistle-Blower mechanism without disclosing his identity.

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 behavioural change towards creation of a safety culture. In line with this, behavioural 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 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.

Business Responsibility Report

- j. Setting up Solar and Windmill projects to ensure alternate use of energy.

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. Certain EHS initiatives are as follows:

- Reduction in Non-Hazardous Waste by 5%
- Reduction in Specific Water consumption M³/MT product by 10% (Baseline FY 2020-21 consumption)
- Specific Waste reduction MT/MT by 5% (ETP) – Hazardous form ETP
- Reduction in noise levels at work place and improvement in illumination levels - Occupational Health meeting FA limits or lesser
- Cost Reduction in Total ETP Cost Rs/M³. This will depend on the following variables besides variation in production (effluent streams):
 - Rate increase of treatment charges of CETP.
 - Increase in rates of disposal charges from MWML.
 - Pumps rented on hire for increase in hydraulic load Cost per Production - Rs/MT

- ETP Capability Building:
 - Roha - 16000 M³
 - Mahad - 4000 M³
- Build a strong EHS Culture & Safe work environment: Plants and Projects
- Ensure Compliance to EHS Statutory requirements.
- Reinitiate and Prepare for BSC – Sword of Honour Audit at the end of FY 2021-22. This will cover most of the safety and health requirements

PRINCIPLE 7: Business when engaged in influencing public and regulatory policy should do so in a responsible 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 2021, your Company is a member of the following trade associations:

- Confederation of Indian Industries (CII)
- 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

Business Responsibility Report

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.

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 labelling 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

Date: 28th May 2021

Place: Pune

MR. 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 organisation to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

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

B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

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

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct of the Company and among others, the Code of Conduct to Regulate, Monitor and Report Trading by Insiders, 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, professionalisation of the Board, fair and transparent processes and reporting systems.

The Corporate Governance Principles implemented by the Company seek to protect, recognise and facilitate shareholders' rights and ensure timely and accurate disclosure to them. Good Governance practices have rewarded the Company in the sphere of improved share valuations, stakeholders' confidence, improved market capitalisation, and awards from appropriate authorities, among others, for its employee centric policies and environmental protection measures, etc. These have helped the Company to increase shareholder value.

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

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

Sudarshan Values:

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

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

Integrity of Financial Reporting:

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

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 as discussed and decided at the Board level and also information regarding matters to be transacted at General Meetings / Postal Ballot, opportunity to participate and vote at General Meetings / Postal Ballot, 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 specialisation.

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 and Non-Independent Director
2.	Non-Promoters (Independent Directors)	1. Mr. S. N. Inamdar (Refer Note 1 below)
		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. D. Parikh
3.	Non-Promoter (Non-Independent)	1. Mr. A. Vij - Wholetime Director

Notes:

- Mr. S.N. Inamdar, Independent Director resigned from the Board w.e.f. close of business hours on 20th November 2020.
- None of the Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the FY 2020-21 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 2021, the Company's Board consists of 11 Members. The composition of the Board, as on 31st March 2021, 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 Independent 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 70th 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 (Resigned w.e.f. 20 th November 2020)	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. D. Parikh	Strategic Thinking, General Management, Sales and Marketing, M&A, ESG Visionary, Transformational Leadership, 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 has 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, Mr. S. N. Inamdar (DIN: 00025180), Independent Director tendered his resignation effective 20th November 2020, due to personal reasons, and an intimation along with a letter received from Mr. Inamdar, containing reasons for such resignation and his confirmation that there were no other material reasons for tendering resignation other than those provided in his letter, has been submitted to the stock exchanges.

Formal Letter of appointment to Independent Directors:

In accordance with the applicable provisions of the SEBI Listing Regulations, 2015, the Company has issued formal letters of appointment to all the Independent Directors. The terms and conditions of their appointment have also been disclosed on the website of the Company at <https://www.sudarshan.com/company-policies.php>

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

Maximum Tenure of Independent Directors:

In accordance with Section 149 (11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 consecutive years from the date of appointment / reappointment 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 for the FY 2020-21 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 28th May 2021.

Succession Plan:

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

Familiarisation program for Independent Directors:

The Board has adopted an ongoing Familiarisation Program ("the Program") for Independent Directors pursuant to Listing

Regulations, 2015. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company and to help them in the efficient discharge of their roles, rights and responsibilities in the Company. Details of such programs have been disclosed on the Company's website at <https://www.sudarshan.com/perch/resources/familiarisation-of-independent-directors-1.pdf>

Board Diversity Policy:

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

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

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

Report on Corporate Governance

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 FY 2020-21, 6 (Six) meetings of the Board of Directors were held on 25th May 2020, 22nd June 2020, 28th July 2020, 7th August 2020, 23rd October 2020 and 28th January 2021.

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

Details regarding attendance of the Directors at the Board Meetings held during the FY 2020-2021 and at the last Annual General Meeting held on 4th September 2020 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	6	Yes
2.	Mr. R. B. Rathi	Managing Director	Executive	6	Yes
3.	Mr. A. N. Rathi	Non-Independent Director	Non-Executive	6	Yes
4.	Mr. S. N. Inamdar*	Independent Director	Non-Executive	5	Yes
5.	Mr. D. N. Damania	Independent Director	Non-Executive	6	Yes
6.	Mr. S. Padmanabhan	Independent Director	Non-Executive	5	Yes
7.	Mr. S. K. Asher	Independent Director	Non-Executive	6	Yes
8.	Mrs. R. F. Forbes	Independent Director	Non-Executive	6	Yes
9.	Mrs. S. A. Panse	Independent Director	Non-Executive	6	Yes
10.	Mr. N. T. Raisinghani	Independent Director	Non-Executive	6	Yes
11.	Dr. D. Parikh	Independent Director	Non-Executive	6	Yes
12.	Mr. A. Vj	Wholetime Director	Executive	6	Yes

*Mr. S. N. Inamdar, Independent Director resigned from the Board with effect from 20th November 2020

Report on Corporate Governance

Details of Directorship(s) and Committee membership(s) in Companies as on 31st March 2021:

(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	2	6	6	2
Mr. R. B. Rathi	1	1	5	1	-
Mr. A. N. Rathi	1	-	4	-	-
Mr. D. N. Damania	3	1	-	6	2
Mr. S. Padmanabhan	3	3	2	4	2
Mr. S. K. Asher	7	1	6	7	4
Mrs. R. F. Forbes	1	1	1	1	-
Mrs. S. A. Panse	4	-	-	4	2
Mr. N. T. Raisinghani	1	-	1	-	-
Dr. D. Parikh	2	-	-	-	-
Mr.A. Vj	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 2021:

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	
	Kirloskar Oil Engines Limited	
Mr. R. B. Rathi	Sudarshan Chemical Industries Limited	Promoter Director
Mr. A. N. Rathi	Sudarshan Chemical Industries Limited	Non-Executive and Non-Independent Director
Mr.A. Vj	Sudarshan Chemical Industries Limited	Non-Executive and Non-Independent Director
Mr. D. N. Damania	Sudarshan Chemical Industries Limited	Independent Director
	Sanghvi Movers Limited	
	KSB Limited	
Mr. S. Padmanabhan	Sudarshan Chemical Industries Limited	Independent Director
	Force Motors Limited	
	Sanghvi Movers Limited	

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	
	Sonata Software Limited	
	Tribhovandas Bhimji Zaveri Limited	
	Deepak Nitrite Limited	
	Repro India Limited	
	Indusind Bank Limited	
Mrs. R. F. Forbes	Sudarshan Chemical Industries Limited	Independent Director
Mrs. S. A. Panse	Sudarshan Chemical Industries Limited	Independent Director
	Can Fin Homes Limited	
	Atul Limited	
	KPIT Technologies Limited	
Mr. N. T. Raisinghani	Sudarshan Chemical Industries Limited	Independent Director
Dr. D. Parikh	Sudarshan Chemical Industries Limited	Independent Director
	Finolex Industries Limited	

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 2020-21
Mrs. S. A. Panse	Chairperson	5
Mr. D. N. Damania	Member	5
Mr. S. K. Asher	Member	5
Mr. S. N. Inamdar*	Member	4

*Note: Effective 20th November 2020, Mr. S.N. Inamdar resigned as an Independent Director

Meetings during the year:

During the Financial Year 2020-21, 5 (Five) meetings of the Audit Committee were held on 22nd June, 2020, 28th July, 2020, 7th August, 2020, 23rd October, 2020 and 28th January, 2021. 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, Mr. Vivek Thakur, General Manger - Finance and Mr. Nilkanth Natu, Chief Financial Officer ("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 <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 2020-21
Mr. D.N.Damania	Chairman	5
Mr. S.N. Inamdar*	Member	4
Mr. S. K. Asher	Member	5
Mr. N. T. Raisinghani	Member	5
Mrs. R. F. Forbes	Member	5

*Note: Effective 20th November 2020, Mr. S.N. Inamdar resigned as an Independent Director.

During the FY 2020-21, 5 (Five) meetings of Nomination and Remuneration Committee meetings were held on 6th April 2020, 22nd June 2020, 23rd June 2020, 28th July 2020 and 23rd October 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; and
- To review and approve remuneration and change in remuneration payable to wholetime director(s).

The full text of the terms of reference of the Nomination and Remuneration Committee is available at the Company's website 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 consists of the following Directors:

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

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; and
- 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 granted by the Securities and Exchange Board of India (SEBI) due to unprecedented event of COVID-19, SEBI had extended the time limit to conduct of Stakeholders' Relationship Committee meeting for the financial year 2019-20 till 30th June 2020. Accordingly, the meeting of the Committee for the financial year 2019-20 was held on 8th June 2020.

Further, the meeting of the Committee was also held on 30th March 2021. At the meeting held on 8th June 2020, all members of the Committee were present. At the meeting held on 30th March 2021, Mr. P. R. Rathi could not attend the meeting due to personal reasons.

Based on the report received from the Company's Registrars, the Company had received one complaint from Investor on 13th March 2021 which remained unresolved as on 31st March 2021. The said complaint was resolved in the month of April, 2021.

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. Nilkanth Natu*	Member
Mr. V. V. Thakur	Member

*Note: Mr. Nilkanth Natu was inducted as a member during the year.

During the year under review, the meeting of the Committee was held on 29th March 2021, where Mr. P. R. Rathi, Mr. R. B. Rathi and Mr. A. Vij could not attend the meeting due to unavoidable circumstances.

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.

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

The CSR Committee meetings were held on 8th June 2020 and 4th March 2021 during the year, which were 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 22nd March 2021 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.

Report on Corporate Governance

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 available on the website at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

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 FY 2020-21.

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 2021 is provided in the extract of Annual Return which is annexed to the Directors' Report.

Remuneration to Executive and Non-Executive Directors for the year ended 31st March 2021:

Details of remuneration paid / payable to the Executive and Non-Executive Directors are provided in the extract of the Annual Return which is annexed to the Directors' Report. 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 at <https://www.sudarshan.com/perch/resources/remuneration-policy.pdf>

Disclosure of material transactions:

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

Management Discussion and Analysis Report:

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

Rights of Stakeholders:

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

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Whistle-Blower Policy/ Vigil Mechanism:

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

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

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website at <https://www.sudarshan.com/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 have been denied access to the Audit Committee. During the year under review, one complaint was received from the whistleblower and which was investigated and disposed of by following due process of law.

Framework of Insider Trading:

The Company's shares are listed on the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). With a view to regulate insider trading, the Company has put in place a Code of Conduct to Regulate, Monitor and Report Trading 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-5.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 1000 list of companies for market capitalisation as on

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31st March 2021 by the Stock Exchanges where the equity shares of the Company are listed. Accordingly, as per the applicable legal provisions, the Dividend Distribution Policy of the Company is annexed to the Directors Report and is also available on the website of the Company at <https://www.sudarshan.com/perch/resources/dividend-distribution-policy-1.pdf>

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

1. The circumstances under which their shareholders can or cannot expect Dividend;
2. The financial parameters that will be considered while declaring Dividends;
3. Internal and external factors that would be considered for declaration of Dividend;
4. Policy as to how the retained earnings will be utilised; and
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.

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 unauthorised disclosure of internal information relating to the Company could adversely affect the Company's ability to meet its disclosure obligations under the SEBI Regulations. In addition, unauthorised disclosure could cause competitive harm to the Company and in some cases may result in liability for the Company.

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

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

simultaneously disseminate the information to the public in a manner consistent with Schedule A.

Examples of activities affected by this Policy include:

6. Earnings releases and related conference calls;
7. Speeches, interviews and conferences;
8. Responding to market rumours;
9. Reviewing analyst reports;
10. Referring to or distributing analyst reports on the Company;
11. Analyst and investor visits;
12. Postings on the Company's websites; and
13. 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

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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 interest of the Company.

A statement showing disclosure of transactions with related parties during the FY 2020-21 as required under Indian Accounting Standards is set out separately in this Annual Report.

Subsidiary Companies - Monitoring Framework:

The Company has following subsidiary companies;

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

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

The Audit Committee reviews financial statements of the subsidiary companies, along with investments made by them, on a periodical basis.

The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary companies.

General Body Meeting:

Details of last three Annual General Meetings are given below:

Financial Year	Date	Venue	No. of Directors present
FY 2019-20	4 th September 2020 At 04:00 pm	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") (Deemed Venue at the Registered Office and Global Head Office at 162 Wellesley Road, Pune - 411 001)	12
FY 2018-19	7 th August 2019 At 11:30 am	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	10
FY 2017-18	9 th August 2018 At 11:30 am	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	12

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

Date of AGM	Details of Special Resolutions passed	Remarks
4 th September 2020	To re-appoint Mrs. S. A. Panse as an Independent Director for a second term for a period of 5 years	The resolution was passed with Requisite majority
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 Employee Stock 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 its 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

Approval of Members through Postal Ballot

The members approved Special Resolutions under Section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 on 6th August, 2020 permitting the Company with respect to:

- (a) 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;
- (b) 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;
- (c) Approval of the Trust Route for implementation of Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020;
- (d) Grant of Stock Appreciation Rights to the employees / Directors of the Company and that of Subsidiary company(ies) (if any) by way of Secondary Acquisition by Trust under Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020;
- (e) 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;
- (f) To increase the Borrowing limits of the Company; and
- (g) To increase the limit for creation of mortgage / change of the assets of the Company.

In view of the General Circular Nos. 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020 and 22/2020 dated 15th June 2020 issued by The Ministry of Corporate Affairs ("MCA") and due to COVID-19 pandemic situation, the Postal Ballot Notice along with the Explanatory Statement thereof were sent through electronic mode only to those members, whose email addresses were

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registered with the Company / Registrar and Share Transfer Agent ("RTA") / Depository Participant(s) ("DP") / Depository(ies), as on the cut-off date i.e. Tuesday, 30th June 2020, and such shareholders were entitled to cast their vote only through electronic mode.

The details of the voting pattern are as under:

Resolution (Special)	Votes in assent		Votes in dissent		Remark
	Number	%	Number	%	
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	48,431,667	99.97	15,081	0.03	Passed with requisite majority
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;	48,430,215	99.96	16,533	0.03	Passed with requisite majority
Approval of the Trust route for implementation of Sudarshan Chemical Industries Limited Stock Appreciation Rights Plan 2020	48,432,734	99.97	13,994	0.03	Passed with requisite majority
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	48,432,780	99.97	13,948	0.03	Passed with requisite majority
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	48,431,147	99.70	14,581	0.03	Passed with requisite majority
To increase the borrowing limits of the Company	49,182,287	99.88	57,576	0.12	Passed with requisite majority
To increase the limit for the creation of mortgage/ charge on the assets of the Company	49,179,660	99.88	59,203	0.12	Passed with requisite majority

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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, 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. Voting by electronic means (remote 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 Company / Registrar and Transfer Agent / Depository Participant / Depositories along with Postal Ballot Notice. The required e-form was filed with the Registrar of Companies post passing of the Resolutions by the shareholders. After the last day for receipt of votes (remote e-voting), the Scrutiniser, 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	25 th May 2020
Start of e-Voting Period	8 th July 2020
End of e-Voting Period	6 th August 2020
Scrutiniser 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	7 th August 2020

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

There is no immediate proposal for passing any resolution through postal ballot.

Disclosure:

There were no instances of non-compliance or penalty, structures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

The Company does not have any material un-listed Indian subsidiary company. However, in the interest of good governance, Independent Directors have been appointed on the Board of RIECO Industries Limited, an unlisted non-

material Indian Wholly Owned Subsidiary. 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-subsiidiary-policy.pdf> The Audit Committee also reviews presentations.

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 mobilisation 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 forms 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 ₹ 60,10,000/- (Rupees Sixty Lakhs And Ten Thousand 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 FY 2020-21 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 FY 2020-21:

Mandatory:

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

Report on Corporate Governance

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 2021, 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 FY 2020-21. The Secretarial Audit Report for the financial year ended 31st March 2021 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 70th AGM, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated 5th May 2020, read with General Circular No. 14/2020 dated 8th April 2020, General Circular dated 17/2020 dated 13th April 2020, General Circular No. 39/2020 dated 31st December 2020, General Circular No. 02/2021 dated 13th January 2021 and other applicable circulars issued by SEBI has 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 70th 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 70th AGM containing detailed instructions to register/update email addresses.

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

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 shares@sudarshan.com for enabling investors to post their grievances and to enable timely action on

Report on Corporate Governance

investor grievances, if any. Members are requested to forward their grievances, if any, at the designated e-mail address .

Shareholders Information:

Shareholder's information is separately provided in the Annual Report.

MD and CFO Certification:

The Managing Director and the CFO give an annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, 2015. The Managing Director and the CFO also give quarterly certification on financials 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 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 2020 to 31st March 2021. The declaration dated 26th May 2021 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: 26th May 2021

Place: Pune

RAJESH B. RATHI

Managing Director

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

Date: 28th May 2021

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 2021 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 (DIN)	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.	Mrs. 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

*Resigned as an Independent Director effective close of business hours on 20th November 2020.

Ensuring the eligibility of 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, 28th May 2021
UDIN - F007441C000384257

Report on Corporate Governance

ANNEXURE II

CERTIFICATE OF MANAGING DIRECTOR AND CFO

[as per the provisions of Reg. 17(8) and Part B of Schedule II of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015")]

To,

The Board of Directors

Sudarshan Chemical Industries Limited

162 Wellesley Road

Pune 411 001

In respect of the Financial Statements of the Company for the Year ended 31st March 2021, we hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement of 'Sudarshan Chemical Industries Limited' ("the Company") for the year ended 31st March 2021, and that to the best of our knowledge and belief, we hereby state that:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - (2) 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 control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies, if any.
- D. We have indicated to the Auditors and the Audit Committee:
- (1) that there were no significant changes in internal control over financial reporting during the year;
 - (2) that there were no significant changes in accounting policies made during the year except, as disclosed in the notes to the financial statements; and
 - (3) that there were no instances of significant fraud of which we have become aware of, involving the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Pune

Date: 28th May 2021

R. B. Rathi

Managing Director

Nilkanth Natu

CFO

Report on Corporate Governance

ANNEXURE III

AUDITORS' CERTIFICATE

Independent Auditor's Certificate on compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of

Sudarshan Chemical Industries Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 2nd May 2019 and addendum to the engagement letter dated 25th May 2021.
2. We have examined the compliance of conditions of Corporate Governance by Sudarshan Chemical Industries Limited ("the Company"), for the year ended 31st March 2021, as stipulated in 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, as amended from time to time, ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's responsibility

3. The compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents.
4. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance of Corporate Governance as 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 an 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 31st March 2021.
7. We conducted our examination of the Corporate Governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (the "ICAI"), 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.
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 of enabling the Company to comply with the requirement of the Listing Regulations and 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 **BSR & Associates LLP**

Chartered Accountants

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

Rajnish Desai

Partner

Membership number: 101190

UDIN: 21101190AAAABN1372

Place: Pune

Date: 28th May 2021

Shareholders' Information

1. ANNUAL GENERAL MEETING:

Day and Date	Friday, 6 th August 2021
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 was 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").

Further, the MCA vide its General Circular No. 02/2021 dated 13th January 2021 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 extended the above exemptions till 31st December 2021.

2. FINANCIAL CALENDAR (TENTATIVE): APRIL 2021 TO MARCH 2022 (FINANCIAL YEAR OF THE COMPANY IS 1ST APRIL TO 31ST MARCH)

Sr. No.	Particulars & Meetings	Actual / Tentative Date
1	Audited Financial Results for the year ended 31 st March 2021	Friday, 28 th May, 2021
2	Unaudited Quarterly Results for the Quarter ended 30 th June 2021	Within 45 days of the quarter ended June 2021
3	70 th Annual General Meeting	Friday, 6 th August 2021
4	Unaudited Quarterly Results for the Quarter and half year ended 30 th September 2021	Within 45 days of the quarter and half year ended September, 2021
5	Unaudited Quarterly Results for the Quarter and nine months ended 31 st December 2021	Within 45 days of the quarter and nine months ended December, 2021
6	Audited Annual Results for the quarter and year ended on 31 st March 2022	Within 60 days of the quarter and year ended March, 2022

3. RECORD DATE :

Friday, 30th July, 2021 for the purpose of Dividend to be paid to shareholders.

4. DIVIDEND PAYMENT DATE:

The Board of Directors have recommended a Final Dividend of ₹ 6 per Equity Share (i.e. 300%) per Equity Share of ₹ 2/- each for the FY 2020-21.

The Final Dividend shall be paid to the Shareholders between 20th August, 2021 and 31st August, 2021, if approved at the 70th Annual General Meeting of the Company.

Shareholders' Information

5. DIVIDEND TREND FOR PAST FIVE YEARS:

Sr. No	Dividend Year	Dividend %	Dividend per share
1	FY 2019-20 (Interim Dividend which was confirmed as Final Dividend at the 69 th Annual General Meeting)	315.00 (Including Special Dividend 25.00)	₹6.30 per share of ₹2 each (Including Special Dividend of ₹0.50 per share)
2	FY 2018-19 (Final Dividend)	300.00 (Including Special Dividend 125.00)	₹6.00 per share of ₹2 each (Including Special Dividend of ₹2.50 per share)
3	FY 2017-18 (Interim Dividend)	175.00	₹2.50 per share of ₹2 each
	FY 2017-18 (Final Dividend)		₹1.00 per share of ₹2 each
4	FY 2016-17 (Interim Dividend)	175.00	₹2.50 per share of ₹2 each
	FY 2016-17 (Final Dividend)		₹1.00 per share of ₹2 each
5	FY 2015-16 (Interim Dividend)	150.00	₹2.50 per share of ₹2 each
	FY 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 Facsimile 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 Facsimile 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 2021-22.

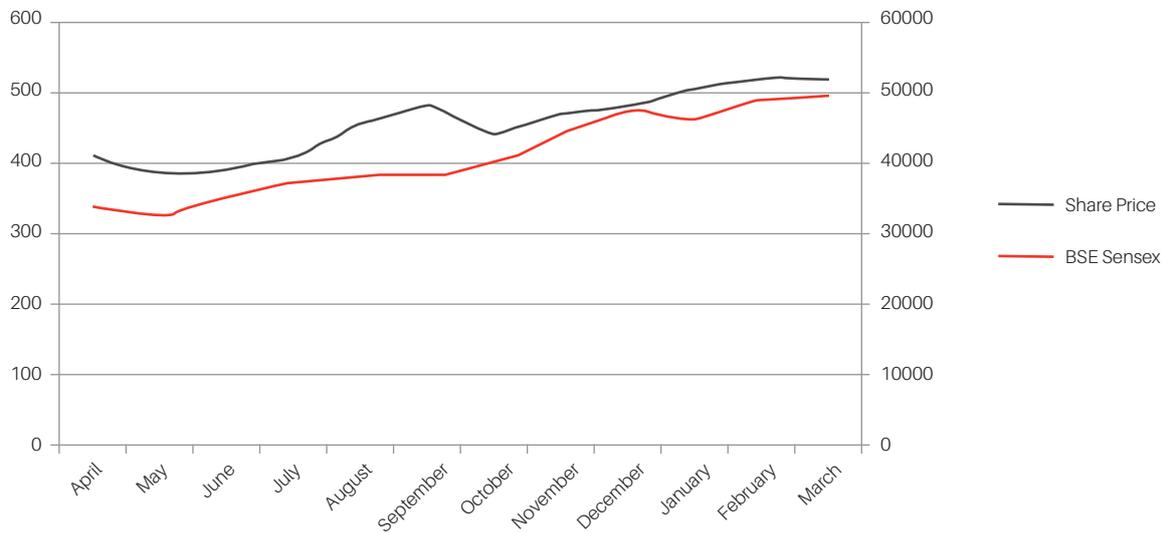
7. STOCK PRICES:

Month	BSE Limited		The National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	439.95	346.00	440.85	346.25
May, 2020	412.55	354.05	413.00	354.00
June, 2020	428.20	363.50	428.00	363.95
July, 2020	435.15	382.05	440.00	383.00
August, 2020	497.15	407.15	496.90	407.10
September, 2020	538.00	421.60	538.00	421.50
October, 2020	500.00	438.00	497.80	437.15
November, 2020	481.40	431.05	482.00	433.00
December, 2020	523.60	439.90	523.80	440.00
January, 2021	523.45	475.10	523.95	478.25
February, 2021	562.15	492.40	562.00	492.60
March, 2021	599.50	503.30	600.00	502.70

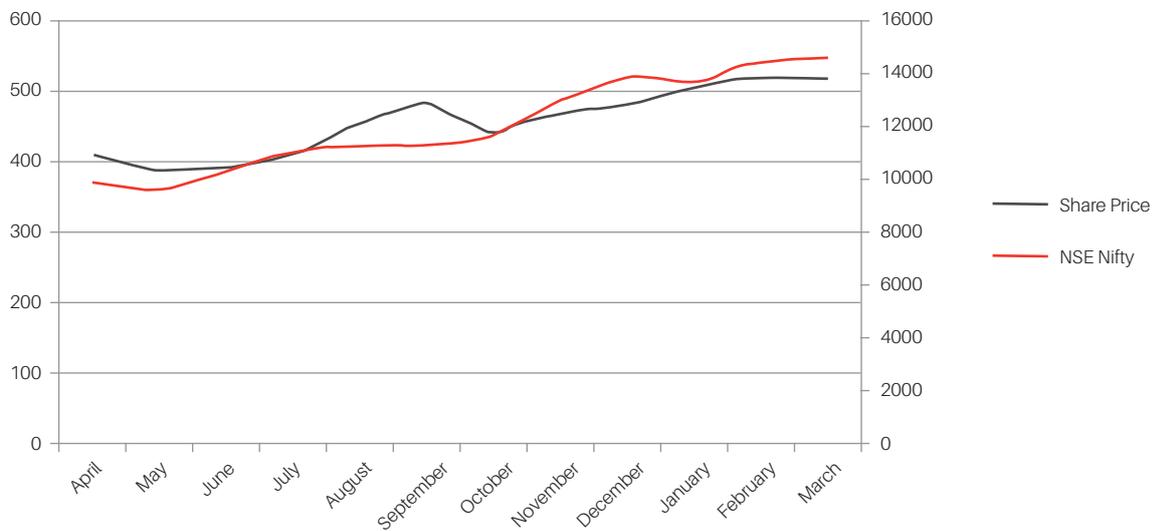
(Source: BSE and NSE - Websites)

Shareholders' Information

Comparison of Sudarshan's share price with BSE Sensex - April 2020 to March 2021:



Comparison of Sudarshan's share price with NSE Nifty - April 2020 to March 2021:



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.

Shareholders' Information

9. REGISTRAR AND TRANSFER AGENTS:

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

10. SHARE TRANSFER SYSTEM:

The Board has constituted a Shares Committee for expeditious processing of requests for transfer, transmission, transposition, dematerialisation and rematerialisation 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 dematerialised form in terms of the SEBI Listing Regulations, 2015. Shareholders holding shares in physical form are therefore requested to dematerialise their shares in their own interest. Communication in this respect was sent by the Company earlier to the concerned shareholders.

11. DISTRIBUTION OF SHAREHOLDING:

(As on 31st March 2021)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 3000	44,170	98.50	7,666,566	11.08
3001 - 5000	273	00.60	1,121,650	1.61
5001 & Above	402	00.90	60,439,034	87.31
Total	44,845	100.00	69,227,250	100.00

12. SHAREHOLDING PATTERN:

(As on 31st March 2021)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	27,712,409	40.03
Foreign Companies / NRI's / Foreign Individuals	373,817	0.54
FII's / FPIs / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	12,724,793	18.38
Corporate Bodies	3,478,048	5.02
Non Promoter Directors / Resident Individuals / Others	24,938,183	36.03
Total	69,227,250	100.00

13. UNPAID / UNCLAIMED DIVIDEND:

In terms of the provisions of Section 124 of the Companies Act, 2013 the Company is required to transfer dividend which remain unpaid or unclaimed for period of seven consecutive 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 FY 2012-13 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 consecutive years period for payment of the dividend pertaining to Financial Years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the '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.

Shareholders' Information

Dates of transfer of Unclaimed Dividend to the fund:

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years
1.	2013-14 (Final Dividend)	09/08/2014	08/09/2021
2.	2014-15 (Final Dividend)	14/08/2015	13/09/2022
3.	2015-16 (Interim Dividend)	10/03/2016 *	10/04/2023
4.	2015-16 (Final Dividend)	12/08/2016	11/09/2023
5.	2016-17 (Interim Dividend)	10/02/2017 *	13/03/2024
6.	2016-17 (Final Dividend)	10/08/2017	10/09/2024
7.	2017-18 (Interim Dividend)	08/02/2018 *	09/03/2025
8.	2017-18 (Final Dividend)	09/08/2018	08/09/2025
9.	2018-19 (Final Dividend)	07/08/2019	06/09/2026
10.	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	803	583,430
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	09	4,440
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	09	4,440
Number of Shares transferred to Demat Suspense Account during 1 st April 2020, to 31 st March 2021	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	794	578,990

15. TRANSFER OF EQUITY SHARES OF THE COMPANY TO INVESTOR EDUCATION AND PROTECTION FUND SUSPENSE ACCOUNT OF THE CENTRAL GOVERNMENT

The Company 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 120 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.

16. DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company's shares are presently traded on the BSE and NSE in dematerialised form. The International Securities Identification Number (ISIN) allotted to the Company's Shares under the Depository System is INE659A01023. The Company's shares are actively traded on the stock exchanges. The Company's market capitalisation stood at approx. ₹ 35,922 million as on 31st March 2021. Promoters share holding is held in dematerialized form. As on 31st March 2021, 97.72 % of the total shareholding in the Company is held in dematerialized form which includes the promoters shareholding of 40.03%.

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

Not applicable as not issued.

Shareholders' Information

18. POSTAL BALLOT AND E-VOTING:

The details of Postal Ballot and e-voting are mentioned in Corporate Governance Report.

19. CREDIT RATING:

During the year, 'India Ratings & Research' (Ind-Ra), a Fitch Group Company has revised Company's outlook to Positive from Stable, and has affirmed its Long Term Issuer Rating at INDA+. Also, vide letter dated 6th April, 2021, Ind-Ra has upgraded the Company's Long-Term Rating to Ind AA- from Ind A+ and has affirmed Short-Term Rating to Ind-A1+.

20. PLANT LOCATIONS:

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

21. ADDRESS FOR CORRESPONDENCE:

- 1) Mr. Mandar Velankar
Company Secretary and Compliance Officer
Sudarshan Chemical Industries Limited,
162 Wellesley Road, Pune - 411 001, Maharashtra
Tel No. : 020- 68281200
Email: 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- 411001, Maharashtra
Tel. No.: 020 - 2616 0084, 020 - 2616 1629
Telefax : 020-2616 3503
E-mail : pune@linkintime.co.in

Financial Section

Standalone - 125 - 201

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 2021, and 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 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Description of Key Audit Matter

The key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of new product development costs (Intangible assets under development)</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"> • Management's judgement to establish technical feasibility of the product; • Management's estimation of availability of committed technical and commercial resources; and • Inherent challenges in predicting future economic benefits which must be assessed as 'probable' for capitalisation to commence. <p>There is a risk that new product development costs may get capitalised where the relevant criteria have not been met. Accordingly, we identified capitalisation of new product development costs as a key audit matter.</p> <p>(Refer note 2(C) and note 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 new product development costs including Management's controls over estimation of the future economic benefit of the projects; • Evaluated and challenged the Managements' 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 upto 31 March 2021, towards new product development projects by using statistical unit sampling; • Analysed and determined the costs which are capitalised are 'directly attributable' towards product development activities; • We challenged key assumptions used by Management to determine discount rate, sensitivity of the assumptions and cash flow projections; and • Assessed impact, if any, from the resurgence of COVID-19 on Management's estimate such as discontinuance or suspension of any new products.
<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</p> <p>Management, including those related to the possible effects of the resurgence of the COVID-19 pandemic.</p> <p>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 note 2(C) and note 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 Management'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 challenged underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance. We took assistance of our valuation specialists for the above testing; • We evaluated the adequacy of disclosures of key assumptions, judgements and sensitivities in respect of impairment assessment for investment in subsidiaries; and • Assessed impact, if any of the resurgence of the COVID-19 pandemic on Management's estimate

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

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 standalone 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 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

- 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.
 - 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 2021 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

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

- derivative contracts - Refer Note 18(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 standalone financial statements since they do not pertain to the financial year ended 31 March 2021.
- (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 limits 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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 21101190AAAABJ3080

Place: Pune

Date: 28 May 2021

Annexure A to Independent Auditors' Report on the standalone financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2021

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 its fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were 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. In respect of goods-in-transit, subsequent goods receipts have been verified. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
- (iii) The Company has granted an unsecured loan to a subsidiary company covered in the register maintained under Section 189 of the Act.
- (a) In respect of the aforesaid loan, the terms and conditions under which such loan has been granted are not, prima facie, prejudicial to the Company's interest.
- (b) In respect of this loan, as per the terms of the Loan agreement, the loan and the interest thereon are repayable on demand and hence there is no repayment schedule stipulated. The Company has not demanded the repayment of loan and interest during the year ended 31 March 2021.
- (c) In respect of the aforesaid loan, there is no amount of principal or interest which is overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us and, based on a legal opinion obtained by management, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and securities, as applicable.
- (v) According to information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, 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 generally been regularly deposited by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, Cess and any other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, service tax, sales tax, value added tax, duty of customs, duty of excise and goods and services tax which have not been deposited by the Company on account of any disputes except for the following:

Annexure A to Independent Auditors' Report on the standalone financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2021

Name of the Statute	Nature of dues	Gross amount involved (Rs. 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	11.6	10.9	2004-05 to 2010-11	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	274.1	19.0	2010-11 to 2013-14	Custom, Excise & Service Tax Appellate Tribunal
Maharashtra VAT Act, 2002	VAT	45.5	45.5	2007-08, 2013-14 to 2016-17	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)
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 banks as at the balance sheet date. Further, the Company did not have loans or borrowings from the government and has not issued any debentures during the year.
- (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 by management, the moneys raised by way of term loans were applied for the purpose for which they were obtained.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration for the year ended 31 March 2021 in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is 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 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. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Associates LLP**
Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 21101190AAAABJ3080

Place: Pune

Date: 28 May 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2021

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 2021 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 2021, 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 standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone 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

Annexure B to the Independent Auditors' report on the standalone financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2021

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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

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

For **B S R & Associates LLP**

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 21101190AAAABJ3080

Place: Pune

Date: 28 May 2021

Standalone Balance Sheet

as at 31st March 2021

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

Particulars	Note No.	As at 31 st March 2021	As at 31 st March, 2020
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	57,148.7	59,505.3
(b) Capital work-in-progress	3	26,857.6	4,402.6
(c) Other Intangible assets	4	2,449.5	1,847.1
(d) Intangible assets under development	4	950.6	395.6
(e) Right-of-use assets	49	176.8	-
(f) Investments in subsidiaries	5	5,348.4	4,275.6
(g) Financial assets			
i Investments	6 (a)	127.6	88.8
ii Loans	6 (b)	72.1	166.0
(h) Other non-current assets	7	5,197.9	6,338.5
(i) Non-current tax assets (net)	8 (a)	1,769.8	2,401.7
		100,099.0	79,421.2
II Current Assets			
(a) Inventories	9	32,186.0	33,946.7
(b) Financial assets			
i Trade receivables	10 (a)	49,024.8	36,645.2
ii Cash and cash equivalents	10 (b)	1,002.4	232.5
iii Bank balances other than (ii) above	10 (c)	410.1	442.8
iv Loans	10 (d)	502.8	-
v Derivative assets	10 (e)	473.0	460.4
vi Other financial assets	10 (f)	2,624.4	1,399.5
(c) Other current assets	11	5,982.3	3,506.5
		92,205.8	76,633.6
		192,304.8	156,054.8
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	75,666.9	61,869.7
		77,051.4	63,254.2
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	30,588.0	22,499.9
ii Lease liabilities	49	35.5	-
iii Other financial liabilities	14 (b)	170.1	150.6
(b) Provisions	15	2,272.2	1,517.8
(c) Deferred tax liabilities (net)	16	4,669.6	4,423.6
(d) Other non current liabilities	17	1,006.8	-
		38,742.2	28,591.9
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	18 (a)	13,054.6	17,230.9
ii Lease liabilities	49	19.8	-
iii Trade payable			
1. Dues to micro and small enterprises	18 (b)	755.6	203.5
2. Others than (1) above	18 (b)	41,044.1	35,176.3
iv Derivative liabilities	18 (c)	314.9	567.8
v Other financial liabilities	18 (d)	20,217.7	9,519.4
(b) Other current liabilities	19	872.6	824.3
(c) Provisions	20	217.3	651.5
(d) Current tax liabilities (net)	8 (b)	14.6	35.0
		76,511.2	64,208.7
		192,304.8	156,054.8
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 No. . 02599310

P. R. RATHI

Chairman
DIN 00018577

NILKANTH NATU

Chief Financial
Officer

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

R. B. RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 28th May, 2021

Pune : 28th May, 2021

Standalone Statement of Profit & Loss

for the year ended 31st March 2021

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

Particulars	Note No.	Year ended 31 st March 2021	Year ended 31 st March, 2020
Continuing Operations			
Income			
Revenue from operations	21	170,850.1	151,826.8
Other Income	22	592.2	771.3
Total Income		171,442.3	152,598.1
Expenses			
Cost of materials consumed	23	96,776.1	94,312.9
Purchase of stock-in-trade	24	-	41.7
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	3,982.8	(5,843.2)
Employee benefits expense (net)	26	10,872.6	9,728.4
Finance costs (net)	27	1,640.0	1,168.5
Depreciation and amortisation expense	28	8,514.5	7,239.4
Other expenses (net)	29	32,604.7	29,870.3
Total Expenses		154,390.7	136,518.0
Profit before exceptional items and tax from continuing operations		17,051.6	16,080.1
Exceptional Items	45	1,072.8	1,716.6
Profit before tax from continuing operations		18,124.4	17,796.7
Tax Expense	31		
Current tax		3,828.0	3,478.8
Tax adjustment related to earlier year (net)		(102.8)	-
Deferred tax		525.9	(989.3)
Deferred tax/ current tax related to exceptional items		249.9	379.3
Total Tax Expense		4,501.0	2,868.8
Profit for the year from continuing operations		13,623.4	14,927.9
Discontinued Operations			
Loss before tax for the year from discontinued operations	32	-	(83.8)
Tax (expense)/ credit		-	29.3
Profit/ (Loss) after tax from discontinued operations		-	(54.5)
Profit for the year		13,623.4	14,873.4
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(103.2)	(320.0)
Income tax relating to above		26.0	111.8
		(77.2)	(208.2)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		166.9	(1,647.1)
Income tax related to gain/ (loss) on hedging instruments in cash flow hedges		(42.0)	575.6
		124.9	(1,071.5)
Total other comprehensive income for the year (net of taxes)		47.7	(1,279.7)
Total comprehensive income for the year		13,671.1	13,593.7
Earnings per share [Nominal Value per share ₹2 (31st March 2020 - ₹2)]	30		
- From Continuing Operations			
Basic ₹ per share		19.7	21.6
Diluted ₹ per share		19.7	21.6
- From Discontinued Operations			
Basic ₹ per share		-	(0.1)
Diluted ₹ per share		-	(0.1)
- From Continuing and Discontinued Operations			
Basic ₹ per share		19.7	21.5
Diluted ₹ per share		19.7	21.5
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

RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

Pune : 28th May, 2021

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN No. . 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN No. 00018628

NILKANTH NATU
Chief Financial
Officer

MANDAR VELANKAR
Company Secretary

Pune : 28th May, 2021

Standalone Statement of Changes in Equity for the year ended 31st March 2021

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

A. Equity Share Capital		Equity shares of ₹ 2 each issued, subscribed and fully paid					
	Number of shares	Amount					
Balance as at 31st March 2019	69,227,250	1,384.5					
Changes in equity share capital during FY 2019-20	-	-					
Balance as at 31st March 2020	69,227,250	1,384.5					
Changes in equity share capital during FY 2020-21	-	-					
Balance as at 31st March 2021	69,227,250	1,384.5					
B. Other Equity							
Reserves and Surplus							
	Securities Premium	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss *	Effective portion of cash flow hedge	Share options (ESOP) outstanding account	Total
Balance as at 1st April 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)	-	-	-	49,973.9	(568.4)	-	72,067.6
Total	1,321.2	0.4	21,340.5	49,973.9	(568.4)	-	72,067.6
Transactions with owners, recorded directly in equity							
Equity Dividend (refer note 12)	-	-	-	(8,515.0)	-	-	(8,515.0)
Tax on dividend (refer note 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	21,340.5	39,776.0	(568.4)	-	61,869.7
Total comprehensive income for the year ended 31st March 2021	-	-	-	13,623.4	-	-	13,623.4
Profit for the year	-	-	-	(77.2)	124.9	-	47.7
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-
Amortised amount of share based payments (ESOPs) to employees	-	-	-	-	-	126.1	126.1
Total	1,321.2	0.4	21,340.5	53,322.2	(443.5)	126.1	75,666.9
Transactions with owners, recorded directly in equity							
Equity Dividend (refer note 12)	-	-	-	-	-	-	-
Tax on dividend (refer note 12)	-	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-	-
Balance as at 31st March 2021	1,321.2	0.40	21,340.50	53,322.2	(443.5)	126.1	75,666.9

* Includes remeasurement of defined employee benefit plans

Summary of significant accounting policies and key accounting estimates and judgments

2

The accompanying notes form an integral part of the 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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. : 02599310

For and on behalf of the Board of Directors

P. R. RATHI

Chairman

DIN 000 18577

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

Pune : 28th May, 2021

R. B. RATHI

Managing Director

DIN No. 00018628

NILKANTH NATU

Chief Financial

Officer

MANDAR VELANKAR

Company Secretary

Standalone Cash Flow Statement

for the year ended 31st March 2021

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March, 2020
Cash flow from operating activities		
Profit before tax and exceptional items from continuing operations	17,051.6	16,080.1
Adjustment for		
Depreciation / amortisation	8,514.5	7,239.4
(Gain) / Loss on sale or write off of property, plant and equipment and Intangible assets	(18.2)	(40.9)
Liabilities no longer required, written back	(97.3)	-
Provision for employee stock option scheme	126.1	-
Unrealised foreign exchange (Gain)/ Loss	(425.4)	972.8
Provision for Inventory Obsolescence	763.6	76.9
Fair value (Gain) / Loss on derivatives	(265.4)	707.1
Income on Financial Guarantees	(36.1)	(53.5)
Provision for expected credit loss (reversed)/ established	(170.9)	588.1
Finance costs	1,640.0	1,168.5
Interest income	(190.6)	(281.6)
Operating profit before working capital changes	26,891.9	26,456.9
Working capital adjustments :		
Changes in trade payables	7,091.2	10,851.6
Changes in provisions	217.0	256.7
Changes in other current liabilities	10.7	442.3
Changes in other financial liabilities	567.3	561.5
Changes in trade receivables	(13,327.2)	(917.1)
Changes in inventories	997.1	(9,263.9)
Changes in other assets	(3,586.1)	901.6
Changes in other financial assets	281.5	470.9
Changes in other bank balances	32.7	(103.4)
Cash generated from operations	19,176.1	29,657.1
Income taxes paid (net of refunds)	(3,659.5)	(6,021.1)
Net cash flow from operating activities from continuing operations	15,516.6	23,636.0
Net cash flow (used in) operating activities from discontinued operations (refer note 32)	-	(54.5)
Net cash flow from operating activities from continuing and discontinued operations (A)	15,516.6	23,581.5
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	(26,022.2)	(25,932.5)
Proceeds from sale of property, plant and equipment and intangible assets	180.3	144.8
Investment in subsidiaries	-	(65.1)
Loans given to subsidiaries	(401.5)	-
Other investments	-	(89.8)
Proceeds from sale of division/ subsidiary net of incidental expenses (refer note 45)	-	3,214.8
Interest received	190.6	281.6
Net cash flow (used in) investing activities (B)	(26,052.8)	(22,446.2)

Standalone Cash Flow Statement

for the year ended 31st March 2021

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March, 2020
Cash flows from financing activities :		
Proceeds from long-term borrowings	22,753.5	13,775.5
Repayment of long-term borrowings	(5,615.4)	(7,403.8)
Dividend and tax thereon	-	(10,019.8)
(Repayments of)/ proceeds from short-term borrowings (net)	(4,176.3)	3,669.6
Finance costs paid	(1,628.3)	(1,168.5)
Payment of lease liabilities	(27.4)	-
Others	-	53.5
Net cash flow from/ (used in) financing activities (C)	11,306.1	(1,093.5)
Net increase in cash and cash equivalents (A + B + C)	769.9	41.8
Cash and cash equivalents at the beginning of the year	232.5	190.7
Cash and cash equivalents at the end of the year (refer note 10 (b))	1,002.4	232.5
Components of cash and cash equivalents		
Cash on hand	7.4	5.3
On current account	995.0	227.2
Total cash and cash equivalents	1,002.4	232.5

Reconciliation of borrowings	Year ended 31 st March 2021	Year ended 31 st March, 2020
Balance at the beginning of year		
Non-current borrowings note 14(a)	22,499.9	11,313.5
Current maturities of non-current borrowings note 18(d)	4,735.7	6,402.6
Proceeds from borrowings	22,753.5	13,775.5
Repayment of borrowings	(5,615.4)	(7,403.8)
Unrealised foreign exchange gain/(loss) (net)	(1,136.8)	3,147.8
Balance at the end of year		
Non-current borrowings note 14(a)	30,588.0	22,499.9
Current maturities of non-current borrowings note 18(d)	12,648.9	4,735.7

Notes :

The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind AS) 7 on Statement of Cash Flows.

Summary of significant accounting policies and key accounting estimates and judgments 2

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN No. . 02599310

P. R. RATHI
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NILKANTH NATU
Chief Financial
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RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

R. B. RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

Pune : 28th May, 2021

Pune : 28th May, 2021

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

1. BACKGROUND:

Sudarshan Chemical Industries Limited ("the Company") is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19th February 1951. The name of the Company was changed to Sudarshan Chemicals Industries Limited on 15th May, 1975 and the Company went Public in the year 1976.

The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed on the Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The registered office of the Company is located at 162, Wellesley Road, Pune 411001, Maharashtra, India.

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

The Standalone Financial Statements of the Company for the year ended 31st March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28th May 2021.

2. SUMMARY OF BASIS OF COMPLIANCE, BASIS OF PREPARATION AND PRESENTATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS, JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:

(A) Basis of Preparation:

(a) Statement of Compliance:

These Standalone Financial Statements comply, in all material aspects, with Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"), Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(b) Basis for preparation of Standalone Financial Statements:

These Standalone Financial Statements are presented in Indian rupees ("INR") which is also the Company's functional currency. All amounts have been reported in Indian Rupees lakhs, except for share and earnings per share data, unless otherwise stated. These Standalone Financial Statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments and defined benefit plans which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally

based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Schedule III of the Act.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these Standalone Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 *Share-based Payments*, leasing transactions that are within the scope of Ind AS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 *Impairment of assets*.

(B) Critical Accounting Estimates, Assumptions and Judgments:

The preparation of Standalone Financial Statements in conformity with Ind AS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis including implications, if any arising from the resurgent of the global pandemic COVID-19. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

(a) Useful life of Property, plant and equipment and intangible assets:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

of Company's property, plant and equipment and intangible assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes C(b) and C(c).

(b) Recognition of deferred tax assets:

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. The policy for the same has been explained under Note C(l).

(c) Defined benefit obligation:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. All assumptions are reviewed at each Balance Sheet date. The policy for the same has been explained under Note C(j).

(d) Impairment of investments in subsidiaries, intangible assets and intangible assets under development and non-financial assets:

Intangible assets and intangible assets under development are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value.

For other non-financial assets and investments in subsidiaries, assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset and investment may be impaired

The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The policy for the same has been explained under Note C(m).

(e) Expected credit losses on financial assets:

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions including implications, if any arising from the resurgence of COVID 19 as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained in Note C (g) (6).

(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) Uncertainty associated with resurgence of COVID-19:

The Company has considered the possible effects that may result from the resurgence of COVID-19,

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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 internal and external sources 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:

Transactions and balances:

- (i) The functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates) is the Indian Rupee ("INR") or ("₹").
- (ii) Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the year-end are generally recognised in the Standalone Statement of Profit and Loss and reported within foreign exchange gains / (losses).
- (iii) 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.
- (iv) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs.
- (v) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange differences are recognised in the Statement of Profit and Loss except exchange difference arising from the

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

(b) Property, Plant and Equipment:

(i) Recognition and measurement:

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any, and also to the costs incurred subsequently to add to, or to replace any part of, or service it.

Items of property, plant and equipment are stated at cost and include interest on borrowings directly attributable to the acquisition, construction, or production of the qualifying asset. A qualifying asset is necessarily an asset which takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable costs are added to the cost of these assets until such time as the assets are ready for their intended use or sale, which coincides with the commissioning date of those assets. Assets are presented less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated present value of costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Machinery spares which meet the definition of PPE are capitalised and depreciated over the useful life of the principal asset.

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

Asset Class	Useful Life Adopted	Useful Life as per Schedule-II*
Plant and Machinery - Other than below	9.2	7.5
Plant and Machinery - SS Vessels / SS Equipments	15.0	7.5
Plant and Machinery - Other than SS Components	7.7	7.5
Vehicles	6.0	8.0

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

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

(c) Intangible Assets and Intangible under development:

(i) Intangible assets:

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Research costs are recognised as an expense in the Standalone Statement of Profit and Loss in the period they are incurred.

Internally generated intangible assets arising from development activity are recognised at cost when the project is clearly defined and the costs are separately identified and reliably measured, on demonstration of technical feasibility of the project, the intention and ability of the Company to complete, use or sell it is demonstrated, adequate resources are available to complete the project and only if it is probable that the asset would generate future economic benefits. Such costs are capitalised as 'Technical know-how'. Otherwise it is recognised as expenses in the Standalone Statement of Profit and Loss in the period they are incurred. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Amortisation:

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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

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

(5) Gains or losses arising from retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income/ expense in the Standalone Statement of Profit and Loss.

(iii) Capital work in progress ("CWIP") and Intangibles under development:

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

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

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

(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 recognised in the Standalone 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. Cost is determined under the moving weighted average price basis and includes all costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials:

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

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

Work-in-progress and finished goods include conversion costs and appropriate proportionate of overheads in addition to the landed cost of raw materials.

(iii) Stores and spares and packing material:

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

(iv) Traded goods:

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

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

(f) Cash and Cash Equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks (which are unrestricted for withdrawal and usage) and cash on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statements of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above which are considered as integral part of the Company's cash management.

(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

Notes to the Standalone Financial Statements

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

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 recognised in other comprehensive income.

■ **Financial assets at fair value through profit or loss (FVTPL):**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

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

(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) Derivative financial instruments and hedge accounting:

The Company is exposed to foreign currency fluctuations on foreign currency

assets, liabilities and forecasted cash flows denominated in foreign currency. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates some of these forward contracts as hedge instruments and accounts for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Company's risk management policy approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract / option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under 'effective portion of cash flow hedges' (net of taxes), and the ineffective portion is recognised immediately in the Standalone Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Standalone Statement of Profit and Loss in the same period in which gains / losses on the item hedged are recognised in the Standalone Statement of Profit and Loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Standalone Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

as effective portion of cash flow hedges is classified to Standalone Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the Standalone Statement of Profit and Loss for the period.

(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) recognised in the Statement of Profit and Loss.

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The 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 amortisation.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as fees receivable under "other financial assets" or as a part of the cost of the investment, depending on the contractual terms.

(h) 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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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.
- (iv) Contingent assets are not disclosed in the Standalone Financial Statements unless an inflow of economic benefits is probable.

(i) 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.

Variable consideration within the transaction price, if any, reflects concessions provided to

the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Sale of goods:

Revenue from the sale of goods is recognised net of returns, trade discounts and volume rebates, at the point in time when the customer obtains control of the goods, which is generally at the time of ex-factory delivery, door delivery or issuance of a Bill of Lading by the shipping line (in case of exports) depending upon agreed upon terms.

- (ii) Dividend income is recognised in profit or loss on the date on which the Company's right to receive the dividend income is established.
- (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) Income from export incentives such as duty drawback 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) Insurance claims are accounted on the basis of claims admitted/ expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Other revenue is recognised when it is received or when the right to receive payment is established.

(j) Employee Benefits:

(vii) Short-Term Employee Benefits:

The distinction between short-term and long-term employee benefits is based on expected

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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.

(viii) Post-Employment Benefits:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

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

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

defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Standalone Statement of Profit and Loss as past service cost.

(3) Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Actuarial gains and losses arising from actuarial valuations are recognised immediately in the Standalone Statement of Profit and Loss.

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

(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 till the date the asset is ready for intended use. Capitalisation of borrowing costs is suspended and charged to the Standalone Statement of Profit and Loss during extended period when active development activity on the qualifying asset is suspended. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income or expense is recognised using the effective interest method.

(l) Taxation:

Income tax expense for the year comprises current and deferred tax. It is recognised in the Statement

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

of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the 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 recognised 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).

(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, intangible assets and intangible assets under development with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

Asset / CGU whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. An impairment loss is recorded in the Statement of Profit and Loss account. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset/ CGU in prior accounting periods no longer exists or may have decreased, consequent to which such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss.

(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. To assess whether a Contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

Notes to the Standalone Financial Statements

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

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 recognised as an expense on a straight-line basis over the lease term.

(o) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(p) Dividends:

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

(q) Government Grants:

Grants and subsidies from the Government are recognised when the Company has complied with all the conditions attached to them and there is a reasonable assurance that the grant / subsidy will be received and all attached conditions will be complied with.

Where the government grants / subsidies relate to revenue, they are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants and subsidies receivable against an expense are deducted from such expense. Where the grant or subsidy relates to the acquisition, purchase or construction of a non-current asset, it is recognised as Deferred revenue in the Standalone Balance Sheet and transferred to the Standalone Statement of Profit and Loss on systematic and rational basis over the useful life of the related asset/satisfaction of the performance obligation attached to the government grant.

Notes to the Standalone Financial Statements

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

(r) Share based payments:

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The share-based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

The expense is recognised in the Statement of Profit and Loss with a corresponding increase to the 'share option outstanding account', which is a component of equity.

(s) Segment reporting:

The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Managing Director and Chief Executive Officer (who is the Company's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable

basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

(t) Rounding-off of amounts:

All amounts disclosed in the Financial Statements and notes have been rounded off to nearest lakhs, with one decimal, as per the requirement of Schedule III, unless otherwise stated.

(u) Recent Accounting Pronouncements:

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from 1st April 2021. The amendments primarily relate to:

- a) Change in existing presentation requirements for certain items in the Balance sheet, for e.g. lease liabilities, security deposits, current maturities of long-term borrowings and, effect of prior period errors
- b) Additional disclosure requirements in specified formats, for e.g. ageing of trade receivables, trade payables, capital work in progress, intangible assets, and shareholding of promoters
- c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions
- d) Additional Regulatory Information, for e.g. compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel
- e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The Company is currently evaluating the impact of these amendments.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

(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				Capital Work-in-Progress				
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings		Plant and Machinery	Furniture and Fixtures	Office Equipments	Total
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	1,818.9
Additions	-	-	1,390.1	18,994.8	117.1	120.4	19.0	58.3	411.0	53.6	-	21,164.3	22,687.1
Disposals	-	-	-	0.4	94.1	10.6	1.8	-	-	-	-	106.9	20,103.4
Transfers to Property, plant and equipment/ Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount as at 31st March 2020	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	4,402.6
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	6,996.7	-
Disposals	-	-	-	0.4	77.2	9.2	1.1	-	-	-	-	87.9	-
Accumulated depreciation as at 31st March 2020	-	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	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	4,402.6

Notes to the Standalone Financial Statements as at and for the year ended 31st March 2021

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

	Other than Research and Development				Research and Development				Capital Work-in-Progress				
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings		Plant and Machinery	Furniture and Fixtures	Office Equipments	Total
Gross amount as at 1st April 2020	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	4,402.6
Additions	234.6	-	1,214.0	4,135.6	7.4	1.3	26.3	-	120.6	7.2	-	5,747.0	28,831.9
Disposals	-	-	-	-	15.0	-	-	-	-	-	-	15.0	6,376.9
Transferred to right of use assets	-	136.3	-	-	-	-	-	-	-	-	-	136.3	-
Transfers to Property, plant and equipment/ Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount as at 31st March 2021	1,423.5	-	10,355.0	70,577.8	620.4	761.7	186.2	1,154.9	2,242.7	917.1	37.9	88,277.2	26,857.6
Accumulated depreciation as at 1st April 2020	-	7.4	898.9	20,663.0	327.6	183.6	89.2	66.0	704.1	214.7	21.7	23,176.2	-
Depreciation for the year	-	-	293.7	7,131.5	88.2	72.7	25.5	20.4	235.8	86.7	7.2	7,961.7	-
Transferred to right of use assets	-	7.4	-	-	-	-	-	-	-	-	-	-	7.4
Disposals	-	-	-	-	2.0	-	-	-	-	-	-	-	2.0
Accumulated depreciation as at 31st March 2021	-	-	1,192.6	27,794.5	413.8	256.3	114.7	86.4	939.9	301.4	28.9	31,128.5	-
Net amount as at 31st March 2021	1,423.5	-	9,162.4	42,783.3	206.6	505.4	71.5	1,068.5	1,302.8	615.7	9.0	57,148.7	26,857.6

B. Capital work-in-progress: Capital Work in progress consists of plant and equipment under installation and yet to be commissioned, as well as buildings / infrastructure under construction.

C. Property, plant and equipment pledged as security: Please refer details of security provided in note 34.

D. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is ₹ 3,780.0 lakhs as at 31st March 2021 (₹ 6,934.8 lakhs as at 31st March 2020).

E. Above depreciation is inclusive of depreciation on assets held for sale, refer note 32.

F. Refer note 48 for directly attributable expenses and borrowing cost capitalised during the year.

Notes to the Standalone Financial Statements as at and for the year ended 31st March 2021

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

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares (including SAP ERP)	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible assets under development (technical know-how for new product developments)
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	561.9	187.9	781.4	1,206.5	150.0	2,887.7	395.6
Accumulated amortisation as at 1st April 2019	284.5	186.0	-	327.7	30.4	828.6	-
Amortisation for the year	63.8	-	51.7	115.7	14.9	246.1	-
Disposals	-	-	-	34.1	-	34.1	-
Accumulated amortisation as at 31st March 2020	348.3	186.0	51.7	409.3	45.3	1,040.6	-
Net amount as at 31st March 2020	213.6	1.9	729.7	797.2	104.7	1,847.1	395.6
Gross amount as at 1st April 2020	561.9	187.9	781.4	1,206.5	150.0	2,887.7	395.6
Additions	1,198.3	-	-	82.9	-	1,281.2	555.0
Disposals / Transfer	-	-	-	292.1	-	292.1	-
Gross amount as at 31st March 2021	1,760.2	187.9	781.4	997.3	150.0	3,876.8	950.6
Accumulated amortisation as at 1st April 2020	348.3	186.0	51.7	409.3	45.3	1,040.6	-
Amortisation for the year	223.1	-	168.0	123.6	15.0	529.7	-
Disposals	-	-	-	143.0	-	143.0	-
Accumulated amortisation as at 31st March 2021	571.4	186.0	219.7	389.9	60.3	1,427.3	-
Net amount as at 31st March 2021	1,188.8	1.9	561.7	607.4	89.7	2,449.5	950.6

B. Refer note 48 for directly attributable expenses capitalised during the year.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

5 INVESTMENT IN SUBSIDIARIES

	As at 31 st March 2021	As at 31 st March 2020
Unquoted, Fully paid up		
Carried at cost		
Investments in Equity Instruments		
Sudarshan Europe B.V.		
28,100 (Previous Year : 28,100) Equity shares of EURO 100 each	1,916.4	1,916.4
Sudarshan Japan Limited	65.1	65.1
9,850,000 (Previous Year : 9,850,000) Equity shares of JPY 1 each		
Sudarshan (Shanghai) Trading Company Limited	477.6	477.6
USD 739,990 (Previous Year : USD 739,990) fully paid-up Equity share capital		
RIECO Industries Limited	2,889.3	2,889.3
12,500,000 (Previous Year : 12,500,000) Equity shares of ₹ 10 each		
Less: Impairment/ Impairment reversed during the year (refer note 45)	-	1,072.8
	2,889.3	1,816.5
	5,348.4	4,275.6
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	5,348.4	4,275.6
<i>Aggregate amount of unquoted investments held for sale</i>	-	-
<i>Aggregate amount of impairment in the value of investments</i>	-	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

as at and for the year ended 31st March 2021

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

6 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) INVESTMENTS		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : 2,600) Equity shares of ₹ 10 each	126.6	87.8
	127.6	88.8
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	127.6	88.8
<i>Aggregate amount of impairment in the value of investments</i>	-	-
(b) LOANS		
(Unsecured considered good unless stated otherwise)		
Security Deposits	72.1	64.7
Loans to related parties (refer note 42)	-	101.3
	72.1	166.0

7 OTHER NON-CURRENT ASSETS

	As at 31 st March 2021	As at 31 st March 2020
(a) Capital advances		
Considered good	2,992.6	3,979.8
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	2,992.6	3,979.8
(b) Advances other than capital advances:		
Balances with Government Authorities	875.6	1,007.2
Prepaid expenses	543.2	581.6
Statutory receivables	276.1	276.1
Others	510.4	493.8
	2,205.3	2,358.7
	5,197.9	6,338.5

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March 2021	As at 31 st March 2020
(a) Non-current tax assets (net)		
Income tax assets	28,049.5	24,351.2
Income tax liabilities	26,279.7	21,949.5
Net income tax assets	1,769.8	2,401.7
(b) Current tax liabilities (net)		
Income tax liabilities	5,339.6	5,360.0
Income tax assets	5,325.0	5,325.0
Net income tax liabilities	14.6	35.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March 2021	As at 31 st March 2020
(a) Raw Materials	11,443.0	8,270.2
Raw materials in transit	2,319.8	4,144.7
	13,762.8	12,414.9
(b) Work-in-progress	5,837.0	5,822.5
(c) Finished Goods	9,329.7	13,185.4
Finished goods in transit	9.9	108.6
	9,339.6	13,294.0
(d) Stores and Spares	2,949.6	2,274.0
(e) Stock-in-trade	-	42.9
(f) Packing Materials	297.0	98.4
	32,186.0	33,946.7

During the current year, an amount of ₹ 763.6 lakhs (Previous Year : ₹ 76.9 lakhs) was charged off to the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.

For details of inventory pledged as security refer note 34.

10 FINANCIAL ASSETS : CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
(refer note 42 for details of related party balances)		
Trade receivables considered good	49,229.0	37,020.3
Less: Allowance for expected credit loss	204.2	375.1
	49,024.8	36,645.2
Trade receivables which are credit impaired	697.5	697.5
Less: Allowance for expected credit loss	697.5	697.5
	-	-
	49,024.8	36,645.2
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	7.4	5.3
Balance with Banks		
In Current Accounts	995.0	227.2
	1,002.4	232.5
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	319.2	356.9
Margin money deposits	90.9	85.9
	410.1	442.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

10 FINANCIAL ASSETS : CURRENT (CONTD.)

	As at 31 st March 2021	As at 31 st March 2020
(d) LOANS		
(Unsecured and considered good unless otherwise stated)		
Loans to related parties (refer note 42)	502.8	-
	502.8	-
(e) DERIVATIVE ASSETS		
Foreign exchange forward contracts	473.0	148.4
Interest rate/currency swap contracts	-	312.0
	473.0	460.4
(f) OTHER FINANCIAL ASSETS		
Receivable from subsidiaries (refer note 42)	45.1	60.6
Export benefits receivable	1,469.1	1,206.6
Other Receivables (includes interest accrued on deposits)	1,110.2	132.3
	2,624.4	1,399.5

11 OTHER CURRENT ASSETS

	As at 31 st March 2021	As at 31 st March 2020
Advances other than capital advances:		
Prepaid Expenses	576.3	373.2
Balances with Government authorities	4,344.9	2,364.5
Other advances	1,061.1	768.8
	5,982.3	3,506.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

12 EQUITY SHARE CAPITAL

	As at 31 st March 2021	As at 31 st March 2020
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 2021		As at 31 st March 2020	
	Quantity in nos.	₹	Quantity in nos.	₹
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.

The Board of Directors has recommended a dividend of ₹ 6/- per share (Previous Year : ₹ 6.3/- per share) on face value of ₹ 2/- per share (i.e. 300%) for the FY 2020-21, which is subject to approval of shareholders at the 70th Annual General Meeting of the Company.

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

	As at 31 st March 2021		As at 31 st March 2020	
	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*	2,052,291	2.96	4,151,600	6.00
Mr. Rajesh B. Rathi	3,995,429	5.77	3,471,929	5.02
Mr. Akash Bhanshali	4,255,000	6.15	5,567,711	8.04

*Mr. Rohit K. Rathi does not hold shares more than 5% as on 31st March 2021.

(d) For a period of five years immediately preceding 31st March 2021 :

- aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil
- aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
- aggregate number of shares bought back - Nil

(e) 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 2021

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

13 OTHER EQUITY

	As at 31 st March 2021	As at 31 st March 2020
(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) Effective portion of cash flow hedge	(443.5)	(568.4)
(e) Shares Options (ESOP) outstanding account	126.1	-
(f) Retained Earnings	53,322.2	39,776.0
	75,666.9	61,869.7
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	21,340.5
Additions during the year	-	-
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	(568.4)	503.1
Additions during the year	-	-
Deductions during the year	(124.9)	1,071.5
Balance at the end of the year	(443.5)	(568.4)
(e) Shares Options (ESOP) outstanding account (refer note 47)		
Balance at the beginning of the year	-	-
Additions during the year	126.1	-
Deductions during the year	-	-
Balance at the end of the year	126.1	-
(f) Retained Earnings		
Balance at the beginning of the year	39,776.0	35,308.6
Add : Profit after tax for the year	13,623.4	14,873.5
Other Comprehensive Income recognised directly in retained earnings	(77.2)	(208.2)
Less : Appropriations (refer note 12)		
Final Equity Dividend (including special dividend)	-	4,153.6
Interim Equity Dividend	-	4,361.4
Tax on Interim and Final Equity Dividend	-	1,682.9
	53,322.2	39,776.0
	75,666.9	61,869.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

(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 FY1996-97 ₹ 0.4 lakhs.
- General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income.
- Cash flow hedging reserve -
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs.
- Shares Options (ESOP) outstanding account -
It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. (refer note 47)

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	2,700.0	-
Foreign Currency Loans	27,888.0	22,499.9
Borrowings are disclosed net of unamortised finance cost - ₹ 392.1 lakhs (Previous Year: ₹ 250.7 lakhs) (refer note 34 for details of security and terms of repayment)		
	30,588.0	22,499.9
(b) OTHER FINANCIAL LIABILITIES		
Security Deposits	170.1	150.6
	170.1	150.6

15 PROVISIONS : NON-CURRENT

	As at 31 st March 2021	As at 31 st March 2020
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 33)	1,027.5	998.2
Provision for gratuity (refer note 33)	607.3	-
Provision for compensated absences (refer note 33)	637.4	519.6
	2,272.2	1,517.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March 2021	As at 31 st March 2020
The major components of the deferred tax liabilities are :		
Property, plant and equipment	5,047.5	5,459.9
Others	112.1	87.6
	5,159.6	5,547.5
The major components of the deferred tax assets are :		
Deferred tax assets on impairment of investments	-	249.9
Minimum Alternate Tax (MAT) Credit	-	92.1
Allowance for expected credit loss	227.0	374.8
Expenditure allowed on actual payment [Section 43B of Income tax, Others]	263.0	407.1
	490.0	1,123.9
	4,669.6	4,423.6

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

For movement in deferred tax assets and liabilities refer note 31

17 OTHER NON CURRENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Deferred Government Grant	1,006.8	-
	1,006.8	-

18 FINANCIAL LIABILITIES : CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) BORROWINGS		
Secured		
Loans repayable on demand/ Loans repayable within 12 months		
From banks :		
Rupee Loans	2,514.0	11,594.9
Foreign Currency Loans	-	1,636.0
Unsecured		
Loans repayable on demand/ Loans repayable within 12 months		
From banks :		
Rupee Loans	10,540.6	4,000.0
(refer note 34 for details of security and terms of repayment)		
	13,054.6	17,230.9

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

18 FINANCIAL LIABILITIES: CURRENT (CONTD.)

	As at 31 st March 2021	As at 31 st March 2020
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises (refer note 35)	755.6	203.5
Other than Micro and Small Enterprises	41,044.1	35,176.3
	41,799.7	35,379.8
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	72.0	540.1
Interest rate / currency swap contracts	242.9	27.7
	314.9	567.8
(d) OTHER FINANCIAL LIABILITIES		
Current maturities of non-current borrowings (including interest accrued thereon) (refer note 34)	12,648.9	4,735.7
Unclaimed Dividend	319.1	356.7
Unpaid matured deposits including interest thereon	21.4	21.4
Capital creditors	4,249.0	2,227.0
Employee Dues	2,252.6	1,646.1
Other Liabilities (includes commission payable to directors and commission payable on sales)	726.7	532.5
	20,217.7	9,519.4

19 OTHER CURRENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Statutory Dues	373.2	253.6
Deferred Government Grant	88.2	95.8
Other Liabilities (includes advances from customers)	411.2	474.9
	872.6	824.3

20 PROVISIONS: CURRENT

	Year ended 31 st March 2021	Year ended 31 st March 2020
PROVISION FOR EMPLOYEE BENEFITS:		
Provision for pension (refer note 33)	139.1	124.3
Provision for gratuity (refer note 33)	-	416.2
Provision for compensated absences (refer note 33)	78.2	111.0
	217.3	651.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

21 REVENUE FROM OPERATIONS

	Year ended 31 st March 2021	Year ended 31 st March 2020
Sale of products	168,906.1	149,125.5
Other operating revenues		
Export Incentives	1,394.0	2,062.7
Miscellaneous Operating Income (refer note 44 and 48)	550.0	638.6
	170,850.1	151,826.8

22 OTHER INCOME

	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	47.2	81.0
Others	143.4	200.6
Other Non-Operating Income :		
Liabilities no longer required, written back	97.3	-
Income on Financial Guarantees	36.1	53.5
Dividend from Subsidiary	-	347.0
Profit on Sale / Disposal of Fixed Assets (Net)	18.2	40.9
Miscellaneous Income	250.0	48.3
	592.2	771.3

23 COST OF MATERIALS CONSUMED

	Year ended 31 st March 2021	Year ended 31 st March 2020
Inventory of raw materials (including raw materials in transit) at the beginning of the year	12,414.9	9,767.3
(Excluding Inventories pertaining to discontinued operations. refer note 32)		
Add : Purchases	98,124.0	96,960.5
	110,538.9	106,727.8
Less: Inventory of raw materials (including raw materials in transit) at the end of the year	13,762.8	12,414.9
	96,776.1	94,312.9

	Year ended 31 st March 2021	Year ended 31 st March 2020
24 PURCHASE OF STOCK-IN-TRADE	-	41.7
	-	41.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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

	Year ended 31 st March 2021	Year ended 31 st March 2020
Inventory at the end of the year		
Finished Products	9,339.6	13,294.0
Work-in-progress / Semi-finished Products	5,837.0	5,822.5
Stock-in-Trade	-	42.9
	15,176.6	19,159.4
Inventory at the beginning of the year		
(Excluding Inventories pertaining to discontinued operations. refer. note 32)		
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
	3,982.8	(5,843.2)

26 EMPLOYEE BENEFITS EXPENSE (NET)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Salaries, wages and bonus	9,676.3	8,845.6
Contribution to Provident and Other Funds	526.2	505.1
Share based payments (refer note 47)	126.1	-
Staff welfare expenses	544.0	377.7
	10,872.6	9,728.4

(refer note 48 for Employee benefits expense capitalised during the year)

27 FINANCE COSTS (NET)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest expenses on financial liabilities measured at amortised cost*	1,559.6	1,105.8
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	80.4	62.7
	1,640.0	1,168.5

*Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 245.3 lakhs (Previous year : ₹ 245.8 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 1.99% per annum for the year ended 31st March 2021. (31st March 2020: 3.5% per annum)

(refer note 48 for Finance cost capitalised during the year)

28 DEPRECIATION AND AMORTISATION

	Year ended 31 st March 2021	Year ended 31 st March 2020
Depreciation of property, plant and equipment	7,959.8	6,993.3
Amortisation of right of use assets	23.1	14.9
Amortisation of other intangible assets	531.6	231.2
	8,514.5	7,239.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

29 OTHER EXPENSES

	Year ended 31 st March 2021	Year ended 31 st March 2020
Consumption of stores and spares	2,299.4	2,241.4
Consumption of packing material	1,867.6	1,598.9
Power and fuel	8,234.6	6,527.7
Water charges	1,366.0	1,288.5
Labour charges	4,659.2	3,965.5
Rent	272.3	189.2
Repairs and maintenance	2,815.7	2,361.1
Insurance	499.6	492.2
Rates and taxes (excluding taxes on income)	164.9	96.1
Advertisement	100.5	251.1
Auditors' Remuneration (refer note 36)	58.5	63.0
(Reversal)/ provision for expected credit loss allowance (refer note 43)	(170.9)	588.1
Bank charges	135.0	115.1
Commission to selling agents	1,614.4	1,565.6
Freight and forwarding expenses	1,942.8	982.6
Directors' sitting fees	23.7	24.8
Foreign exchange (gain)/ loss (net)	(773.0)	61.6
Consumables related to IT hardware	344.2	274.5
Legal, professional and consultancy charges	3,162.1	3,019.5
Printing, stationery and communication expenses	335.7	380.8
Travelling and conveyance	186.3	1,241.1
Cost Recharge from Subsidiaries	966.2	629.1
Expenditure towards Corporate Social Responsibility (refer note 38)	297.7	273.0
Miscellaneous expenses (refer note 39)	2,202.2	1,639.8
	32,604.7	29,870.3

(refer note 48 for Other expenses capitalised during the year)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

30 EARNINGS PER SHARE

	Year ended 31 st March 2021	Year ended 31 st March 2020
Profit after taxation for Continuing Operations and Discontinued Operations	13,623.4	14,873.4
Profit after taxation for Continuing Operations	13,623.4	14,927.9
Profit after taxation for Discontinued Operations	-	(54.5)
Equity Shares outstanding as at the end of the year		
Number of Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted average Equity Shares outstanding as at the end of the year	69,227,250	69,227,250
Add: Dilutive impact of employee stock options	89,494	-
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	69,316,744	69,227,250
Nominal Value per Equity Share (in ₹)	2.0	2.0
From Continuing Operations		
Basic ₹ per share	19.7	21.6
Diluted ₹ per share	19.7	21.6
From Discontinued Operations		
Basic ₹ per share	-	(0.1)
Diluted ₹ per share	-	(0.1)
From Continuing Operations and Discontinued Operations		
Basic ₹ per share	19.7	21.5
Diluted ₹ per share	19.7	21.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

31 INCOME TAX

	Year ended 31 st March 2021	Year ended 31 st March 2020
A Income tax recognised in Statement of profit and loss		
Current tax (a)		
Current tax for the year for continuing operations	3,828.0	3,478.8
Current tax for the year for discontinued operations	-	(29.3)
	3,828.0	3,449.5
Tax adjustment related to earlier year (b) refer note D below		
Current tax related to earlier year	427.0	-
Deferred tax related to earlier year	(529.8)	-
	(102.8)	-
Deferred tax (c)		
Relating to origination and reversal of temporary differences	525.9	(989.3)
	525.9	(989.3)
Tax on Exceptional Items (on exceptional items) (d)	249.9	379.3
Total tax expenses (a+b+c+d)	4,501.0	2,839.5
B Reconciliation of effective tax rate		
Profit before tax from continuing operations	17,051.6	16,080.1
Profit before tax from discontinued operations	-	(83.8)
	17,051.6	15,996.3
Tax using Statutory tax rate @25.17% for Current year and @ 34.94% for the previous year	4,291.9	5,589.8
Tax effect of:		
- non deductible expenses	35.7	96.5
- incremental deduction on account of research and development costs	-	(494.3)
- deduction on account of section 80 IA of Income tax Act	-	(674.1)
- tax adjustment related to earlier year (refer note D)	(102.8)	-
- impact of deferred tax re-measurement on application of section 115BAA (refer note D below)	-	(2,305.5)
- tax on exceptional items	249.9	379.3
- indexation benefit on investment held for sale	-	95.7
- others	26.3	152.1
Income tax expenses	4,501.0	2,839.5

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 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	-	-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

31 INCOME TAX (CONTD.)

As at 31st March 2020	5,459.9	87.6	5,547.5
Charged / (credited)			
- to Statement of Profit and Loss	(412.4)	24.5	(387.9)
- to Other Comprehensive Income	-	-	-
As at 31st March 2021	5,047.5	112.1	5,159.6

(ii) Deferred tax assets

	Allowance for Expected Credit Loss	Indexation benefit on investment held for sale	Deferred tax recognised on Impairment	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1st April 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
(Charged) / credited						
- to Statement of Profit and Loss	(147.8)	-	(249.9)	(144.1)	(92.1)	(633.9)
- related to earlier years	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	-	-
As at 31st March 2021	227.0	-	-	263.0	-	490.0

- D The Government of India, on 20th September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA ('New Tax Regime') in the Income Tax Act, 1961, which provided an option to the Company to pay income taxes at reduced tax rates (25.17%, inclusive of surcharge and cess). The amendment stipulated that the option to adopt the New Tax Regime was to be exercised in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income.

Based on an initial estimation, the Company estimated that the old tax regime was more beneficial in view of various tax deductions available under this regime and accordingly established provision for income tax @ 34.94% (inclusive of surcharge and Cess) at the time of finalizing the financial statements for year ended 31st March 2020. During the previous year, the Company had evaluated and expected to exercise the option of lower tax rate of 25.17% in a subsequent financial year. Accordingly, the Company had 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 was recognised in tax expense for the year ended 31st March 2020 on an effective tax basis. This had resulted in reversal of deferred tax expense of ₹ 2,305.6 lakhs, which has been recorded in the year ended 31st March 2020 on account of remeasurement of deferred tax liability. While finalizing the tax return for the year ended 31st March 2020, management re-assessed the option of old tax regime versus New Tax Regime. Management concluded that the New Tax Regime is beneficial for the financial year 19-20 considering various recent developments and uncertainties associated with tax deductions under old regime. Hence, Management opted for the New Tax Regime for the FY 2019-20. The effect of this change in accounting estimate, amounting to ₹ 960.7 lakhs on current tax expense (increase) and reversal of deferred tax amounting to ₹ 529.8 lakhs (net tax impact of ₹ 430.9 lakhs) was recorded in the current year. Further during the current year, the Company has reversed excess provisions for income tax of ₹ 533.7 lakhs arising from completion of tax assessments and receipt of tax refunds. The net impact of the above of ₹ 102.8 lakhs, is presented as "Tax adjustment related to earlier year" in the Standalone Financial Statement.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

32 DISCLOSURE AS REQUIRED BY IND AS 105 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Description

Industrial Mixing Solution Division ("IMSD")

The Company used to deal in industrial mixers manufacturing from its facility at Chikhli, Maharashtra. During the FY 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 is shown as held for sale / discontinued operations.

(b) Statement of Profit and Loss for Discontinued Operations

Particulars	Year Ended 31 st March 2020	
	IMSD	Total
Income		
Revenue from operations	36.2	36.2
Total revenue	36.2	36.2
Expenses		
Cost of raw materials consumed	33.4	33.4
Employee benefit expense	24.4	24.4
Finance Costs	2.5	2.5
Depreciation and amortisation	2.6	2.6
Other expenses	57.1	57.1
Total expenses	120.0	120.0
Profit before tax	(83.8)	(83.8)
Tax expense	29.3	29.3
Profit after tax	(54.5)	(54.5)

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

Particulars	Year ended 31 st March 2020
Operating Activities	(54.5)
Investing Activities	-
Financing Activities	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

33 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 2021	Year ended 31 st March 2020
Employer's Contribution to Provident Fund and other funds	490.9	457.0
Employer's Contribution to Superannuation Fund	35.3	48.1

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 2021	Year ended 31 st March 2020
Current service cost	171.2	158.1
Net interest (income) / expense	16.8	2.4
Net expense	188.0	160.5

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Defined benefit obligation as at the beginning of the year	2,476.3	2,263.2
Interest cost	154.6	165.0
Current service cost	171.2	158.1
Benefit payments from plan assets	(184.7)	(205.5)
Others	-	(30.5)
Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	11.7	(7.5)
Actuarial (gain) / loss - Financial	(12.5)	133.5
Defined benefit obligation as at the end of the year	2,616.6	2,476.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Fair value of plan assets at the beginning of the year	2,060.1	2,136.5
Expected returns on plan assets	137.8	162.6
Employer contributions	10.2	9.4
Mortality charges and taxes	-	-
Benefits paid	(184.8)	(205.5)
Others	-	(30.5)
Re-measurement gain / (loss) in Other Comprehensive Income (OCI)		
Actuarial gain / (loss) - Experience	(14.0)	(12.4)
Fair value of plan assets at the end of year	2,009.3	2,060.1

As at 31st March 2021 and 31st March 2020 plan assets were 100% invested in insurer managed funds.

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
(Gain) / loss on defined benefit obligation - Experience	11.7	(7.5)
(Gain) / loss on defined benefit obligation - Financial	(12.5)	133.5
(Gain) / loss on plan assets - Experience	14.0	12.4
Amount recognised in the statement of OCI	13.2	138.4

Net defined benefit liability/ (asset) at the end of the year

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Defined Benefit Obligation	2,616.6	2,476.3
Fair value of plan assets	2,009.3	2,060.1
Closing net defined benefit liability / (asset)	607.3	416.2

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Attrition:

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Employee turnover		
age upto 30 years	6.7%	5.0%
age 31-45 years	3.9%	6.0%
age above 45 years	2.6%	5.0%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Discount rate	6.8%	6.7%
Expected rate of increment in compensation levels	7.0%	7.0%

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumptions are as shown below

Assumptions	Defined benefit obligation			
	As at 31 st March 2021		As at 31 st March 2020	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(151.7)	168.7	(134.6)	149.0
Expected rate of increment in compensation levels	166.7	(152.8)	147.1	(135.7)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

The assumptions for mortality and attrition do not have a significant impact on the liability, hence are not considered a significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Within the next 12 months	239.4	329.2
Between 2 and 5 years	982.5	989.5
Beyond 5 years	3,081.3	2,568.7

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.4 years (Previous Year : 10.8 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 operation)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Current service cost	4.6	3.4
Net interest (income) / expense	70.9	69.9
Net expense	75.5	73.3

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Defined benefit obligation as at the beginning of the year	1,122.5	977.8
Interest cost	70.9	69.9
Current service cost	4.6	3.4
Benefit payments directly by employer	(121.4)	(110.2)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS (CONTD.)

Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	(14.3)	73.8
Actuarial (gain) / loss - Financial	104.3	107.8
Defined benefit obligation as at the end of the year	1,166.6	1,122.5
Re-measurements for the period (Actuarial (gain) / loss)		
Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(Gain) / loss on defined benefit obligation - Experience	(14.3)	73.8
(Gain) / loss on defined benefit obligation - Financial	104.3	107.8
Amount recognised in the statement of OCI	90.0	181.6
Net Defined Benefit Liability / (Asset) for the period		
Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Defined Benefit Obligation	1,166.6	1,122.5
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,166.6	1,122.5

The principal assumptions used in determining pension obligations for the Company's plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14)

Financial assumptions

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Discount rate	6.8%	6.7%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

A quantitative sensitivity analysis for significant assumptions are as shown below

Assumptions	Defined benefit obligation			
	As at 31st March 2021		As at 31st March 2020	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(98.7)	118.9	(97.1)	116.9
Pension increase rate	25.3	(24.2)	24.7	(23.5)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS (CONTD.)

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March 2021	As at 31 st March 2020
Within the next 12 months	139.1	124.3
Between 2 and 5 years	710.4	634.6
Beyond 5 years	1,368.2	1,222.3

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 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 2021	As at 31 st March 2020
Current leave obligations expected to be settled within the next 12 Months	78.2	111.0
Leave obligations expected to be settled beyond 12 months	637.4	519.6

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of unutilised compensated absences and utilise it in the future periods or receive cash in lieu thereof as per Company policy. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The measurement of such obligation is based on actuarial valuation as at the Balance Sheet date carried out by qualified actuary.

The principal assumptions used in determining Leave obligation for the Company are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Particulars	As at 31 st March 2021	As at 31 st March 2020
Discount rate	6.8%	6.7%
Expected rate of increment in compensation levels	7.0%	7.0%
Employee turnover		
age upto 30 years	6.7%	5.0%
age 31-45 years	3.9%	6.0%
age above 45 years	2.6%	5.0%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

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

34 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March 2021		As at 31 st March 2020	
				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), Amrালেvadi, 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), Amrালেvadi, Dist. Pune The bankers are - Standard Chartered Bank - The Hong Kong and Shanghai Banking Corporation Limited - State Bank of India - Citi Bank N.A.	30-Apr-20	11 equal quarterly installments	3 months EURIBOR + 1.55%	-	-	543.0	-
	30-Dec-21	18 equal quarterly installments	3 months EURIBOR + 1.55%	1,363.4	-	1,782.4	1,322.7
	26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	1,499.5	1,252.0	1,456.2	2,830.4
	31-Jan-23	20 equal quarterly installments	1 month LIBOR + 1.25%	919.5	906.0	954.1	1,885.1
	27-Sep-25	17 equal quarterly installments	1 month LIBOR + 1.40%	2,838.2	13,103.2	-	16,461.7
	31-Aug-25	18 equal quarterly installments	1 month LIBOR + 1.50%	5,728.3	12,626.8	-	-
ii) Term loan in Rupees							
Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrালেvadi, 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), Amrালেvadi, Dist. Pune. The banker is ICICI Bank	3-Aug-23	03 equal annual instalments	7.75%	300.0	2,700.0	-	-

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

34 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE (CONTD.)

Security	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March 2021		As at 31 st March 2020	
				Current	Non-Current	Current	Non-Current
iii) Working capital loans repayable on demand from banks/ Loan repayable within 12 months							
Working Capital Borrowings from Bank of Maharashtra, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage.	1-3 months	Repayable on demand	4.05% to 9.40%	2,514.0	-	13,230.9	-
b) UNSECURED							
i) Working capital loans repayable on demand from banks/ Loan repayable within 12 months							
The Bankers are - Kotak Mahindra Bank - HDFC Bank Limited - IDFC First Bank	1 month	Repayable on demand	4.30% & 9.75%	10,540.6	-	4,000.0	-
ii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	21.4	-	21.4	-
				25,724.9	30,588.0	21,988.0	22,499.9
The bifurcation of total borrowings is as follows:							
Non current borrowings	Note 14(a)			-	30,588.0	-	22,499.9
Current borrowings	Note 18(a)			13,054.6	-	17,230.9	-
Current maturities of long-term debts	Note 18(d)			12,648.9	-	4,735.7	-
Unpaid matured deposits including interest thereon	Note 18(d)			21.4	-	21.4	-
				25,724.9	30,588.0	21,988.0	22,499.9

Notes to the Standalone Financial Statements

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

35 DISCLOSURE FOR MICRO AND SMALL ENTERPRISE CREDITORS

Outstanding to Micro and Small Enterprise : ₹ 755.6 lakhs (Previous Year : ₹ 203.5 lakhs). The identification of suppliers under "Micro and Small Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company. Total outstanding dues of Micro and Small Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	As at 31 st March 2021	As at 31 st March 2020
(a) Principal amount due	755.6	203.5
(b) Interest paid under MSMED Act, 2006	-	-
(c) Interest due	62.3	57.0
(d) Interest accrued and due	-	-
(e) Interest due and payable till actual payment	62.3	57.0

36 AUDITOR'S REMUNERATION

Particulars	As at 31 st March 2021	As at 31 st March 2020
(a) Audit Fees	36.5	31.5
(b) Tax Audit Fees	2.0	2.0
(c) Other services - Certification and Limited Review	18.5	25.5
(d) Reimbursement of Expenses	1.5	4.0
	58.5	63.0

37 FIXED DEPOSITS (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As at 31 st March 2021	As at 31 st March 2020
(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	21.4
	21.4	21.4

38 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was ₹ **285.1 lakhs**. (Previous year ₹ 273.0 lakhs)

During the year the Company has incurred CSR expenses of ₹ **297.7 lakhs** (Previous Year : ₹ 273.0 lakhs) which includes contribution / donation of ₹ **5 lakhs** (Previous Year : ₹ 0.5 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 ₹ **47.2 lakhs** (Previous Year : ₹ 60.0 lakhs) directly incurred by the Company.

A contribution of ₹ **245.5 lakhs** (Previous Year : ₹ 212.5 lakhs) is made to 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).

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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

Year Ended 31 st March 2021					
Name of the Company	Given during the year	Maximum Outstanding	Re-Paid during the year	Rate of Interest	Purpose
Sudarshan Japan Limited	401.4	502.8	-	4.00%	General Corporate Purpose
Year Ended 31 st March 2020					
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 Corporate Purpose
Sudarshan Japan Limited	101.3	101.3	-	7.00%	

(b) Corporate guarantee given for loans availed by subsidiaries

Name of the Company	Opening Balance	Given during the year	Reduced during the year	Closing Balance	Purpose
Sudarshan North America, Inc. *	2,261.6	-	-	2,193.2	General Corporate Purpose
Sudarshan Europe B.V. *	4,983.0	-	-	5,141.3	
RIECO Industries Limited	10,000.0	-	(4,000.0)	6,000.0	
Sudarshan (Shanghai) Trading Co. Limited *	753.9	-	-	731.1	

For further details of loans and guarantees given to related party Refer Note No. 42. For details of Investments made Refer Note No. 5.

* Difference in the opening and closing balance is on account of change in the exchange rates.

41 COMMITMENTS AND CONTINGENCIES:

Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	As at 31 st March 2021	As at 31 st March 2020
Excise duty	255.8	296.1
VAT / CST	282.7	53.5
Custom duty	330.4	330.4
Electricity duty on Power Generation	1,667.6	1,295.8

- 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.
- The Company has obtained an opinion from a subject-matter expert ('SME') on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Company has a good case of success in the proceedings.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

42 RELATED PARTY TRANSACTIONS (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
- Mr. R. B. Rathi	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. S. N. Inamdar	Non-Executive - Independent Director (Resigned w.e.f. close of business hours on 20 th November 2020)
- 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. T. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director
- Mr. Mandar Velankar	Company Secretary
- Mr. Nilkanth Natu	Chief Financial Officer (Appointed w.e.f. 28 th July 2020 in place of Mr. Vivek 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
- Late Mrs. K. R. Rathi	Mother of Mr. P. R. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. N. J. Rathi	Father of Mr. A. N. Rathi
- Mrs. A. N. Rathi	Mother of Mr. A. N. Rathi
- Mrs. A. A. Rathi	Wife of Mr. A. N. Rathi
- Mr. Dhruv R. Rathi	Son of Mr. R. P. Rathi
- Ms. Anushka R. Rathi	Daughter of Mr. R. P. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

Notes to the Standalone Financial Statements

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

42 RELATED PARTY TRANSACTIONS (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) : (CONTD.)

(c) Subsidiary Companies :

- 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.)

(d) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence## :

- | | |
|--|---|
| - Balkrishna Rathi Finance Private Limited | - Rabro Speciality Chemicals Private Limited |
| - PRR Finance Private Limited | - Mr. Anuj N. Rathi HUF |
| - Marathwada Chemical Industries Private Limited | - Mr. R. B. Rathi HUF |
| - Rathi Vessels and Systems LLP | - Rathi Mixers Private Limited |
| - NJR Finance Private Limited | - Breakthrough Management Group India Private Limited |
| - Rathi Brothers Private Limited | - Shri Jagannath Rathi Charity Trust |
| - Rathi Enterprises Private Limited | - Crawford Bayley & Co |
| - Forbes Marshall Private Limited | - Krohne Marshall Private Limited |
| - Aquapharm Chemicals Private Limited | - Phytomyco Research Private Limited |
| - Centre For Advancement Of Philanthropy | - Gazelle Enterprises |
| - Marrix Fine Sciences Private Limited | - Arihma Enterprises |
| - Cosmetictree India LLP | |

The above list includes the related parties with whom the Company has entered into the transactions during the course of the year.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

42 RELATED PARTY TRANSACTIONS (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) :

B Transactions with Related Parties

Nature of Transactions	For the year ended 31 st March 2021			For the year ended 31 st March 2020						
	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 Salary, Pension, Reimbursement of expenses etc.:	940.9	160.1	-	-	1,101.0	622.0	114.8	-	-	736.9
Mr. R.B.Rathi	634.5	-	-	-	634.5	281.4	-	-	-	281.4
Mr. A.V.Vij	170.3	-	-	-	170.3	147.1	-	-	-	147.1
Others	136.1	160.1	-	-	296.2	193.5	114.8	-	-	308.4
b Commission (Subject to Shareholders' approval) :	108.0	-	-	-	108.0	90.3	-	-	-	90.3
Mr. P.R.Rathi	10.0	-	-	-	10.0	9.6	-	-	-	9.6
Mr. S. N. Inamdar	8.0	-	-	-	8.0	6.0	-	-	-	6.0
Mr. D. N. Damania	15.0	-	-	-	15.0	11.1	-	-	-	11.1
Mr. S. Padmanabhan	10.0	-	-	-	10.0	9.6	-	-	-	9.6
Mrs. S. A. Panshe	15.0	-	-	-	15.0	8.7	-	-	-	8.7
Mr. S. K. Asher	10.0	-	-	-	10.0	8.4	-	-	-	8.4
Others	40.0	-	-	-	40.0	36.9	-	-	-	36.9
c Sitting fees:	22.9	-	-	-	22.9	24.8	-	-	-	24.8
Mr.S.K.Asher	3.8	-	-	-	3.8	2.8	-	-	-	2.8
Mr.S.N.Inamdar	2.6	-	-	-	2.6	2.8	-	-	-	2.8
Mr.D.N.Damania	3.4	-	-	-	3.4	4.0	-	-	-	4.0
Mrs.S.A.Panshe	2.6	-	-	-	2.6	-	-	-	-	-
Mrs. Rati F. Forbes	2.4	-	-	-	2.4	2.8	-	-	-	2.8
Mr. N. T. Raisinghani	2.4	-	-	-	2.4	3.0	-	-	-	3.0
Others	5.7	-	-	-	5.7	9.4	-	-	-	9.4
d Interest paid / payable:	-	-	-	-	-	-	-	-	40.5	40.5
Balkrishna Rathi Finance Private Limited	-	-	-	-	-	-	-	-	8.9	8.9
Rathi Vessels and Systems LLP	-	-	-	-	-	-	-	-	5.4	5.4
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	-	16.3	16.3
NJR Finance Private Limited	-	-	-	-	-	-	-	-	4.4	4.4
Others	-	-	-	-	-	-	-	-	5.5	5.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

42 RELATED PARTY TRANSACTIONS (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 2021				For the year ended 31 st March 2020				
	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	85.5
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	80.0	80.0
Others	-	-	-	-	-	-	-	5.5	5.5
f Repayments of Deposits:	-	-	-	-	-	-	-	1,874.2	1,874.2
NJR Finance Private Limited	-	-	-	-	-	-	-	179.9	179.9
Rathi Vessels and Systems LLP	-	-	-	-	-	-	-	313.3	313.3
Balkrishna Rathi Finance Private Limited	-	-	-	-	-	-	-	344.7	344.7
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	764.5	764.5
Others	-	-	-	-	-	-	-	271.8	271.8
g Sale of Fixed Asset:	15.5	-	-	-	15.5	-	-	-	73.3
Mr. A. N. Rathi	-	-	-	-	-	-	-	-	55.3
Mr. P.R. Rathi	-	-	-	-	-	-	-	-	18.0
Mr. R.B. Rathi	15.5	-	-	-	15.5	-	-	-	-
h Sale of Goods:	-	-	33,379.6	7.8	33,387.4	-	-	27,638.1	6.7
Sudarshan Europe B.V.	-	-	22,877.5	-	22,877.5	-	-	19,464.3	-
Sudarshan North America, Inc.	-	-	6,098.6	-	6,098.6	-	-	5,328.9	-
Others	-	-	4,403.5	7.8	4,411.3	-	-	2,844.9	6.7
i Purchase of Goods / Services:	-	-	1,267.1	88.2	1,355.3	-	-	974.5	62.1
Sudarshan (Shanghai) Trading Co. Limited	-	-	1,033.5	-	1,033.5	-	-	817.3	-
RIECO Industries Limited	-	-	224.9	-	224.9	-	-	157.2	-
Others	-	-	8.7	88.2	96.9	-	-	62.1	62.1
j Professional Fees Paid:	-	-	-	71.8	71.8	26.0	-	139.6	165.6
Break through Management Group	-	-	-	71.8	71.8	-	-	112.1	112.1
Crawford Bayley & Co.	-	-	-	-	-	-	-	27.0	27.0
Mr. S.N. Inamdar	-	-	-	-	-	26.0	-	-	26.0
Others	-	-	-	-	-	-	-	0.5	0.5
k Subscription to Share Capital /	-	-	-	-	-	-	-	65.1	65.1
Sudarshan Japan Limited	-	-	-	-	-	-	-	65.1	65.1

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as at and for the year ended 31st March 2021

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

42 RELATED PARTY TRANSACTIONS (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 2021				For the year ended 31 st March 2020				
	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:	-	-	401.4	-	-	-	101.3	-	101.3
Sudarshan Japan Limited	-	-	401.4	-	-	-	101.3	-	101.3
m Unsecured Loans repayments received:	-	-	-	-	-	-	300.0	-	300.0
RIECO Industries Limited	-	-	-	-	-	-	300.0	-	300.0
n Interest received / accrued:	-	-	10.6	-	-	-	12.2	-	12.2
Sudarshan Japan Limited	-	-	10.6	-	-	-	12.2	-	-
RIECO Industries Limited	-	-	-	-	-	-	-	12.2	12.2
o Commission on Sales (Incl. Taxes):	-	-	-	1,296.1	-	-	-	1,318.2	1,318.2
Rabro Speciality Chemicals Private Limited	-	-	-	1,296.1	-	-	-	1,318.2	1,318.2
p Rent received (Incl. Taxes):	-	-	5.9	10.4	-	-	4.7	10.4	15.1
Rabro Speciality Chemicals Private Limited	-	-	5.8	5.8	-	-	-	5.8	5.8
RIECO Industries Limited	-	-	5.9	-	-	-	4.7	-	4.7
Others	-	-	-	4.6	-	-	-	4.6	4.6
q Rent Paid	-	-	-	-	-	-	0.8	1.5	2.3
RIECO Industries Limited	-	-	-	-	-	-	0.8	-	0.8
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	1.5	1.5
r Donation Paid:	-	-	245.5	-	-	-	212.5	-	212.5
Sudarshan CSR Foundation	-	-	245.5	-	-	-	212.5	-	212.5
s Reimbursement (Net)/ Cross Charges from subsidiaries:	-	-	1,121.8	-	-	-	(899.9)	5.1	(894.8)
Sudarshan Europe B.V.	-	-	500.6	-	-	-	(669.8)	-	(669.8)
Sudarshan Japan Limited	-	-	441.3	-	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Limited	-	-	113.5	-	-	-	(233.9)	-	(233.9)
RIECO Industries Limited	-	-	41.0	-	-	-	23.5	-	23.5
Others	-	-	25.4	-	-	-	(19.7)	5.1	(14.6)

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

42 RELATED PARTY TRANSACTIONS (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 2021				For the year ended 31 st March 2020				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
t Interest on corporate guarantee received:									
Sudarshan Europe B.V.	-	-	39.0	-	-	-	53.5	-	53.5
RIECO Industries Limited	-	-	18.4	-	-	-	20.4	-	20.4
Others	-	-	19.4	-	-	-	30.8	-	30.8
u Car Deposit taken									
Mr. P.R. Rathi	-	-	1.2	-	-	-	2.3	-	2.3
v Car Deposit Repayment									
Mr. A.V.Vij	7.7	-	-	-	49.0	-	-	-	49.0
	7.7	-	7.7	-	2.0	-	-	-	2.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

42 RELATED PARTY TRANSACTIONS (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 2021					As at 31 st March 2020				
	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	-	-	10,357.2	(180.8)	10,176.4	-	-	9,030.2	(5.1)	9,025.1
Sudarshan Europe B.V.	-	-	4,869.4	-	4,869.4	-	-	3,176.5	-	3,176.5
Sudarshan North America, Inc.	-	-	2,963.6	-	2,963.6	-	-	3,217.1	-	3,217.1
Sudarshan (Shanghai) Trading Co. Limited	-	-	38.6	-	38.6	-	-	762.1	-	762.1
Sudarshan Mexico S. de R.L. de C.V.	-	-	2,944.8	-	2,944.8	-	-	1,862.0	-	1,862.0
Sudarshan Japan Limited	-	-	(427.5)	-	(427.5)	-	-	3.7	-	3.7
Others	-	-	(31.7)	(180.8)	(212.5)	-	-	8.8	(5.1)	3.7
b Loan outstanding	-	-	502.8	-	502.8	-	-	101.3	-	101.3
Sudarshan Japan Limited	-	-	502.8	-	502.8	-	-	101.3	-	101.3
c Corporate guarantee given (INR)	-	-	14,065.6	-	14,065.6	-	-	17,998.5	-	17,998.5
Sudarshan North America Inc. (in USD)	-	-	30.0	-	30.0	-	-	30.0	-	30.0
Sudarshan North America Inc. (in INR)	-	-	2,193.2	-	2,193.2	-	-	2,261.6	-	2,261.6
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	60.0	-	-	60.0	-	60.0
Sudarshan Europe B.V. (in INR)	-	-	5,141.3	-	5,141.3	-	-	4,983.0	-	4,983.0
RIECO Industries Limited	-	-	6,000.0	-	6,000.0	-	-	10,000.0	-	10,000.0
Sudarshan (Shanghai) Trading Co. Limited (in USD)	-	-	10.0	-	10.0	-	-	10.0	-	10.0
Sudarshan (Shanghai) Trading Co. Limited (in INR)	-	-	731.1	-	731.1	-	-	753.9	-	753.9

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

42 RELATED PARTY TRANSACTIONS (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 2021				As at 31 st March 2020				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
d Guarantee Fee Receivable	-	-	19.8	-	-	-	63.2	-	63.2
Sudarshan Europe B.V.	-	-	18.4	-	-	-	46.1	-	46.1
Sudarshan North America, Inc.	-	-	-	-	-	-	12.5	-	12.5
RIECO Industries Limited	-	-	0.2	-	-	-	1.6	-	1.6
Sudarshan (Shanghai) Trading Co. Limited	-	-	1.2	-	-	-	3.0	-	3.0
e Salary and Commission Payable	114.5	-	-	-	98.8	-	-	-	98.8
Mr. P.R.Rathi	10.0	-	-	-	9.6	-	-	-	9.6
Mr. S. N. Inamdar	8.0	-	-	-	6.0	-	-	-	6.0
Mr. D. N. Damania	15.0	-	-	-	11.1	-	-	-	11.1
Mr. S. Padmanabhan	10.0	-	-	-	9.6	-	-	-	9.6
Mrs. S. A. Panse	15.0	-	-	-	8.7	-	-	-	8.7
Mr. S. K. Asher	10.0	-	-	-	8.4	-	-	-	8.4
Mr. N. J. Rathi	-	-	-	-	4.8	-	-	-	4.8
Others	46.5	-	-	-	40.6	-	-	-	40.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT

A Financial instruments risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, trade and other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Company. The ERM team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31st March 2021 and 31st March 2020.

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 ₹ 140.8 lakhs and (FY 2019-20: ₹ 111.2 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 ₹ 588.6 lakhs loss. (FY 2019-20: loss of ₹ 368.7 lakhs). A 2% decrease would have led to an increase in additional ₹ 588.6 lakhs gain. (FY 2019-20: gain of ₹ 368.7 lakhs).

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Foreign currency exposure and sensitivity	As at 31 st March 2021		As at 31 st March 2020	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Amounts given below are in ₹ Lakhs				
Trade receivable	21,786.0	6,068.9	16,225.3	4,140.5
Forward contracts for trade receivable	(19,565.7)	(8,533.5)	(21,697.5)	(2,137.0)
Foreign currency borrowings	(36,198.3)	(4,374.3)	(19,456.3)	(9,655.9)
Trade payables	(7,619.7)	(554.9)	(6,937.9)	(710.2)
Other payables	-	-	-	(2,848.3)
Currency Swaps	-	-	2,848.3	-
Forward contracts for trade payable	650.6	-	754.9	6,859.9
Forward contracts for borrowings	12,850.8	6,058.1	10,546.9	3,629.8
Total	(28,096.3)	(1,335.7)	(17,716.3)	(721.2)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31 st March 2021	Year ended 31 st March 2020
Balance at beginning of the year	(873.7)	773.4
Changes in the fair value of effective portion of derivatives - Gain/(Loss)	(6.0)	(1,153.2)
Net Gain/(Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	172.9	(493.9)
Balance at end of the year	(706.8)	(873.7)
Tax impact	263.3	305.3

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 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

43 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The Company uses derivatives (forward contract, Interest rate swap) or non-derivative or a combination of both to hedge its exposure of forex/ interest rate related risk. These instruments are either used to lock in a lower purchase price or/ and a higher sales prices/ fixed interest rate. The gain or loss on hedging 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 non derivative contracts (Foreign Currency Loans) entered into by the Company which have been designated as Cash Flow Hedges:

As at 31st March 2021

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Non-derivative contracts (i.e. Foreign Currency Loans)	51.1	EUR	(279.1)
	495.2	USD	(427.7)

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 (i.e. Foreign Currency Loans)	96.5	EUR	(289.0)
	257.7	USD	(584.7)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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 ₹ 49,024.8 lacs and ₹ 36,645.2 lacs for 31 st March 2021 and 31 st March 2020 respectively. Against these receivable, a provision for expected loss allowance is recognised.
Reconciliation of provision for expected credit loss		
Balance as at 1st April 2019		484.5
Provision (reversed)/ recognised for expected credit loss		588.1
Balance as at 31st March 2020		1,072.6
Provision (reversed)/ recognised for expected credit loss		(170.9)
Balance as at 31st March 2021		901.7

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.

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as at and for the year ended 31st March 2021

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

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. 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
As at 31st March 2021						
Borrowings - Current	18(a)	13,054.6	-	-	-	13,054.6
Borrowings - non-current	14(a)	-	-	30,588.0	-	30,588.0
Current maturity of debts	18(d)	5,354.8	7,294.1	-	-	12,648.9
Other financial liabilities	14(b) and 18(d)	7,568.8	-	170.1	-	7,738.9
Lease liabilities	49	9.5	9.5	51.8	-	70.8
Trade payables	18(b)	41,799.7	-	-	-	41,799.7
Derivative liabilities	18(c)	314.9	-	-	-	314.9
	Total	68,102.3	7,303.6	30,809.9	-	106,215.8
As at 31st March 2020						
Borrowings - Current	18(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	18(d)	2,578.0	2,157.7	-	-	4,735.7
Other financial liabilities	14(b) and 18(d)	4,783.7	-	150.6	-	4,934.3
Lease liabilities	49	-	-	-	-	-
Trade payables	18(b)	35,379.8	-	-	-	35,379.8
Derivative liabilities	18(c)	567.8	-	-	-	567.8
	Total	60,540.2	2,157.7	20,696.6	1,953.9	85,348.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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 debt divided by total equity.

	As at 31 st March 2021	As at 31 st March 2020
Total Debt	56,291.5	44,487.9
Total Equity	77,051.4	63,254.2
Debt-Equity ratio	0.73	0.70

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 42 of the Consolidated Financial Statements.

45 EXCEPTIONAL ITEMS:

Exceptional item pertains to the following -

Gain on reversal of 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.

During the current year, the Company performed a formal impairment test for its investment in RIECO Industries Limited. Due to the improvement in the long term business prospects of RIECO Industries Limited and based on a valuation performed by a subject matter specialist, the impairment provision of ₹ 1,072.8 lakhs recognised in the year ended 31st March 2019 has been reversed in the Standalone Financial Statements.

The financial projections considered in 31st March 2021 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 mixing solutions

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".

	Year ended 31 st March 2021	Year ended 31 st March 2020
Gain on reversal of Impairment of investment in RIECO Industries Limited	1,072.8	-
Gain from Divestment of Industrial mixing solutions division	-	1,716.6
	1,072.8	1,716.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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 2021.

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	126.6	-	127.6
Loans	574.9	-	-	574.9
Trade receivables	49,024.8	-	-	49,024.8
Cash and cash equivalents	1,002.4	-	-	1,002.4
Bank balances other than cash and cash equivalents	410.1	-	-	410.1
Derivatives-forward contracts receivables	-	473.0	-	473.0
Other financial assets	2,624.4	-	-	2,624.4
Total	53,637.6	599.6	-	54,237.2
Financial liabilities				
Borrowings	43,642.6	-	-	43,642.6
Lease liabilities	55.3	-	-	55.3
Trade payables	41,799.7	-	-	41,799.7
Derivative-forward contracts payable	-	72.0	-	72.0
Interest rate / currency swap contracts	-	242.9	-	242.9
Other financial liabilities	20,387.8	-	-	20,387.8
Total	105,885.4	314.9	-	106,200.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

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 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 contract 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 contract receivable	-	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

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 incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
- (v) The fair values of the 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 2021

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

47 SHARE BASED PAYMENTS

During the FY 2018-19, the Board of Directors of the Company and its Shareholders' approved a Employee Stock Option Plan (ESOP) and reserved 1,384,545 common shares for issuance thereunder. During the current year, options totalling to 394,220 ordinary shares were granted to certain identified eligible employees of the Company. Detailed description of share based payment arrangements is as below:

a	Date of shareholders' approval	9 th August 2018
b	Total number of options approved under ESOP	394,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 4 th year, 20% options vest after 5 th year, 20% options vest after 6 th year and 20% options vest after 7 th year from the date of respective grant.
d	Exercise price or pricing formula	₹ 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted during the FY 2020-21 is ₹169.21/-. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 - 10 years.

Inputs into the model were as follows:

a	Grant date share price	₹ 349.35
b	Exercise Price	₹ 349.35
c	Expected Volatility	45.64% - 47.51%
d	Expected life	6.5 to 9.5 years
e	Dividend yield	1.90% - 2.20%
f	Risk free interest rate	6.45% to 6.68%

Reconciliation of outstanding share options is as follows:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April 2020	-	-
Granted during the year	394,220	169
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 st March 2021	394,220	169
Exercisable as at 31 st March 2021	-	-

Fair value of options vested during the year is ₹ Nil (previous year ₹ Nil)

Money realised by exercise of option during the year is ₹ Nil (previous year ₹ Nil).

The options outstanding at 31st March 2021 have an exercise price of ₹ 349.35 (31st March 2020: ₹ Nil) and a weighted average remaining contractual life of 9.2 years (31st March 2020: Nil)

Weighted average share price at the date of the exercise of share options exercised in FY 2020-21 is not disclosed as no shares were exercised during this year and previous year.

Expense recognised in Statement of Profit and Loss

The Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31st March 2021 is ₹ 126.1 lakhs (previous year: ₹ Nil)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

48 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16 and Ind AS 38, the Company has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Expenses capitalised are as follows:

	Year ended 31 st March 2021	Year ended 31 st March 2020
Employee costs capitalised as property, plant and equipment and CWIP	340.3	274.9
Finance costs capitalised as property, plant and equipment and CWIP	245.3	245.8
Other expenses		
Capitalised as property, plant and equipment and CWIP	309.0	452.2
Capitalised as intangible assets and intangible assets under development	555.0	600.0
	1,449.6	1,572.9

49 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, had notified Ind AS 116 - Leases which replaced the erstwhile standard and its interpretations. Ind AS 116 had outlined the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors thereby introducing a single, on-balance sheet lease accounting model for lessees.

The Company had adopted Ind AS 116, w.e.f. 1st April 2019, whereby the Company applied the standard to its leases retrospectively with a cumulative effect of applying the standard, recognised on the date of initial application. There was no impact of recognition of RoU (Right Of Use) and Lease liability as on transition date. A weighted average incremental borrowing rate on the basis of existing borrowings was considered as incremental borrowing rate. The incremental borrowing rate used was 10% depending on the amount involved and tenure of the lease agreement.

(a) Right of use assets

	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April 2019	-	-	-
Additions	-	-	-
Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March 2020	-	-	-
Accumulated depreciation as at 1st April 2019	-	-	-
Depreciation for the year	-	-	-
Disposals	-	-	-
Accumulated depreciation as at 31st March 2020	-	-	-
Net carrying amount as at 31st March 2020	-	-	-
Gross carrying amount as at 1st April 2020	-	-	-
Additions	-	71.0	71.0
Transferred from Property plant and equipment	136.3	-	136.3
Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March 2021	136.3	71.0	207.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

49 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES (CONTD.)

	Leasehold Land	Buildings	Total
Accumulated depreciation as at 1st April 2020	-	-	-
Depreciation for the year	1.8	21.3	23.1
Transferred from Property plant and equipment	7.4	-	7.4
Disposals	-	-	-
Accumulated depreciation as at 31st March 2021	9.2	21.3	30.5
Net carrying amount as at 31st March 2021	127.1	49.7	176.8

(b) Lease liabilities

Particulars	
Balance as at 1st April 2019	-
Add: Addition during the year	-
Add: Interest Accrued on Lease liability	-
Less: Cash outflows for leases	-
Balance as at 31st March 2020	-
Balance as at 1st April 2020	-
Add: Addition during the year	71.0
Add: Interest Accrued on Lease liability	11.7
Less: Cash outflows for leases	(27.4)
Balance as at 31st March 2021	55.3

Bifurcation of liabilities	As at 31 st March 2021	As at 31 st March 2021
Current	19.8	-
Non-current	35.5	-
	55.3	-

(c) Interest expenses on lease liabilities

	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest on lease liabilities	11.7	-
	11.7	-

(d) Amounts recognised in the Statement of Cash Flow

	Year ended 31 st March 2021	Year ended 31 st March 2020
Total cash outflow for leases	27.4	-
	27.4	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

49 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES (CONTD.)

- (e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31 st March 2021	As at 31 st March 2021
Less than 1 year	19.0	-
1 to 5 years	51.8	-
More than 5 years	-	-

50 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 32). Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

	Year ended 31 st March 2021	Year ended 31 st March 2020
i. Revenue from contracts with customers	168,906.1	149,125.5
ii. Other Revenue	1,944.0	2,701.3
	170,850.1	151,826.8

(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 2021	Year ended 31 st March 2020
1 Major Product Lines		
Continuing Operations		
Sale of Pigments	168,906.1	149,125.5
Total	168,906.1	149,125.5
2 Primary Geographical Market		
In India	85,063.2	79,991.7
Outside India	83,842.9	69,133.8
Total	168,906.1	149,125.5
3 Timing of revenue recognition		
Products transferred at point in time	168,906.1	149,125.5
Products transferred over a period of time	-	-
Total	168,906.1	149,125.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

50 DISCLOSURE PURSUANT TO IND AS 115 (CONTD.)

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Year ended 31 st March 2021	Year ended 31 st March 2020
Receivables, which are included in 'trade and other receivables'	49,024.8	36,645.2
Contract Assets	-	-
Contract Liabilities	-	-
	49,024.8	36,645.2

The receivable above excludes the provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ **901.7 lakhs** (Previous year ₹ 1,072.6 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

(s) 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.

51 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 2021 and 31st March 2020.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

51 FAIR VALUE HIERARCHY: (CONTD.)

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss/ OCI					
Foreign exchange forward contracts					
As at 31 st March 2021	31 st March 2021	473.0	-	473.0	-
As at 31 st March 2020	31 st March 2020	148.4	-	148.4	-
Interest rate / currency swap contracts					
As at 31 st March 2021	31 st March 2021	-	-	-	-
As at 31 st March 2020	31 st March 2020	312.0	-	312.0	-
Investment in others					
As at 31 st March 2021	31 st March 2021	126.6	-	-	126.6
As at 31 st March 2020	31 st March 2020	87.8	-	-	87.8
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March 2021	31 st March 2021	72.0	-	72.0	-
As at 31 st March 2020	31 st March 2020	540.1	-	540.1	-
Interest Rate Swap					
As at 31 st March 2021	31 st March 2021	242.9	-	242.9	-
As at 31 st March 2020	31 st March 2020	27.7	-	27.7	-

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:

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2021

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

51 FAIR VALUE HIERARCHY : (CONTD.)

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating- rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable
Loans	The valuation model considers discounted cash flows using current lending rate. They are classified as level 2 fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

52 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

RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

Pune : 28th May, 2021

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN No. 00018628

NILKANTH NATU
Chief Financial
Officer

MANDAR VELANKAR
Company Secretary

Pune : 28th May, 2021

Financial Section

Consolidated - 203 - 279

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 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2021, 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

Description of Key Audit Matter

The key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of new product development costs (Intangible assets under development)</p> <p>Product development costs for new product development are recognised as intangible assets when technical feasibility is established, the 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 Management's judgement to establish technical feasibility of the product; Group Management's estimation of availability of committed technical and commercial resources; and Inherent challenges in predicting future economic benefits which must be assessed as 'probable' for capitalisation to commence. <p>There is a risk therefore that new product development costs may get capitalised where the relevant criteria have not been met. Accordingly, we identified capitalisation of new product development costs as a key audit matter.</p> <p>(Refer note 2(C) and note 4 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 new product development costs including Group Management's controls over estimation of the future economic benefit of the projects; Evaluated and challenged the Group Management'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 upto 31 March 2021, towards new product development projects using statistical unit sampling; Analysed and determined the costs which are capitalised are 'directly attributable' towards product development activities; We challenged key assumptions used by Group Management to determine discount rate, sensitivity of the assumptions and cash flow projections; and Assessed impact, if any, from the resurgence of COVID-19 on Group Management's estimate such as discontinuance or suspension of any new products.
<p>Impairment assessment of Goodwill</p> <p>The Group carries goodwill resulting from business acquisitions of one subsidiary company. The risk is that the carrying amount of Goodwill may not be backed up by performance of the Cash Generating Unit ('CGU') to which the Goodwill is allocated.</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 Management, including those related to the effects, if any, of the resurgence of the COVID-19 pandemic.</p> <p>Goodwill is a significant asset of the Group. This is identified as a key audit matter due to inherent uncertainties involved in projecting future cash flows and discount rate which are the basis of the impairment assessment.</p> <p>(Refer note 2(C) and note 4 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 Group Management's internal controls around identification of cash generating units ('CGUs') and allocation of Goodwill to the respective CGUs; Evaluated the Group Management's controls over estimation of the value in use of the CGUs; Evaluated the Group's assessment of value in use of CGUs to which Goodwill is allocated; Evaluated key inputs used in and the arithmetical accuracy of the cash flow projections; We assessed and challenged underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance. We took assistance of our valuation specialists for the above testing; We evaluated the adequacy of disclosures of key assumptions, judgements and sensitivities in respect of impairment assessment for Goodwill; and Assessed impact, if any of the resurgence of the COVID-19 pandemic on Management's estimate.

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our 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 and based on the work done/audit report of other auditors, 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.

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

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

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. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We 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.

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 as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from

INDEPENDENT AUDITORS' REPORT

to the Members of Sudarshan Chemical Industries Limited

- 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 2021 on the consolidated financial position of the Group. Refer Note 39 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 18 (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 2021.
- 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 2021.
- (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 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, is not in excess of the limits 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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 21101190AAAABK7915

Place: Pune

Date: 28 May 2021

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2021

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 Holding Company as of and for the year ended 31 March 2021, 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 2021, 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 sufficient and appropriate audit evidence to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the

Annexure A to Independent Auditors' Report on the financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2021

maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

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

fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**

Chartered Accountants

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

Rajnish Desai

Partner

Membership No. 101190

UDIN: 21101190AAAABK7915

Place: Pune

Date: 28 May 2021

Consolidated Balance Sheet

as at 31st March 2021

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

Particulars	Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	57,682.5	59,883.2
(b) Right-of-Use-Assets	49	517.1	225.2
(c) Capital work-in-progress	3	26,857.6	4,402.6
(d) Goodwill	4	684.4	684.4
(e) Other Intangible assets	4	2,601.3	1,916.1
(f) Intangible assets under development	4	977.3	395.6
(g) Financial assets			
i Investments	5 (a)	127.6	88.8
ii Loans	5 (b)	96.5	87.6
(h) Deferred tax assets (net)	6	388.7	552.5
(i) Other non-current assets	7	5,232.8	5,735.5
(j) Non-current tax assets (net)	8 (a)	2,015.0	2,622.2
		97,180.8	76,593.7
II Current Assets			
(a) Inventories	9	41,157.0	41,066.4
(b) Financial assets			
i Trade receivables	10 (a)	48,468.7	36,406.2
ii Cash and cash equivalents	10 (b)	1,597.7	818.2
iii Bank balances other than (ii) above	10 (c)	786.6	744.0
iv Derivative assets	10 (d)	473.0	460.4
v Other financial assets	10 (e)	3,884.8	1,840.4
(c) Other current assets	11	6,791.9	5,030.5
		103,159.7	86,366.1
		200,340.5	162,959.8
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	72,973.1	58,694.1
		74,357.6	60,078.6
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	30,813.9	22,499.9
ii Lease liabilities	49	377.3	207.0
iii Other financial liabilities	14 (b)	170.1	150.6
(b) Provisions	15	2,391.3	1,574.1
(c) Deferred tax liabilities (net)	16	5,288.8	5,009.1
(d) Other non current liabilities	17	1,006.8	-
		40,048.2	29,440.7
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	18 (a)	17,902.5	22,621.3
ii Lease liabilities	49	46.6	23.1
iii Trade payable			
1. Dues to micro and small enterprises	18 (b)	1,133.8	544.0
2. Other than (1) above	18 (b)	42,981.1	36,603.3
iv Derivative liabilities	18 (c)	314.9	567.8
v Other financial liabilities	18 (d)	20,441.9	9,823.1
(b) Other current liabilities	19	2,837.5	2,552.6
(c) Provisions	20	230.3	664.1
(d) Current tax liabilities (net)	8 (b)	46.1	41.2
		85,934.7	73,440.5
		200,340.5	162,959.8
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For **B S R & Associates LLP**

Chartered Accountants

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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. . 02599310

P. R. RATHI

Chairman

DIN 00018577

NILKANTH NATU

Chief Financial

Officer

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

R. B. RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 28th May, 2021

Pune : 28th May, 2021

Consolidated Statement of Profit & Loss

for the year ended 31st March 2021

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

Particulars	Note No.	As at	
		31 st March 2021	31 st March 2020
Continuing Operations			
Income			
Revenue from operations	21	186,411.2	170,819.2
Other Income	22	701.5	468.1
Total Income		187,112.7	171,287.3
Expenses			
Cost of materials consumed	23	102,057.5	100,019.9
Purchase of stock-in-trade	24	1,980.8	2,764.7
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	2,007.5	(5,168.4)
Employee benefits expense (net)	26	15,566.2	14,574.7
Finance costs (net)	27	1,787.3	1,422.6
Depreciation and amortisation expense	28	8,650.9	7,350.8
Other expenses (net)	29	36,023.7	33,997.1
Total Expenses		168,073.9	154,961.4
Profit before exceptional items and tax from continuing operations		19,038.8	16,325.9
Exceptional Items	43	-	1,716.6
Profit before tax from continuing operations		19,038.8	18,042.5
Tax Expense	31		
Current tax		4,057.1	3,649.6
Tax adjustment related to earlier year (net)		(102.8)	-
Current tax on exceptional items		-	379.3
Deferred tax		973.4	(494.2)
Total Tax Expense		4,927.7	3,534.7
Profit for the year from continuing operations		14,111.1	14,507.8
Discontinued Operations			
Loss before tax for the year from discontinued operations	32	-	(83.8)
Tax (expense)/ credit		-	29.3
Profit/ (Loss) after tax from discontinued operations		-	(54.5)
Profit for the year		14,111.1	14,453.3
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(132.8)	(302.9)
Income tax relating to above		33.5	107.5
		(99.3)	(195.4)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		166.9	(1,647.1)
Gain / (loss) on translation of foreign operations		16.3	318.8
Income tax related to gain/ (loss) on hedging instruments in cash flow hedges		(42.0)	575.6
		141.2	(752.7)
Total other comprehensive income for the year (net of taxes)		41.9	(948.1)
Total comprehensive income for the year		14,153.0	13,505.2
Earnings per share [Nominal Value per share ₹ 2 (31st March 2020 - ₹ 2)]	30		
- From Continuing Operations			
Basic ₹ per share		20.4	21.0
Diluted ₹ per share		20.4	21.0
- From Discontinued Operations			
Basic ₹ per share		-	(0.1)
Diluted ₹ per share		-	(0.1)
- From Continuing and Discontinued Operations			
Basic ₹ per share		20.4	20.9
Diluted ₹ per share		20.4	20.9
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For **B S R & Associates LLP**

Chartered Accountants

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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. . 02599310

P.R.RATHI

Chairman

DIN 00018577

NILKANTH NATU

Chief Financial

Officer

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

R.B.RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 28th May, 2021

Pune : 28th May, 2021

Consolidated Statement of Changes in Equity

for the year ended 31st March 2021

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

A. **Equity Share Capital**
Equity shares of ₹ 2 each issued, subscribed and fully paid

	Number of shares	Amount
Balance as at 31st March 2019	69,227,250	1,384.5
Changes in equity share capital during FY 2019-20	-	-
Balance as at 31st March 2020	69,227,250	1,384.5
Changes in equity share capital during FY 2020-21	-	-
Balance as at 31st March 2021	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	Share options (ESOP) outstanding account	Total
	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve	Loss *					
Balance as at 1st April 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 March 2020	-	-	-	-	14,453.3	-	-	-	14,453.3	
Profit for the year	-	-	-	-	(195.4)	318.8	(1,071.5)	-	(948.1)	
Other Comprehensive Income (net of tax)	-	-	-	-	45,893.2	495.1	(568.4)	-	68,892.0	
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	-	-	-	-	(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	410.0	21,340.5	35,695.3	495.1	(568.4)	-	58,694.1	
Total comprehensive income for the year ended 31st March 2021	-	-	-	-	14,111.1	-	-	-	14,111.1	
Profit for the year	-	-	-	-	(99.3)	16.3	124.9	-	41.9	
Other Comprehensive Income (net of tax)	-	-	-	-	49,707.1	511.4	(443.5)	126.0	126.0	
Amortised amount of shared based payments (ESOPs) to employees	-	-	-	-	-	-	-	-	-	
Total	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1	
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	
Equity Dividend (Refer Note No. 12)	-	-	-	-	-	-	-	-	-	
Tax on dividend (Refer Note No. 12)	-	-	-	-	-	-	-	-	-	
Total distributions to owners	-	-	-	-	-	-	-	-	-	
Balance as at 31st March 2021	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1	

* includes remeasurement of defined employee benefit plans

Summary of significant accounting policies and key accounting estimates and judgments

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 R & Associates LLP

Chartered Accountants

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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. : 02599310

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

Pune : 28th May, 2021

P. R. RATHI

Chairman

DIN 00018577

R. B. RATHI

Managing Director

DIN No. 00018628

NILKANTH NATU

Chief Financial

Officer

MANDAR VELANKAR

Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March 2021

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Cash flow from operating activities		
Profit before tax and exceptional items from continuing operations	19,038.8	16,325.9
Adjustment for		
Depreciation / amortisation	8,650.9	7,350.8
(Gain) / Loss on sale or write off of property, plant and equipments and Intangible assets	(13.7)	(48.3)
Liabilities no longer required, written back	(97.3)	-
Unrealised foreign exchange (Gain)/ Loss	(425.4)	975.4
Provision for Inventory Obsolescence	888.6	76.9
Provision for employee stock option scheme	126.0	-
Fair value (Gain) / Loss on derivatives	(265.4)	707.1
Provision for expected credit loss (reversed)/ established	(195.5)	701.9
Bad Debts	131.9	229.6
Others	36.1	-
Finance costs	1,787.3	1,422.6
Interest income	(193.2)	(272.3)
Operating profit before working capital changes	29,469.1	27,469.6
Working capital adjustments :		
Changes in trade payables	7,558.6	10,177.7
Changes in provisions	250.6	132.4
Changes in other current liabilities	284.8	2,003.3
Changes in other financial liabilities	443.1	(326.4)
Changes in trade receivables	(13,101.2)	1,961.6
Changes in inventories	(979.2)	(8,415.9)
Changes in other assets	(1,646.9)	275.6
Changes in other financial assets	(1,839.2)	(398.6)
Changes in other bank balances	(42.5)	(404.6)
Cash generated from operations	20,397.2	32,474.7
Income taxes paid (net of refunds) on total operations	(3,880.5)	(6,160.0)
Net cash flow from operating activities from continuing operations	16,516.7	26,314.7
Net cash flow (used in) operating activities from discontinued operations (refer note 32)	-	(54.5)
Net cash flow from operating activities from continuing and discontinued operations (A)	16,516.7	26,260.2
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	(26,957.2)	(25,536.1)
Proceeds from sale of property, plant and equipment/ Intangible assets	179.7	155.6
Proceeds from sale of division net of incidental expenses (refer note 43)	-	3,214.8
Proceeds from sale of Other Investment	-	(87.8)
Interest received	193.2	272.3
Net cash flow (used in) investing activities (B)	(26,584.3)	(21,981.2)

Consolidated Cash Flow Statement

for the year ended 31st March 2021

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Cash flows from financing activities :		
Proceeds from long-term borrowings	22,857.3	13,775.5
Repayment of long-term borrowings	(5,448.5)	(7,403.8)
Dividend and tax thereon	(37.6)	(10,019.8)
(Repayments of)/ proceeds from short-term borrowings (net)	(4,718.7)	1,133.4
Finance costs paid	(1,740.7)	(1,422.6)
Payment of lease liabilities	(64.7)	-
Net cash flow from/ (used in) financing activities (C)	10,847.1	(3,937.3)
Net increase in cash and cash equivalents (A+B+C)	779.5	341.7
Cash and cash equivalents at the beginning of the year for continuing operations	818.2	474.7
Cash and cash equivalents at the beginning of the year for discontinued operations	-	1.8
Cash and cash equivalents at the beginning of the year	818.2	476.5
Cash and cash equivalents at the end of the year for continuing operations	1,597.7	818.2
Cash and cash equivalents at the end of the year (refer note 10(b))	1,597.7	818.2
Components of cash and cash equivalents		
Cash on hand	7.8	5.3
On current account	1,589.9	812.9
Total cash and cash equivalents	1,597.7	818.2

Reconciliation of borrowings	Year ended 31 st March 2021	Year ended 31 st March 2020
Balance at the beginning of year		
Non-current borrowings note 14(a)	22,499.9	11,313.5
Current maturities of non-current borrowings note 18(d)	4,735.7	6,402.6
Proceeds from borrowings	22,857.3	13,775.5
Repayment of borrowings	(5,448.5)	(7,403.8)
Unrealised foreign exchange gain/(loss) (net)	(1,136.8)	3,147.8
Balance at the end of year		
Non-current borrowings note 14(a)	30,813.9	22,499.9
Current maturities of non-current borrowings note 18(d)	12,693.7	4,735.7

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 No. . 02599310

P. R. RATHI
Chairman
DIN 00018577

NILKANTH NATU
Chief Financial
Officer

RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

R. B. RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary

Pune : 28th May, 2021

Pune : 28th May, 2021

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

1. BACKGROUND:

Sudarshan Chemical Industries Limited ("the Company") is a Public Limited Company domiciled in India. The Company was incorporated as a Private Limited Company on 19th February 1951. The name of the Company was changed to Sudarshan Chemicals Industries Limited on 15th May, 1975 and the Company went Public in the year 1976.

The CIN number of the Company is L24119PN1951PLC008409. The Company's Equity Shares are listed on the Bombay Stock Exchange Limited ('BSE') and National Stock Exchange of India Limited ('NSE'). The registered office of the Company is located at 162, Wellesley Road, Pune 411001, Maharashtra, India.

The Consolidated Financial Statements include the Financial Statements of the Company's wholly owned subsidiaries viz. RIECO Industries Limited (India), Sudarshan Europe B.V. (Netherlands), Sudarshan (Shanghai) Trading Company Limited (China), Sudarshan Japan Limited (Japan) and the step-down subsidiaries viz. Sudarshan North America Inc. (U.S.A.), Sudarshan Mexico S de R.L.de CV (Mexico). Together, the Company and its subsidiaries are referred to as "the Group".

The Group manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments. The Group also manufactures Pollution Control Equipment, Size Reduction Equipment and Grinding Equipments for industrial applications.

The Consolidated Financial Statements of the Group for the year ended 31st March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28th May 2021.

2. SUMMARY OF BASIS OF COMPLIANCE, BASIS OF PREPARATION AND PRESENTATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:

(A) Basis of Preparation:

(a) Statement of Compliance:

These Consolidated Financial Statements comply, in all material aspects, with Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"), Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(b) Basis of preparation:

The Consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

(c) Basis of Consolidation:

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at the reporting date.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The Other Comprehensive Income of the Group companies are consolidated on a line-by-line basis by adding together like items of assets and liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits/ losses from such transactions and cash flows. The Financial Statement of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in those policies.

(B) Critical accounting Estimates, Assumptions and Judgments:

The preparation of Consolidated Financial Statements in conformity with Ind AS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

Estimates and underlying assumptions are reviewed on an ongoing basis including implications, if any arising from the resurgent of the global pandemic COVID-19. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

(a) Useful life of Property, plant and equipment and intangible assets:

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's property, plant and equipment and intangible assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes C(b) and C(c).

(b) Recognition of deferred tax assets:

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

The policy for the same has been explained under Note C(k).

(c) Defined benefit obligation:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. All assumptions are reviewed at each Balance Sheet date. The policy for the same has been explained under Note C(i).

(d) Impairment of goodwill, intangible assets and intangible assets under development and non-financial assets:

Goodwill, Intangible assets and intangible assets under development are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value.

For other non-financial assets, assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired.

The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The policy for the same has been explained under Note C(l).

(e) Expected credit losses on financial assets:

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions including implications, if

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

any arising from the resurgence of COVID 19 as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained in Note C (f) (6).

(f) Provision for inventory obsolescence:

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

(g) Uncertainty associated with resurgence of COVID-19:

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

(C) Significant accounting policies:

(a) Foreign Currency Translation:

Transactions and balances:

- (1) Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is the Group's functional and presentation currency.
- (2) Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the year-end are generally recognised in the Consolidated Statement of Profit and Loss and reported within foreign exchange gains / (losses).
- (3) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable

future is considered as a part of the entity's net investment in that foreign operation.

- (4) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs.
- (5) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange differences are recognised in the Statement of Profit and Loss except exchange difference arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

Foreign currency translation reserves:

For the preparation of the Consolidated Financial Statements, assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end; income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead. Differences arising on such translation are accumulated in foreign currency translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

(b) Property, Plant and Equipment:

(i) Recognition and measurement:

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. These recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any, and also to the costs incurred subsequently to add to, or to replace any part of, or service it.

Items of property, plant and equipment are stated at cost and include interest on borrowings directly attributable to the acquisition, construction, or production of the qualifying asset. A qualifying asset is necessarily an asset which takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable costs are added to the cost of these assets until such time as the assets are ready for their intended use or sale, which coincides with the commission date of those assets. Assets are presented less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated present value of costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Machinery spares which meet the definition of PPE are capitalised and depreciated over the useful life of the principal asset.

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

Asset Class	Useful Life Adopted	Useful Life as per Schedule-II*
Plant and Machinery - Other than below	9.2	7.5
Plant and Machinery - SS Vessels / SS Equipments	15.0	7.5
Plant and Machinery - Other than SS Components	7.7	7.5
Vehicles	6.0	8.0

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

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

(c) Business combinations, Goodwill, Other Intangible Assets and Intangible under development:

(i) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the Consolidated Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the

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condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19-Employee benefits, respectively.

(ii) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as Goodwill. If the excess is negative, then after re-assessing the fair values of the net assets and contingent liabilities, the excess (bargain purchase gain) is recognised as Capital reserve. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses, if any.

Measurement period adjustments are adjustments that arise from additional information during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(iii) Other intangible assets:

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Research costs are recognised as an expense in the Consolidated Statement of Profit and Loss in the period they are incurred.

Internally generated intangible assets arising from development activity are recognised at cost when the project is clearly defined and the costs are separately identified and reliably measured, on demonstration of technical feasibility of the project, the intention and ability of the Group to complete, use or sell it is demonstrated, adequate resources are available to complete the project and only if it is probable that the asset would

generate future economic benefits. Such costs are capitalised as 'Technical know-how'. Otherwise it is recognised as expenses in the Consolidated Statement of Profit and Loss in the period they are incurred. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iv) Amortisation:

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

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

- (4) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.
- (5) Gains or losses arising from retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income/ expense in the Consolidated Statement of Profit and Loss.

(v) Capital work in progress and Intangibles under development:

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

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

- (2) Advances given to acquire property, plant and equipment are recorded as noncurrent assets and subsequently transferred to CWIP on acquisition of related assets.

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(d) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is determined under the moving weighted average price basis and includes all costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials:

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

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

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

(iii) Stores and spares and packing material:

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

(iv) Traded goods:

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

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

(e) Cash and Cash Equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks (which are unrestricted for withdrawal and usage) and cash on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above which are considered as integral part of the Group's cash management.

(f) Financial Instruments:

(i) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets

not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(2) Subsequent measurement:

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

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

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

(3) Trade receivables and loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at

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amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

(4) Derivatives financial instruments and hedge accounting:

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these forward contracts as hedge instruments and accounts for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Group's risk management policy approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The counter party to the Group's foreign currency forward contracts is generally a bank. The Group does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under 'effective portion of cash flow hedges' (net of taxes), and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Consolidated Statement of Profit and Loss in the same period in which gains/losses on the item hedged are

recognised in the Consolidated Statement of Profit and Loss

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified as effective portion of cash flow hedges is classified to Consolidated Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the Consolidated Statement of Profit and Loss for the period.

(5) Derecognition:

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

(6) Impairment of Financial Assets:

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

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

ECL impairment loss allowance (or reversal) recognised in the Statement of Profit and Loss.

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(ii) Financial Liabilities:

(1) Initial recognition and measurement:

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

(2) Subsequent measurement:

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

(3) Derecognition:

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

(iii) Offsetting of financial instruments:

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

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require specified payments to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per

impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as fees receivable under "other financial assets" or as a part of the cost of the investment, depending on the contractual terms.

(g) Provisions and Contingent Liabilities:

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

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

(iii) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(iv) Contingent assets are not disclosed in the Consolidated Financial Statements unless an inflow of economic benefits is probable.

(h) Revenue:

(i) Revenue from contracts with customers:

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance

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obligations in the contract; determines the fair value transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Sale of goods - Sale of pigments:

Revenue from the sale of goods is recognised net of returns, trade discounts and volume rebates, at the point in time when the customer obtains control of the goods, which is generally at the time of ex-factory delivery, door delivery or issuance of a Bill of Lading by the shipping line (in case of exports) depending upon agreed upon terms.

Sale of goods - Sale of Pollution control, size reduction and pneumatic conveying equipment:

The Company's subsidiary ('subsidiary') Rieco Industries Limited earns revenue primarily from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment

is customised based on specific customer requirements.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Most of the subsidiary's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions pertain to some contracts which include provision of erection and commissioning services, the pricing of which varies based on the time spent towards erection and commissioning. However, the effect of this variability is not material.

In respect of customised products based on specific customer requirement, each equipment/system is considered as a separate performance obligation. The performance obligations are satisfied over a period of time. Revenue on such contracts is recognised using the percentage of completion method. The subsidiary measures the progress towards complete satisfaction of performance obligation based on input method. The stage of completion of the contract is measured by comparing the cost incurred on the project with the total estimated cost for the project. This is considered a faithful depiction of entity's performance to date.

Revenue is measured based on the transaction price, which is the consideration, adjusted for trade discounts, volume rebates, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts and there is unconditional right to receive cash, and only passage of time is required, as per contractual terms (only act of invoicing is pending).

Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues.

In accordance with Ind AS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations

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under a contract exceed the economic benefits to be received.

- (ii) Dividend income is recognised in profit or loss on the date on which the Group's right to receive the dividend income is established.
- (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) Income from export incentives such as duty drawback 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) Insurance claims are accounted on the basis of claims admitted/ expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Other revenue is recognised when it is received or when the right to receive payment is established.

(i) Employee Benefits:

(i) Short-Term Employee Benefits for the Company and its domestic subsidiary:

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

(ii) Post-Employment Benefits for the Company and its domestic subsidiary:

(1) Defined contribution plans:

The contributions to provident fund and superannuation schemes are recognised in the Consolidated Profit and Loss Statement during the period in which the employee renders the related service. The Group has

no further obligations under these schemes beyond its periodic contributions.

(2) Defined benefit plans:

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Statement of Profit and Loss as past service cost.

(3) Compensated absences for the Company and its domestic subsidiary:

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. Actuarial gains and losses arising from actuarial valuations are recognised immediately in the Consolidated Statement of Profit and Loss.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The

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obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

(4) Employee benefits for the overseas subsidiaries:

In respect of overseas subsidiaries, the liabilities for employee benefits are determined and accounted as per the regulations and principles followed in the respective countries. The subsidiaries have defined contribution retirement savings plans. Participation is available to all employees. The subsidiaries match the contributions upto pre-defined limits and based on eligible compensation and contribution rate. Contributions are charged as an expense as they fall due.

(j) Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset till the date the asset is ready for intended use. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended period when active development activity on the qualifying asset is suspended. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income or expense is recognised using the effective interest method.

(k) Taxation:

Income tax expense for the year comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax

reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

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

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

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

(l) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Property, plant and equipment, intangible assets and intangible assets under development with finite life are evaluated

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

Asset / CGU whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. An impairment loss is recorded in the Statement of Profit and Loss. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset/ CGU in prior accounting periods no longer exists or may have decreased, consequent to which such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss.

(m) Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Group as a lessee

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or

site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

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

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

(n) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity

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shareholders of the Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(o) Dividends:

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

(p) Government Grants:

Grants and subsidies from the Government are recognised when the Group has complied with all the conditions attached to them and there is a reasonable assurance that the grant / subsidy will be received and all attached conditions will be complied with.

Where the government grants / subsidies relate to revenue, they are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants and subsidies receivable against an expense are deducted from such expense. Where the grant or subsidy relates to the acquisition, purchase or construction of a non-current asset, it is recognised as Deferred revenue in the Consolidated balance sheet and transferred to the Consolidated profit and loss account on systematic and rational basis over the useful life of the related asset/ satisfaction of the performance obligation attached to the government grant.

(q) Share based payments:

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest

in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation). The share-based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

The expense is recognised in the Consolidated Profit and Loss Statement with a corresponding increase to the 'share option outstanding account', which is a component of equity.

(r) Segment reporting:

The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director and Chief Executive Officer (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue/ expenses/ assets/ liabilities'.

(s) Rounding-off of amounts:

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

(t) Recent Accounting Pronouncements:

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from 1st April 2021. The amendments primarily relate to:

- a) Change in existing presentation requirements for certain items in the Consolidated Balance sheet,

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

- for e.g. lease liabilities, security deposits, current maturities of long-term borrowings and effect of prior period errors.
- b) Additional disclosure requirements in specified formats, for e.g. ageing of trade receivables, trade payables, capital work in progress, intangible assets and shareholding of promoters.
 - c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.
 - d) Additional Regulatory Information, for e.g. compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel.
 - e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The Group is currently evaluating the impact of these amendments.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2021

(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	Capital Work-in-Progress			
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings			Plant and Machinery	Furniture and Fixtures	Office Equipments
Gross amount as at 1st April 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	1,818.9
Additions	-	-	1,390.1	19,120.4	117.1	130.1	21.8	58.3	411.0	53.6	-	21,302.4	22,687.1
Disposals	-	-	-	1.4	102.7	10.6	1.8	-	-	-	-	116.5	-
Transfers to Property plant and equipment/intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	20,103.4
Gross amount as at 31st March 2020 including assets held for sale	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	4,402.6
Add: Assets Held for Sale added back	0.6	-	115.3	141.4	111.1	3.7	6.8	-	-	-	-	378.9	-
Gross amount as at 31st March 2020 for continuing operations	1,189.5	136.3	9,256.5	66,831.9	743.2	775.6	172.6	1,155.0	2,122.0	910.0	38.0	83,330.6	4,402.6
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	-
Accumulated depreciation as at 31st March 2020 including assets held for sale	-	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: Assets Held for Sale added back	-	-	14.0	58.8	31.8	1.9	2.9	-	-	-	-	109.4	-
Accumulated depreciation as at 31st March 2020 for continuing operations	-	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 for continuing operations	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	4,402.6

Notes to the Consolidated Financial Statements as at and for the year ended 31st March 2021

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

	Other than Research and Development				Research and Development				Total	Capital Work-in-Progress			
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings			Plant and Machinery	Furniture and Fixtures	Office Equipments
Gross amount as at 1st April 2020	1,189.5	136.3	9,256.5	66,831.9	743.2	775.6	172.6	1,155.0	2,122.0	910.0	38.0	83,330.6	4,402.6
Additions	234.6	-	1,239.9	4,335.9	7.4	15.6	42.3	-	120.6	7.2	-	6,003.5	28,831.9
Less: Transferred to right to use assets	-	136.3	-	-	-	-	-	-	-	-	-	136.3	-
Disposals	-	-	-	22.6	15.0	26.5	36.0	-	-	-	-	100.1	-
Transfers to Property plant and equipment/ intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	6,376.9
Gross amount as at 31st March 2021	1,424.1	-	10,496.4	71,145.2	735.6	764.7	178.9	1,155.0	2,242.6	917.2	38.0	89,097.7	26,857.6
Accumulated depreciation as at 1st April 2020	-	7.4	917.6	20,854.9	379.3	186.6	95.2	66.0	704.0	214.7	21.7	23,447.4	-
Less: Transferred to right to use assets	-	7.4	-	-	-	-	-	-	-	-	-	7.4	-
Depreciation for the year	-	-	299.4	7,204.7	99.6	74.7	28.7	20.4	235.8	86.7	7.2	8,057.2	-
Disposals	-	-	-	21.8	2.0	23.6	34.6	-	-	-	-	82.0	-
Accumulated depreciation as at 31st March 2021	-	-	1,217.0	28,037.8	476.9	237.7	89.3	86.4	939.8	301.4	28.9	31,415.2	-
Net amount as at 31st March 2021	1,424.1	-	9,279.4	43,107.4	258.7	527.0	89.6	1,068.6	1,302.8	615.8	9.1	57,682.5	26,857.6

- B. Capital work-in-progress:** Capital Work in progress consists of plant and equipment under installation and yet to be commissioned, as well as buildings / infrastructure under construction.
- C. Property, plant and equipment pledged as security:** Please refer details of security provided in provided in note 34.
- D. Capital commitment:** The estimated amount of contracts remaining to be executed on capital account, and not provided for is ₹ 3,780.0 lakhs as at 31st March 2021 (₹ 6,934.8 lakhs as at 31st March 2020).
- E.** Above depreciation is inclusive of depreciation on assets held for sale, refer note 32.
- F.** Refer note 48 for directly attributable expenses capitalised during the year.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

4 GOODWILL, INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Software (including SAP ERP)	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible assets under development (Technical know-how for new product developments)	Goodwill on acquisition of Business (refer note (C))
Gross amount as 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 / Transfer	-	-	-	116.7	-	116.7	781.4	-
Gross amount as at 31st March 2020 including assets held for sale	605.4	187.9	781.4	1,206.5	150.0	2,931.2	395.6	684.4
Add : Assets Held for Sale added back	71.2	-	-	-	-	71.2	-	-
Gross amount as at 31st March 2020 for continuing operations	676.6	187.9	781.4	1,206.5	150.0	3,002.4	395.6	684.4
Accumulated amortisation as at 1st April 2019	284.8	186.0	-	327.7	30.4	828.9	-	-
Amortisation for the year	76.4	-	51.7	115.7	14.9	258.7	-	-
Disposals	-	-	-	34.1	-	34.1	-	-
Accumulated amortisation as at 31st March 2020 including assets held for sale	361.2	186.0	51.7	409.3	45.3	1,053.5	-	-
Add : Assets Held for Sale added back	32.8	-	-	-	-	32.8	-	-
Accumulated amortisation as at 31st March 2020 for continuing operations	394.0	186.0	51.7	409.3	45.3	1,086.3	-	-
Net amount as at 31st March 2020 for continuing operations	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 2021

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

	Computer Software (including SAP ERP)	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible assets under development (Technical know-how for new product developments)	Goodwill on acquisition of Business (refer note (C))
Gross amount as at 1st April 2020	676.6	187.9	781.4	1,206.5	150.0	3,002.4	395.6	684.4
Additions	1,236.7	59.3	-	82.9	-	1,378.9	581.7	-
Disposals / Transfer	-	-	-	292.1	-	292.1	-	-
Gross amount as at 31st March 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	977.3	684.4
Accumulated amortisation as at 1st April 2020	394.0	186.0	51.7	409.3	45.3	1,086.3	-	-
Amortisation for the year	237.9	-	168.0	123.6	15.0	544.5	-	-
Disposals	-	-	-	142.9	-	142.9	-	-
Accumulated amortisation as at 31st March 2021	631.9	186.0	219.7	390.0	60.3	1,487.9	-	-
Net amount as at 31st March 2021	1,281.4	61.2	561.7	607.4	89.7	2,601.3	977.3	684.4

B. Refer note 48 for directly attributable expenses capitalised during the year

C. Goodwill on acquisition of business

Goodwill of ₹ 684.4 lakhs (Previous year: ₹ 684.4 lakhs) relates to the CGU - Engineering Equipments Business (refer note 42).

The estimated value in use of the CGU is based on future cash flows assuming an annual terminal growth rate of 5% for the period subsequent to the forecast period of 5 years and a discount rate of 19% which considers the operating and macroeconomic environment in which the entity operates. An analysis of the sensitivity of the change in key parameters (operating margin, discount rates and long term average growth rate) based on reasonably probable assumptions, did not result in any probable scenario in which the recoverable amount of the CGU would decrease below the carrying amount.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

5 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) INVESTMENTS		
Carried at cost		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : 2,600) Equity shares of ₹ 10 each	126.6	87.8
	127.6	88.8
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	127.6	88.8
<i>Aggregate amount of impairment in the value of investments</i>	-	-
(a) LOANS		
(Unsecured considered good unless stated otherwise)		
Security Deposits	96.5	87.6
	96.5	87.6

6 DEFERRED TAX ASSETS (NET)

	As at 31 st March 2021	As at 31 st March 2020
The major components of the deferred tax assets are :		
Accumulated tax losses and unabsorbed depreciation	6.5	100.0
Unrealised profit on intra-group transfer of inventories	238.1	294.8
Allowance for expected credit loss	79.7	86.6
Others	95.1	95.7
	419.4	577.1
The major components of the deferred tax liabilities are :		
Property, plant and equipment	30.7	24.6
	30.7	24.6
For movement in deferred tax assets and liabilities refer note 31.	388.7	552.5

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

7 OTHER NON-CURRENT ASSETS

	As at 31 st March 2021	As at 31 st March 2020
(a) Capital advances		
Considered good	3,024.7	3,376.8
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	3,024.7	3,376.8
(b) Advances other than capital advances:		
Balances with Government Authorities	875.6	1,007.2
Prepaid expenses	546.0	581.6
Statutory receivables	276.1	276.1
Others	510.4	493.8
	2,208.1	2,358.7
	5,232.8	5,735.5

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March 2021	As at 31 st March 2020
(a) Non-current tax assets (net)		
Income tax assets	28,861.6	24,771.7
Income tax liabilities	26,846.6	22,149.5
Net income tax assets	2,015.0	2,622.2
(b) Current tax liabilities (net)		
Income tax liabilities	5,752.5	5,573.0
Income tax assets	5,706.4	5,531.8
Net income tax liabilities	46.1	41.2

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March 2021	As at 31 st March 2020
(a) Raw Materials	11,925.2	8,368.2
Raw materials in transit	2,319.8	4,144.7
	14,245.0	12,512.9
(b) Work-in-progress	6,468.9	6,452.8
(c) Finished Goods	17,131.4	18,965.1
Finished Goods in transit	16.8	1,63.8
	17,148.2	19,128.9
(d) Stores and Spares	2,997.9	2,830.5
(e) Stock-in-trade	-	42.9
(f) Packing Materials	297.0	98.4
	41,157.0	41,066.4

During the current year, an amount of ₹ 888.6 lakhs (Previous Year : ₹ 76.9 lakhs) was charged to the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.

For details of inventory pledged as security refer note 34.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

10 FINANCIAL ASSETS : CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
(Refer note 40 for details of related party balances)		
Trade receivables considered good	48,879.5	37,053.3
Less: Allowance for expected credit loss	410.8	647.1
	48,468.7	36,406.2
Trade receivables which are credit impaired	905.5	864.5
Less: Allowance for expected credit loss	905.5	864.5
	-	-
	48,468.7	36,406.2
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	7.8	5.3
Balance with Banks		
In Current Accounts	1,589.9	812.9
	1,597.7	818.2
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	319.2	356.9
Margin Money Deposits	467.4	387.1
	786.6	744.0
(d) DERIVATIVE ASSETS		
Foreign exchange forward contracts	473.0	148.4
Interest rate/currency swap contracts	-	312.0
	473.0	460.4
(e) OTHER FINANCIAL ASSETS		
Export Benefits receivable	1,526.7	1,247.3
Other Receivables (includes interest accrued on deposits)	1,110.2	132.3
Unbilled revenue	1,178.6	399.7
Deposits	69.3	61.1
	3,884.8	1,840.4

11 OTHER CURRENT ASSETS

	As at 31 st March 2021	As at 31 st March 2020
Advances other than capital advances:		
Prepaid Expenses	667.5	513.2
Balances with Government authorities	4,593.0	2,727.6
Other advances (includes advances for materials)	1,531.4	1,789.7
	6,791.9	5,030.5

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

12 EQUITY SHARE CAPITAL

	As at 31 st March 2021	As at 31 st March 2020
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 2021		As at 31 st March 2020	
	No. of Shares	₹	No. of Shares	₹
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.

The Board of Directors has recommended a dividend of ₹ 6/- per share (Previous Year : ₹ 6.3/- per share) on face value of ₹ 2/- per share (i.e. 300%) for the year 2020-21, which is subject to approval of shareholders at the 70th Annual General Meeting of the Company.

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

	As at 31 st March 2021		As at 31 st March 2020	
	Nos. of Shares	% of total shares in class	Nos. of Shares	% 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 *	2,052,291	2.96	4,151,600	6.00
Mr. Rajesh B. Rathi	3,995,429	5.77	3,471,929	5.02
Mr. Akash Bhanshali	4,255,000	6.15	5,567,711	8.04

*Mr. Rohit K. Rathi does not hold shares more than 5% as on 31st March 2021.

(d) For a period of five years immediately preceding 31st March 2021 :

- aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil
- aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil
- aggregate number of shares bought back - Nil

(e) 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 2021

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

13 OTHER EQUITY

	As at 31 st March 2021	As at 31 st March 2020
(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	511.4	495.1
(f) Effective Portion of Cash Flow Hedge	(443.5)	(568.4)
(g) Shares Options (ESOP) outstanding account	126.0	-
(h) Retained Earnings	49,707.1	35,695.3
	72,973.1	58,694.1
MOVEMENTS IN OTHER EQUITY		
(a) Capital Reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital Redemption Reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0
(c) Securities Premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(d) General Reserve		
Balance at the beginning of the year	21,340.5	21,340.5
Additions during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve		
Balance at the beginning of the year	495.1	176.3
Add : Other comprehensive income not recognised directly in retained earnings	16.3	318.8
Balance at the end of the year	511.4	495.1
(f) Effective Portion of Cash flow hedge		
Balance at the beginning of the year	(568.4)	503.1
Add : Other comprehensive income not recognised directly in retained earnings	124.9	(1,071.5)
Balance at the end of the year	(443.5)	(568.4)
(g) Shares Options (ESOP) outstanding account (refer note 47)		
Balance at the beginning of the year	-	-
Additions during the year	126.0	-
Deductions during the year	-	-
Balance at the end of the year	126.0	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

13 OTHER EQUITY (CONTD.)

	As at 31 st March 2021	As at 31 st March 2020
(h) Retained Earnings		
Balance at the beginning of the year	35,695.3	31,635.3
Add : Profit after tax for the year	14,111.1	14,453.3
Remeasurement of defined benefit obligations (net of tax)	(99.3)	(195.4)
Less: Appropriations (refer note 12)		
Final Equity Dividend	-	4,153.6
Interim Equity Dividend	-	4,361.4
Tax on Interim and Final Equity Dividend	-	1,682.9
Balance at the end of the year	49,707.1	35,695.3
	72,973.1	58,694.1

Description of nature and purpose of each reserve

- Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.
- Capital Reserve includes surplus on re-issue of shares in the FY 1996-97 ₹ 0.4 lakhs.
- Capital Redemption Reserve is created pursuant to redemption of Preference Share Capital (₹ 400.0 lakhs) in the FY 2013-14 and buy- back of Equity Shares (₹ 10.0 lakhs) in the FY 2006-07.
- A General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes.
- Cash flow hedging reserve -
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs.
- Shares Options (ESOP) outstanding account -
It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. (refer note 47).

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	2,925.9	-
Foreign Currency Loans	27,888.0	22,499.9
Borrowings are disclosed net of unamortised finance cost - ₹ 392.1 lakhs (Previous Year: ₹ 250.7 lakhs) (refer note 34 for details of security and terms of repayment)		
	30,813.9	22,499.9
(b) OTHER FINANCIAL LIABILITIES		
Security Deposits	170.1	150.6
	170.1	150.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

15 PROVISIONS : NON-CURRENT

	As at 31 st March 2021	As at 31 st March 2020
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 33)	1,027.5	998.2
Provision for gratuity (refer note 33)	658.5	10.5
Provision for compensated absences (refer note 33)	705.3	565.4
	2,391.3	1,574.1

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March 2021	As at 31 st March 2020
The major components of the deferred tax liabilities are :		
Property, plant and equipment	5,047.5	5,459.9
Others	731.3	423.2
	5,778.8	5,883.1
The major components of the deferred tax assets are :		
Minimum Alternate Tax (MAT) Credit	-	92.1
Allowance for expected credit loss	227.0	374.8
Expenditure allowed on actual payment [Section 43B of Income tax, Others]	263.0	407.1
	490.0	874.0
	5,288.8	5,009.1

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

For movement in deferred tax assets and liabilities, refer note 31.

17 OTHER NON CURRENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Deferred Government Grant	1,006.8	-
	1,006.8	-

18 FINANCIAL LIABILITIES : CURRENT

	As at 31 st March 2021	As at 31 st March 2020
(a) BORROWINGS		
Secured		
Loans repayable on demand/ Loan repayable within 12 months		
From banks :		
Rupee Loans	2,514.0	12,527.1
Foreign Currency Loans	4,847.9	6,094.2

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as at and for the year ended 31st March 2021

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

18 FINANCIAL LIABILITIES : CURRENT (CONTD.)

	As at 31 st March 2021	As at 31 st March 2020
Unsecured		
Loans repayable on demand/ Loans repayable within 12 months		
From banks :		
Rupee Loans (refer note 34 for details of security and terms of repayment)	10,540.6	4,000.0
	17,902.5	22,621.3
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises	1,133.8	544.0
Other than Micro and Small Enterprises	42,981.1	36,603.3
	44,114.9	37,147.3
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	72.0	540.1
Interest rate / currency swap contracts	242.9	27.7
	314.9	567.8
(d) OTHER FINANCIAL LIABILITIES		
Current maturities of non-current borrowings (including interest accrued thereon) (refer note 34)	12,693.7	4,735.7
Unclaimed Dividend	319.1	356.7
Unclaimed fixed deposits including interest thereon	21.4	21.4
Capital creditors	4,249.0	2,227.0
Employee Dues	2,431.9	1,915.5
Other Liabilities (includes commission payable to directors and commission payable on sales)	726.8	566.8
	20,441.9	9,823.1

19 OTHER CURRENT LIABILITIES

	As at 31 st March 2021	As at 31 st March 2020
Statutory Dues	402.6	356.1
Deferred Government Grant	88.2	-
Deferred Revenue	330.3	541.3
Other Liabilities (includes advances from customers)	2,016.4	1,655.2
	2,837.5	2,552.6

20 PROVISIONS : CURRENT

	Year ended 31 st March 2021	Year ended 31 st March 2020
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 33)	139.1	124.3
Provision for gratuity (refer note 33)	-	416.2
Provision for compensated absences (refer note 33)	91.2	123.6
	230.3	664.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

21 REVENUE FROM OPERATIONS

	Year ended 31 st March 2021	Year ended 31 st March 2020
Sale of products	184,430.4	168,076.1
Sale of services	3.2	14.9
Other operating revenues		
Export Incentives	1,427.6	2,089.6
Miscellaneous Operating Income	550.0	638.6
(refer note 42 and 46)	186,411.2	170,819.2

22 OTHER INCOME

	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest Income from financial assets carried at amortised cost:		
Bank Deposits	47.2	81.0
Others	146.0	191.3
Other Non-Operating Income :		
Liabilities no longer required, written back	97.3	-
Profit on sale of fixed assets	13.7	48.3
Miscellaneous Income	397.3	147.5
	701.5	468.1

23 COST OF MATERIALS CONSUMED

	Year ended 31 st March 2021	Year ended 31 st March 2020
Inventory of raw materials (including raw materials in transit) at the beginning of the year	12,512.9	10,071.2
(Excluding Inventories pertaining to discontinued operations refer note 32)		
Add : Purchases	103,789.6	102,461.6
	116,302.5	112,532.8
Less: Inventory of raw materials (including raw materials in transit) at the end of the year	14,245.0	12,512.9
	102,057.5	100,019.9

	Year ended 31 st March 2021	Year ended 31 st March 2020
24 PURCHASE OF STOCK-IN-TRADE	1,980.8	2,764.7
	1,980.8	2,764.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

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

	Year ended 31 st March 2021	Year ended 31 st March 2020
Inventory at the end of the year		
Finished Products	17,148.2	19,128.9
Work-in-progress / Semi-finished Products	6,468.9	6,452.8
Stock-in-Trade	-	42.9
	23,617.1	25,624.6
Inventory at the beginning of the year		
(Excluding Inventories pertaining to Discontinued Operations. refer note 32)		
Finished Products	19,128.9	15,489.5
Work-in-progress / Semi-finished Products	6,452.8	4,923.8
Stock-in-Trade	42.9	42.9
	25,624.6	20,456.2
	2,007.5	(5,168.4)

26 EMPLOYEE BENEFITS EXPENSE (NET)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Salaries, wages and bonus	13,944.9	13,327.5
Contribution to Provident and Other Funds	894.0	829.7
Share based payments (refer note 47)	126.0	-
Staff Welfare Expenses	601.3	417.5
	15,566.2	14,574.7

(refer note 48 for expenses capitalised from employee benefits expense)

27 FINANCE COSTS (NET)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest expenses on financial liabilities measured at amortised cost *	1,650.7	1,282.3
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	136.6	140.3
	1,787.3	1,422.6

*Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 245.3 Lakhs (Previous year : ₹ 245.8 Lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 1.99% per annum for the year ended 31st March 2021. (31st March 2020: 3.5% per annum for specific borrowing and 5% for general borrowing)

(refer note 48 for expenses capitalised from finance costs)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

28 DEPRECIATION AND AMORTISATION

	Year ended 31 st March 2021	Year ended 31 st March 2020
Depreciation of property, plant and equipment	8,055.3	7,086.3
Amortisation of right of use assets	49.2	5.8
Amortisation of other intangible assets	546.4	258.7
(Excludes depreciation on assets subsequently classified as held for sale)		
	8,650.9	7,350.8

29 OTHER EXPENSES (NET)

	Year ended 31 st March 2021	Year ended 31 st March 2020
Consumption of stores and spares	2,526.6	2,447.0
Consumption of packing material	1,867.6	1,598.9
Power and fuel	8,261.6	6,559.8
Water charges	1,366.0	1,288.5
Labour charges	5,035.3	4,572.4
Rent	934.5	511.8
Repairs and maintenance	2,926.2	2,435.1
Insurance	565.7	560.7
Rates and taxes (excluding taxes on income)	186.2	154.5
Advertisement	156.7	324.4
Auditors' Remuneration (refer note 35)	61.6	66.5
Bad debts written off	131.9	229.6
(Reversal)/ provision for expected credit loss allowance (refer note 41)	(195.3)	701.9
Advance written off	35.9	46.0
Bank charges	223.4	217.7
Commission to selling agents	1,724.3	1,751.1
Directors' sitting fees	23.7	24.8
Consumables related to IT hardware	344.2	274.5
Foreign exchange (gain)/ loss (net)	(807.0)	140.5
Legal, professional and consultancy charges	4,089.5	3,799.0
Loss on sale / disposal / retirement of assets	-	0.9
Printing, stationery and communication expenses	406.0	453.9
Freight and Forwarding	3,041.2	1,741.3
Travelling and conveyance	393.5	1,966.3
Expenditure towards Corporate Social Responsibility (refer note 37)	301.8	273.0
Miscellaneous expenses (refer note 38)	2,422.6	1,857.0
	36,023.7	33,997.1

(refer note 48 for expenses capitalised from other expenses)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

30 EARNINGS PER SHARE

	Year ended 31 st March 2021	Year ended 31 st March 2020
Profit after taxation for continuing operations and discontinued operations	14,111.1	14,453.3
Profit after taxation for continuing operations	14,111.1	14,507.8
Profit after taxation for discontinued operations	-	(54.5)
Equity Shares outstanding as at the end of the year		
Number of Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted average Equity Shares outstanding as at the end of the year	69,227,250	69,227,250
Add: Dilutive impact of employee stock options	89,494	-
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	69,316,744	69,227,250
Nominal Value per Equity Share (in ₹)	2.0	2.0
From Continuing Operations		
Basic ₹ per share	20.4	21.0
Diluted ₹ per share	20.4	21.0
From Discontinued Operations		
Basic ₹ per share	-	(0.1)
Diluted ₹ per share	-	(0.1)
From Continuing Operations and Discontinued Operations		
Basic ₹ per share	20.4	20.9
Diluted ₹ per share	20.4	20.9

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

31 INCOME TAX

	Year ended 31 st March 2021	Year ended 31 st March 2020	
A Income tax recognised in Statement of profit and loss			
Current tax (a)			
Current tax for the year for continuing operations	4,057.1	3,649.6	
Current tax for the year for discontinued operations	-	(29.3)	
	4,057.1	3,620.3	
Tax adjustment related to earlier year (b) (refer note E below)			
Current tax related to earlier years	427.1	-	
Deferred tax related to earlier years	(529.9)	-	
	(102.8)	-	
Deferred tax (c)			
Relating to origination and reversal of temporary differences	973.4	(494.2)	
	973.4	(494.2)	
Current tax on exceptional items (d)	-	379.3	
Total tax expenses (a+b+c+d)	4,927.7	3,505.4	
B Reconciliation of effective tax rate			
Profit before tax from continuing operations	19,038.8	16,325.8	
Profit before tax from discontinued operations	-	(83.8)	
	19,038.8	16,242.0	
Tax using Statutory tax rate @25.17% for Current year and @ 34.94% for the previous year	4,792.1	5,675.0	
Tax effect of:			
- non deductible expenses	40.7	96.5	
- incremental deduction on account of research and development costs	-	(494.3)	
- deduction on account of section 80 IA of Income tax Act	-	(674.1)	
- tax adjustment related to earlier year (b) (refer note E below)	(102.8)	-	
- tax on exceptional items	-	379.3	
- impact of deferred tax re-measurement on application of section 115BAA (refer note E below)	-	(2,305.5)	
- indexation benefit on investment held for sale	-	95.7	
- deferred tax recognised on undistributed reserves of subsidiary	283.6	335.6	
- deferred tax not recognised on loss making entities	(88.2)	112.8	
- tax implication on account of (higher)/ lower rates	-	223.8	
- others	2.3	60.6	
Income tax expenses	4,927.7	3,505.4	
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 2019	6,141.8	47.2	6,189.0
Charged / (credited)			
- to Statement of Profit and Loss	(657.3)	376.0	(281.3)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

31 INCOME TAX (CONTD.)

- to Other Comprehensive Income	-	-	-
- transferred pertaining to discontinued business	-	-	-
As at 31st March 2020	5,484.5	423.2	5,907.7
Charged / (credited)			
- to Statement of Profit and Loss	(406.3)	308.1	(98.2)
- to Other Comprehensive Income	-	-	-
- transferred pertaining to discontinued business	-	-	-
As at 31st March 2021	5,078.2	731.3	5,809.5

(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 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
(Charged) / credited							
- to Statement of Profit and Loss	(56.7)	(93.5)	(154.7)	-	(144.7)	(92.1)	(541.7)
- to Other Comprehensive Income	-	-	-	-	-	-	-
- utilised towards payment of taxes	-	-	-	-	-	-	-
As at 31st March 2021	238.1	6.5	306.7	-	358.1	-	909.4

THE ABOVE MOVEMENT OF DEFERRED TAX ASSETS AND LIABILITIES INCLUDE THE FOLLOWING BALANCES

	Year ended 31 st March 2021	Year ended 31 st March 2020
Deferred tax assets (Refer Note No. 6)	388.7	552.5
Deferred tax (liabilities) (Refer Note No. 16)	(5,288.8)	(5,009.1)
Deferred tax assets / (liabilities) net	(4,900.1)	(4,456.6)

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 2021		As at 31 st March 2020	
	Gross Amount	Unrecognised Deferred tax Assets	Gross Amount	Unrecognised Deferred tax Assets
Sudarshan Japan Limited	114.5	34.4	80.8	24.2
Sudarshan (Shanghai) Trading Company Limited	533.9	160.2	606.8	182.0
Sudarshan North America Inc.	1,945.4	583.6	2,200.4	660.1
	2,593.8	778.2	2,888.0	866.3

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

31 INCOME TAX (CONTD.)

- E. The Government of India, on 20th September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA ('New Tax Regime') in the Income Tax Act, 1961, which provided an option to the holding Company to pay income taxes at reduced tax rates (25.17%, inclusive of surcharge and cess). The amendment stipulated that the option to adopt the New Tax Regime was to be exercised in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income.

Based on an initial estimation, the holding Company estimated that the old tax regime was more beneficial in view of various tax deductions available under this regime and accordingly established provision for income tax @ 34.94% (inclusive of surcharge and Cess) at the time of finalizing the financial statements for year ended 31st March 2020. During the previous year, the holding Company had evaluated and expected to exercise the option of lower tax rate of 25.17% in a subsequent financial year. Accordingly, the holding Company had 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 was recognised in tax expense for the year ended 31st March 2020 on an effective tax basis. This had resulted in reversal of deferred tax expense of ₹ 2,305.6 lakhs, which has been recorded in the year ended 31st March 2020 on account of remeasurement of deferred tax liability. While finalizing the tax return for the year ended 31st March 2020, management re-assessed the option of old tax regime versus New Tax Regime. Management concluded that the New Tax Regime is beneficial for the FY 2019-20 considering various recent developments and uncertainties associated with tax deductions under old regime. Hence, Management opted for the New Tax Regime for the FY 2019-20. The effect of this change in accounting estimate, amounting to ₹ 960.7 lakhs on current tax expense (increase) and reversal of deferred tax amounting to ₹ 529.8 lakhs (net tax impact of ₹ 430.9 lakhs) was recorded in the current year. Further during the current year, the holding Company has reversed excess provisions for income tax of ₹ 533.7 lakhs arising from completion of tax assessments and receipt of tax refunds. The net impact of the above of ₹ 102.8 lakhs, is presented as "Tax adjustment related to earlier year" in the Consolidated Financial Statements.

32 DISCLOSURE AS REQUIRED BY IND AS 105 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

(a) Description

Industrial Mixing Solution Division ("IMSD")

The Group used to deal in industrial mixers manufacturing from its facility at Chikhli, Maharashtra. During the FY 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 is shown as held for sale / discontinued operations in FY 2019-20.

(b) Statement of Profit and Loss for Discontinued Operations

Particulars	Year Ended 31 st March 2020	
	IMSD	Total
Income		
Revenue from operations	36.2	36.2
Total revenue	36.2	36.2
Expenses		
Cost of raw materials consumed	33.4	33.4
Employee benefit expense	24.4	24.4
Finance Costs	2.5	2.5

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

Particulars	Year Ended 31 st March 2020	
	IMSD	Total
Depreciation and amortisation	2.6	2.6
Other expenses	57.1	57.1
Total expenses	120.0	120.0
Profit before tax	(83.8)	(83.8)
Tax expense	29.3	29.3
Profit after tax	(54.5)	(54.5)

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

Particulars	Year ended 31 st March 2020
Operating Activities	(54.5)
Investing Activities	-
Financing Activities	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS

A Defined Contribution Plans in respect of the Holding Company and its domestic subsidiary

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Employer's Contribution to Provident Fund and other funds	563.3	518.4
Employer's Contribution to Superannuation Fund	35.3	48.1

The holding Company and its domestic subsidiary's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The holding Company and its domestic subsidiary makes contributions to the Superannuation Scheme, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The holding Company and its domestic subsidiary have no obligation to the scheme beyond its annual contributions.

B In respect of overseas subsidiaries, the liabilities for employee benefits contributions are determined and accounted as per the regulations and principles followed in the respective countries.

The overseas subsidiaries operate defined contribution schemes, under which costs of ₹ 295.4 lakhs (Previous year ₹ 263.2 lakhs) is charged to the Consolidated Statement of Profit and Loss on the basis of contributions payable.

C Defined Benefit Plans of the Holding Company and its domestic subsidiary

I Gratuity

The holding Company and its domestic subsidiary have a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

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

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Current service cost	185.7	172.9
Net interest (income) / expense	16.8	4.9
Net expense	202.5	177.8

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Defined benefit obligation as at the beginning of the year	2,599.9	2,422.6
Interest cost	161.3	175.6
Current service cost	185.7	172.9
Benefit payments from plan assets	(207.3)	(249.8)
Others	-	(30.5)
Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	44.7	(14.3)
Actuarial (gain) / loss - Financial	(15.5)	123.4
Defined benefit obligation as at the end of the year	2,768.8	2,599.9

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

33 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Fair value of plan assets at the beginning of the year	2,173.2	2,253.5
Expected returns on plan assets	144.5	170.7
Employer contributions	13.5	41.5
Mortality charges and taxes	-	-
Benefits paid	(207.3)	(249.8)
Others	-	(30.5)
Re-measurement gain / (loss) in Other Comprehensive Income (OCI)		
Actuarial gain / (loss) - Experience	(13.6)	(12.2)
Fair value of plan assets at the end of year	2,110.3	2,173.2

As at 31st March 2021 and 31st March 2020 plan assets were 100% invested in insurer managed funds

Re-measurements for the period (Actuarial (gain) / loss)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
(Gain) / loss on defined benefit obligation - Experience	44.7	(14.3)
(Gain) / loss on defined benefit obligation - Financial	(15.5)	123.4
(Gain) / loss on plan assets - Experience	13.6	12.2
Amount recognised in the statement of OCI	42.8	121.3

Net defined benefit liability/ (asset) at the end of the year

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Defined Benefit Obligation	2,768.8	2,599.9
Fair value of plan assets	2,110.3	2,173.2
Closing net defined benefit liability / (asset)	658.5	426.7

The principal assumptions used in determining gratuity obligations for the Holding Company and its domestic subsidiary plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Attrition:

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Employee turnover		
age upto 30 years	6.7%	5.0%
age 31-45 years	3.9%	6.0%
age above 45 years	2.6%	5.0%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Discount rate	6.4% - 6.8%	6.0% - 6.7%
Expected rate of increment in compensation levels	4% - 7%	6% - 7%

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumptions are as shown below

Assumptions	Defined benefit obligation			
	As at 31 st March 2021		As at 31 st March 2020	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(156.0)	173.3	(132.5)	146.9
Expected rate of increment in compensation levels	170.5	(156.4)	145.3	(133.6)

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 a significant actuarial assumption for the purpose of sensitivity analysis.

The following is the maturity profile of defined benefit obligation:

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Within the next 12 months	271.6	355.8
Between 2 and 5 years	1,044.6	1,069.4
Beyond 5 years	3,135.1	2,602.2

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.4 years (Previous Year : 10.8 years).

II Pension

The Holding Company provides for Pension, a defined benefit retirement plan covering eligible employees. The plan provides for monthly pension payments to retired employees or family pension to their eligible family members till such period as stipulated in the Board approved policy. The Holding Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

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

Net employee benefit expense on account of pension recognised in employee benefit expenses (includes net employee benefit of discontinued operation)

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Current service cost	4.6	3.4
Net interest (income) / expense	70.9	69.9
Net expense	75.5	73.3

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

Particulars	Year ended 31 st March 2021	Year ended 31 st March 2020
Defined benefit obligation as at the beginning of the year	1,122.5	977.8
Interest cost	70.9	69.9
Current service cost	4.6	3.4
Benefit payments directly by employer	(121.4)	(110.2)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

33 EMPLOYEE BENEFITS (CONTD.)

Re-measurement (gain) / loss in Other Comprehensive Income (OCI)		
Actuarial (gain) / loss - Experience	(14.3)	73.8
Actuarial (gain) / loss - Financial	104.3	107.8
Defined benefit obligation as at the end of the year	1,166.6	1,122.5
Re-measurements for the period (Actuarial (gain) / loss)		
Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(Gain) / loss on defined benefit obligation - Experience	(14.3)	73.8
(Gain) / loss on defined benefit obligation - Financial	104.3	107.8
Amount recognised in the statement of OCI	90.0	181.6
Net Defined Benefit Liability / (Asset) for the period		
Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Defined Benefit Obligation	1,166.6	1,122.5
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,166.6	1,122.5

The principal assumptions used in determining pension obligations for the Holding Company and its domestic subsidiary plan are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Financial assumptions

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Discount rate	6.8%	6.7%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

A quantitative sensitivity analysis for significant assumptions are as shown below

Assumptions	Defined benefit obligation			
	As at 31st March 2021		As at 31st March 2020	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(98.7)	118.9	(97.1)	116.9
Pension increase rate	25.3	(24.2)	24.7	(23.5)

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

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.

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

33 EMPLOYEE BENEFITS (CONTD.)

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March 2021	As at 31 st March 2020
Within the next 12 months	139.1	124.3
Between 2 and 5 years	710.4	634.6
Beyond 5 years	1,368.2	1,222.3

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Holding Company and its domestic subsidiary's liability for sick and earned leave (includes net employee benefit of discontinued operations)

The amount of the provision settled within 12 months is presented as current, since the Holding Company and its domestic subsidiary does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Holding Company and its domestic subsidiary does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

Particulars	As at 31 st March 2021	As at 31 st March 2020
Current leave obligations expected to be settled within the next 12 Months	91.2	123.6
Leave obligations expected to be settled beyond 12 months	705.3	565.4

The Holding Company and its domestic subsidiary provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of unutilised compensated absences and utilise it in the future periods or receive cash in lieu thereof as per policy. The Holding Company and its domestic subsidiary records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The measurement of such obligation is based on actuarial valuation as at the Balance Sheet date carried out by qualified actuary.

The principal assumptions used in determining Leave obligation for the Holding Company and its domestic subsidiary's are shown below:

Demographic Assumptions

Mortality: Mortality for all periods has been assumed to be as per Indian Assured Lives Mortality (2012-14).

Particulars	As at 31 st March 2021	As at 31 st March 2020
Discount rate	6.4% - 6.8%	6.0% - 6.7%
Expected rate of increment in compensation levels	4% - 7%	6% - 7%
Employee turnover		
age upto 30 years	6.7%	5.0%
age 31-45 years	3.9%	6.0%
age above 45 years	2.6%	5.0%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

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

34 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March 2021		As at 31 st March 2020	
				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), Amrালেvadi, 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), Amrালেvadi, Dist. Pune The bankers are - Standard Chartered Bank - State Bank of India - The Hong Kong and Shanghai Banking Corporation Limited - Citi Bank N.A.	30-Apr-20	11 equal quarterly installments	3 months EURIBOR + 1.55%	-	-	543.0	-
	30-Dec-21	18 equal quarterly installments	3 months EURIBOR + 1.55%	1,363.4	-	1,782.4	1,322.7
	26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	1,499.5	1,252.0	1,456.2	2,830.4
	31-Jan-23	20 equal quarterly installments	1 month LIBOR + 1.25%	919.5	906.0	954.1	1,885.1
	27-Sep-25	17 equal quarterly installments	1 month LIBOR + 1.40%	2,838.2	13,103.2	-	16,461.7
	31-Aug-25	18 equal quarterly installments	1 month LIBOR + 1.50%	5,728.3	12,626.8	-	-
ii) Term loan in Rupees							
Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrালেvadi, Dist. Pune and further secured by way of Mortgage by First Pari Passu Charge on the immovable properties of the Group situated at Roha, Mahad. Dist. Raigad, Alandi, taluka Khed and Ambadvet (Sutarwadi), Amrালেvadi, Dist. Pune The banker are - ICICI Bank - Bank of Maharashtra	3-Aug-23	03 annual installments	7.75%	300.0	2,700.0	-	-
	20-Oct-24	36 monthly installments	7.50%	44.8	225.9	-	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

34 BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE (CONTD.)

Security	Last Instalment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March 2021		As at 31 st March 2020	
				Current	Non-Current	Current	Non-Current
iii) Working capital loans repayable on demand from banks/ Loan repayable within 12 months							
Working Capital Borrowings from Bank of Maharashtra, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage. Subsidiary loans are secured by hypothecation of inventory and receivables and corporate guarantee of holding company.	1-3 months	Repayable on demand	4.05% to 9.40%	7,361.9	-	18,621.3	-
b) UNSECURED							
i) Working capital loans repayable on demand from banks/ Loan repayable within 12 months							
The Bankers are - Kotak Mahindra Bank - HDFC Bank Limited - IDFC First Bank	1 month	Repayable on demand	4.30% & 9.75%	10,540.6	-	4,000.0	-
ii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	21.4	-	21.4	-
				30,617.6	30,813.9	27,378.4	22,499.9
The bifurcation of total borrowings is as follows:							
Non current borrowings	Note 14(a)			-	30,813.9	-	22,499.9
Current borrowings	Note 18(a)			17,902.5	-	22,621.3	-
Current maturities of long-term debts	Note 18(d)			12,693.7	-	4,735.7	-
Unpaid matured deposits including interest thereon	Note 18(d)			21.4	-	21.4	-
				30,617.6	30,813.9	27,378.4	22,499.9

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

35 AUDITOR'S REMUNERATION

Particulars	Year Ended 31 st March 2021	Year Ended 31 st March 2020
(a) Audit Fees	39.5	34.5
(b) Tax Audit Fees	2.0	2.0
(c) Other services - Certification and Limited Review	18.5	25.5
(d) Reimbursement of Expenses	1.6	4.5
	61.6	66.5

36 FIXED DEPOSITS (Accepted under Section 76(1) of the Companies Act, 2013)

Particulars	As at 31 st March 2021	As at 31 st March 2020
(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	21.4
	21.4	21.4

37 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

Amount of CSR expenditure prescribed as per Section 135 of the Companies Act, 2013 was ₹ **289.2 lakhs**. (Previous year ₹ 273.0 lakhs)

During the year the Group has incurred CSR expenses of ₹ **301.8 lakhs** (Previous Year : ₹ 273.0 lakhs) which includes contribution / donation of ₹ **5 lakhs** (Previous Year : ₹ 0.5 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 ₹ **47.2 lakhs** (Previous Year : ₹ 60.0 lakhs) directly incurred by the Group.

A contribution of ₹ **245.5 lakhs** (Previous Year : ₹ 212.5 lakhs) is made to 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.

RIECO Industries Limited (100% subsidiary) has contributed ₹ **4.1 lakhs** to PM Cares Fund. (Previous Year: ₹ Nil)

38 DONATIONS

Miscellaneous expenses include donation to Political Party Nil (Previous Year : Nil)

Notes to the Consolidated Financial Statements

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

39 COMMITMENTS AND CONTINGENCIES:

Contingent liabilities

Claims against the Group not acknowledged as debts

Particulars	As at	As at
	31 st March 2021	31 st March 2020
Excise duty	255.8	296.1
VAT / CST	311.2	82.0
Custom duty	330.4	330.4
Electricity duty on Power Generation	1,667.6	1,295.8

- It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The Group does not expect any reimbursements in respect of the above contingent liabilities.
- The Group's pending litigations comprise of claims against the Group pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Consolidated Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Consolidated Financial Statements.
- The Group has obtained an opinion from a subject-matter expert ('SME') on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Company has a good case of success in the proceedings.

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

40 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) :

A List of Related Parties and description of relationship :

(a) Key Management Personnel :

- Mr. P. R. Rathi	Chairman
- Mr. R. B. Rathi	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. S. N. Inamdar	Non-Executive - Independent Director (Resigned w.e.f. close of business hours on 20 th November 2020)
- 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. T. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director
- Mr. Mandar Velankar	Company Secretary
- Mr. Nilkanth Natu	Chief Financial Officer (Appointed w.e.f. 28 th July 2020 in place of Mr. Vivek 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
- Late Mrs. K. R. Rathi	Mother of Mr. P. R. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. N. J. Rathi	Father of Mr. A. N. Rathi
- Mrs. A. N. Rathi	Mother of Mr. A. N. Rathi
- Mrs. A. A. Rathi	Wife of Mr. A. N. Rathi
- Mr. Dhruv R. Rathi	Son of Mr. R. P. Rathi
- Ms. Anushka R. Rathi	Daughter of Mr. R. P. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

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

40 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) : (CONTD.)

(c) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence## :	
- Balkrishna Rathi Finance Private Limited	- Rabro Speciality Chemicals Private Limited
- PRR Finance Private Limited	- Mr. Anuj N. Rathi HUF
- Marathwada Chemical Industries Private Limited	- Mr. R. B. Rathi HUF
- Rathi Vessels and Systems LLP	- Rathi Mixers Private Limited
- NJR Finance Private Limited	- Breakthrough Management Group India Private Limited
- Rathi Brothers Private Limited	- Shri Jagannath Rathi Charity Trust
- Rathi Enterprises Private Limited	- Crawford Bayley & Co
- Forbes Marshall Private Limited	- Krohne Marshall Private Limited
- Aquapharm Chemicals Private Limited	- Phytomyco Research Private Limited
- Centre For Advancement Of Philanthropy	- Gazelle Enterprises
- Maratrix Fine Sciences Private Limited	- Arihma Enterprises
- Cosmetictree India LLP	- 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 Holding Company. The Holding Company while considering the nature and insignificant variability of its return has concluded that it does not 'control' CSR Foundation, hence it is not considered for consolidation.

The above list includes the Companies with whom the Group has entered into the transactions during the course of the year.

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40 RELATED PARTY TRANSACTIONS (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) :

B Transactions with Related Parties	For the year ended 31 st March 2021				For the year ended 31 st March 2020				
	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.:	940.9	160.1	-	-	622.0	114.8	-	-	736.8
Mr. R. B. Rathi	634.5	-	-	-	281.4	-	-	-	281.4
Mr. A. V. Vij	170.3	-	-	-	147.1	-	-	-	147.1
Others	136.1	160.1	-	-	193.5	114.8	-	-	308.3
b Commission (Subject to Shareholders' approval) :	108.0	-	-	-	90.3	-	-	-	90.3
Mr. P.R.Rathi	10.0	-	-	-	9.6	-	-	-	9.6
Mr. S. N. Inamdar	8.0	-	-	-	6.0	-	-	-	6.0
Mr. D. N. Damania	15.0	-	-	-	11.1	-	-	-	11.1
Mr. S. Padmanabhan	10.0	-	-	-	9.6	-	-	-	9.6
Mrs. S. A. Panse	15.0	-	-	-	8.7	-	-	-	8.7
Mr. S. K. Asher	10.0	-	-	-	8.4	-	-	-	8.4
Others	40.0	-	-	-	36.9	-	-	-	36.9
c Sitting fees:	22.9	-	-	-	24.8	-	-	-	24.8
Mr.S.K.Asher	3.8	-	-	-	2.8	-	-	-	2.8
Mr.S.N.Inamdar	2.6	-	-	-	2.8	-	-	-	2.8
Mr.D.N.Damania	3.4	-	-	-	4.0	-	-	-	4.0
Mrs.S.A.Panse	2.6	-	-	-	-	-	-	-	-
Mrs. Rati F. Forbes	2.4	-	-	-	2.8	-	-	-	2.8
Mr. N.T. Raisinghani	2.4	-	-	-	3.0	-	-	-	3.0
Others	5.7	-	-	-	9.4	-	-	-	9.4
d Interest paid / payable:	-	-	-	-	-	-	-	40.5	40.5
Balkrishna Rathi Finance Private Limited	-	-	-	-	-	-	-	8.9	8.9
Rathi Vessels and Systems LLP	-	-	-	-	-	-	-	5.4	5.4
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	16.3	16.3
NJR Finance Private Limited	-	-	-	-	-	-	-	4.4	4.4
Others	-	-	-	-	-	-	-	5.5	5.5

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

40 RELATED PARTY TRANSACTIONS (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 2021				For the year ended 31 st March 2020			
	Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Subsidiary Companies	Others	Total
e Acceptance of Deposits:								
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	85.5	85.5
Others	-	-	-	-	-	-	80.0	80.0
f Repayments of Deposits:								
NJR Finance Private Limited	-	-	-	-	-	-	5.5	5.5
PRR Finance Private Limited	-	-	-	-	-	-	1,874.2	1,874.2
Rathi Vessels and Systems LLP	-	-	-	-	-	-	179.9	179.9
Balkrishna Rathi Finance Private Limited	-	-	-	-	-	-	313.3	313.3
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	344.7	344.7
Others	-	-	-	-	-	-	764.5	764.5
g Sale of Fixed Asset:	15.5	-	-	15.5	73.3	-	-	73.3
Mr. A. N. Rathi	-	-	-	-	55.3	-	-	55.3
Mr. P. R. Rathi	-	-	-	-	18.0	-	-	18.0
Mr. R.B. Rathi	15.5	-	-	15.5	-	-	-	-
h Sale of Goods:								
Marathwada Chemical Inds. Private Limited	-	-	7.8	7.8	-	-	6.7	6.7
i Purchase of Goods / Services:								
Marathwada Chemical Inds. Private Limited	-	-	88.2	88.2	-	-	62.1	62.1
Forbes Marshall Private Limited	-	-	61.2	61.2	-	-	0.3	0.3
Krohne Marshall Private Limited	-	-	27.0	27.0	-	-	19.0	19.0
j Professional Fees Paid:								
Break through Management Group	-	-	71.8	71.8	-	-	139.6	139.6
Crawford Bayley & Co.	-	-	71.8	71.8	-	-	112.1	112.1
Mr. S.N. Inamdar	-	-	-	-	-	-	26.0	26.0
Others	-	-	-	-	-	-	0.5	0.5
k Commission on Sales (Incl. Taxes):								
Rabro Speciality Chemicals Private Limited	-	-	1,296.1	1,296.1	-	-	1,318.2	1,318.2
	-	-	1,296.1	1,296.1	-	-	1,318.2	1,318.2

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40 RELATED PARTY TRANSACTIONS (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 2021				For the year ended 31 st March 2020				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
l Rent received (Incl. Taxes) :	-	-	-	10.4	-	-	-	10.4	10.4
Rabro Speciality Chemicals Private Limited	-	-	-	5.8	-	-	-	5.8	5.8
Others	-	-	-	4.6	-	-	-	4.6	4.6
m Rent Paid	-	-	-	-	-	-	-	1.5	1.5
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	1.5	1.5
n Donation Paid :	-	-	245.5	-	-	-	212.5	-	212.5
Sudarshan CSR Foundation	-	-	245.5	-	-	-	212.5	-	212.5
o Reimbursement of Expenses (Net) :	-	-	-	-	-	-	-	5.1	5.1
Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	-	5.1	5.1
Rathi Mixers Private Limited	-	-	-	-	-	-	-	-	-
p Car deposit taken	-	-	-	-	49.0	-	-	-	49.0
Mr. A.V.Vij	-	-	-	-	-	-	-	-	-
Mr. P.R. Rath	-	-	-	-	-	-	-	-	-
q Car Deposit Repayment	7.7	-	-	-	-	-	-	-	2.0
Mr. A.V.Vij	7.7	-	-	-	-	-	-	-	2.0

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

40 RELATED PARTY TRANSACTIONS (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 2021				As at 31 st March 2020				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
a Customer / (Vendor) Account	-	-	-	(180.9)	-	-	-	(5.1)	(5.1)
Marathwada Chemical Inds. Private Limited	-	-	-	0.8	-	-	-	0.7	0.7
Krohne Marshall Private Limited	-	-	-	-	-	-	-	(6.8)	(6.8)
Forbes Marshall Private Limited	-	-	-	(1.5)	-	-	-	1.0	1.0
Rabro Speciality Chemicals Private Limited	-	-	-	(180.2)	-	-	-	0.1	0.1
b Salary and Commission Payable	114.5	-	-	-	114.5	-	-	-	98.9
Mr. P.R.Rathi	10.0	-	-	-	10.0	-	-	-	9.6
Mr. S. N. Inamdar	8.0	-	-	-	8.0	-	-	-	6.0
Mr. D. N. Damania	15.0	-	-	-	15.0	-	-	-	11.1
Mr. S. Padmanabhan	10.0	-	-	-	10.0	-	-	-	9.6
Mrs. S. A. Panshe	15.0	-	-	-	15.0	-	-	-	8.7
Mr. S. K. Asher	10.0	-	-	-	10.0	-	-	-	8.4
Others	46.5	-	-	-	46.5	-	-	-	45.4

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41 RISK MANAGEMENT AND CAPITAL MANAGEMENT

A Financial instruments risk management objectives and policies

The Group's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include investments, trade and other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Group. The ERM team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31st March 2021 and 31st March 2020.

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 ₹ 153.6 lakhs (FY 2019-20: ₹ 124.7 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk also includes highly probable foreign currency cash flows.	The Group has exposure arising out of export, import, loans and other transactions. The Group hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Group's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the Group has calculated the impact on the Statement of Profit and Loss. The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional ₹ 721.8 lakhs loss. (FY 2019-20: loss of ₹ 483.4 lakhs). A 2% decrease would have led to an increase in additional ₹ 721.8 lakhs gain. (FY 2019-20: gain of ₹ 483.4 lakhs).

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41 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Foreign currency exposure and sensitivity	As at 31 st March 2021		As at 31 st March 2020	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Amounts given below are in ₹ Lakhs				
Trade receivable	17,672.8	7,233.8	19,079.5	9,914.5
Forward contracts for trade receivable	(19,565.7)	(8,533.5)	(21,697.5)	(2,137.0)
Foreign currency borrowings	(36,198.3)	(8,723.2)	(19,499.3)	(13,843.1)
Trade payables	(7,335.9)	(198.8)	(12,996.2)	(4,784.0)
Other payables	-	-	-	(2,848.3)
Currency Swaps	-	-	2,848.3	-
Forward contracts for trade payable	650.6	-	754.9	6,859.9
Forward contracts for borrowings	12,850.8	6,058.1	10,546.9	3,629.8
Total	(31,925.7)	(4,163.6)	(20,963.4)	(3,208.2)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31 st March 2021	Year ended 31 st March 2020
Balance at beginning of the year	(873.7)	773.4
Changes in the fair value of effective portion of derivatives - Gain/(Loss)	(6.0)	(1,153.2)
Net Gain/(Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	172.9	(493.9)
Balance at end of the year	(706.8)	(873.7)
Tax impact	263.3	305.3

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.
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	

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41 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The Group's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the group uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly

The following are the principal amounts of outstanding non derivative contracts (Foreign Currency Loans) entered into by the Holding Company which have been designated as Cash Flow Hedges:

As at 31st March 2021

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Non-derivative contracts	51.1	EUR	(279.1)
(i.e. Foreign Currency Loans)	495.2	USD	(427.7)

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)
(i.e. Foreign Currency Loans)	257.7	USD	(584.7)

(b) Credit risk

Potential impact of risk	Management policy	Sensitivity to risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, i.e. trade receivables.	Customer credit risk is managed subject to the Group's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. An impairment analysis based on Expected Credit Loss (ECL) model is performed at each reporting date.	The Group considers the probability of default upon initial recognition and whether there have been significant increase in the credit risk on ongoing basis throughout each reporting period, to assess increase in the credit risk, the Group compares the rate of default on the date of reporting and initial recognition. The maximum amount to which the Group is exposed is ₹ 48,468.7 lacs and ₹ 36,406.2 lacs for 31 st March 2021 and 31 st March 2020 respectively. Against these receivable, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss

Balance as at 1st April 2019	852.7
Provision (reversed)/ recognised for expected credit loss	701.9
Debtors written off against provisions	(42.9)
Balance as at 31st March 2020	1,511.6
Provision (reversed)/ recognised for expected credit loss	(195.3)
Debtors written off against provisions	-
Balance as at 31st March 2021	1,316.3

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41 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.</p> <p>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
As at 31st March 2021						
Borrowings - current	18(a)	17,902.5	-	-	-	17,902.5
Borrowings - non-current	14(a)	-	-	30,813.9	-	30,813.9
Current maturity of debts	18(d)	5,399.6	7,294.1	-	-	12,693.7
Other financial liabilities	14(b) and 18(d)	7,748.2	-	170.1	-	7,918.3
Lease liability	49	42.7	42.6	349.8	202.7	637.8
Trade payables	18(b)	44,114.9	-	-	-	44,114.9
Derivatives liabilities	18(c)	314.9	-	-	-	314.9
	Total	75,522.8	7,336.7	31,333.8	202.7	114,396.0
As at 31st March 2020						
Borrowings - current	18(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	18(d)	2,578.0	2,157.7	-	-	4,735.7
Other financial liabilities	14(b) and 18(d)	5,238.0	-	-	-	5,238.0
Lease liabilities	49	15.2	15.3	145.0	246.4	421.9
Trade payables	18(b)	37,147.3	-	-	-	37,147.3
Derivatives liabilities	18(c)	567.8	-	-	-	567.8
	Total	68,167.6	2,173.0	20,691.0	2,200.3	93,231.9

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41 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 debt divided by total equity.

	As at 31 st March 2021	As at 31 st March 2020
Total Debt	61,410.1	49,878.3
Total Equity	74,357.6	60,078.6
Debt-Equity ratio	0.83	0.83

42 OPERATING SEGMENTS:

A BASIS OF SEGMENTATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments as described below, which are the Group's strategic business units.

- (i) Pigments
- (ii) Others - Comprises of Engineering Equipments (Manufacturer of clean air solution, grinding solution and conveying solution.)

B INFORMATION ABOUT REPORTABLE SEGMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

Foreign currency exposure and sensitivity	Year ended 31 st March 2021			Year ended 31 st March 2020		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	175,295.6	11,115.6	186,411.2	158,975.7	11,843.5	170,819.2
Inter-segment Revenue	-	-	-	-	-	-
Total segment revenue	175,295.6	11,115.6	186,411.2	158,975.7	11,843.5	170,819.2
Segment Results						
Profit before tax and finance cost	20,101.1	725.0	20,826.1	16,515.7	1,232.8	17,748.5
Less: Finance costs (net)	1,684.7	102.6	1,787.3	1,274.6	148.0	1,422.6
Profit after finance cost but before tax	18,416.4	622.4	19,038.8	15,241.1	1,084.8	16,325.9
Profit after tax (without exceptional item)	13,603.2	507.9	14,111.1	12,328.0	842.5	13,170.5

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

42 OPERATING SEGMENTS: (CONTD.)

	Year ended 31 st March 2021			Year ended 31 st March 2020		
	Pigment	Others	Total	Pigment	Others	Total
Capital Employed:						
Segment Assets	192,898.3	7,053.5	199,951.8	156,393.6	6,013.7	162,407.3
Segment Liabilities	54,078.5	5,205.3	59,283.8	43,937.8	4,077.4	48,015.2
Net Assets	138,819.8	1,848.2	140,668.0	112,455.8	1,936.3	114,392.1
Other Details:						
Capital Expenditure	26,591.5	365.7	26,957.2	24,734.1	346.8	25,080.9
Depreciation and Amortisation	8,545.4	105.5	8,650.9	7,267.2	83.6	7,350.8

C GEOGRAPHICAL INFORMATION

	Year ended 31 st March 2021	Year ended 31 st March 2020
Segment Revenue by location of customers		
In India	95,282.2	91,612.9
Outside India	91,129.0	79,206.3
	186,411.2	170,819.2
Non-current operating assets by location of assets		
In India	93,738.3	72,445.0
Outside India	130.3	113.2
	93,868.6	72,558.2

D THERE ARE NO TRANSACTIONS WITH SINGLE EXTERNAL CUSTOMER WHICH AMOUNTS TO 10% OR MORE OF THE GROUP'S REVENUE.

43 EXCEPTIONAL ITEMS:

Exceptional item pertains to Divestment of Industrial mixing solutions 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 Pfaunder 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".

	Year ended 31 st March 2021	Year ended 31 st March 2020
Divestment of Industrial mixing solutions division	-	1,716.6
	-	1,716.6

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

44 FINANCIAL INSTRUMENTS - FAIR VALUES:

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March 2021.

	Amortised cost	Financial assets/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	126.6	-	127.6
Loans	96.5	-	-	96.5
Trade receivables	48,468.7	-	-	48,468.7
Cash and cash equivalents	1,597.7	-	-	1,597.7
Bank balances other than cash and cash equivalents	786.6	-	-	786.6
Derivatives - forward contract receivable	-	473.0	-	473.0
Other financial assets	3,884.8	-	-	3,884.8
Total	54,835.3	599.6	-	55,434.9
Financial liabilities				
Borrowings	48,716.4	-	-	48,716.4
Lease liabilities	423.9	-	-	423.9
Trade payables	44,114.9	-	-	44,114.8
Derivatives - forward contract payables	-	72.0	-	72.0
Interest rate / currency swap contracts	-	242.9	-	242.9
Other financial liabilities	20,612.0	-	-	20,612.0
Total	113,867.2	314.9	-	114,182.1

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March 2020.

	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
Derivatives - forward contract payables	-	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

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44 FINANCIAL INSTRUMENTS - FAIR VALUES: (CONTD.)

Financial liabilities				
Borrowings	45,121.2	-	-	45,121.2
Lease liabilities	230.1	-	-	230.1
Trade payables	37,147.3	-	-	37,147.3
Derivatives - forward contract payable	-	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

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.

45 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.

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45 FAIR VALUE HIERARCHY: (CONTD.)

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 2021 and 31st March, 2020.

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss/ OCI					
Foreign exchange forward contracts					
As at 31 st March 2021	31 st March 2021	473.0	-	473.0	-
As at 31 st March 2020	31 st March 2020	148.4	-	148.4	-
Investment in others					
As at 31 st March 2021	31 st March 2021	127.6	-	-	127.6
As at 31 st March 2020	31 st March 2020	87.8	-	-	87.8
Interest rate / currency swap contracts					
As at 31 st March 2021	31 st March 2021	-	-	-	-
As at 31 st March 2020	31 st March 2020	312.0	-	312.0	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March 2021	31 st March 2021	72.0	-	72.0	-
As at 31 st March 2020	31 st March 2020	540.1	-	540.1	-
Interest Rate Swap					
As at 31 st March 2021	31 st March 2021	242.9	-	242.9	-
As at 31 st March 2020	31 st March 2020	27.7	-	27.7	-
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		

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45 FAIR VALUE HIERARCHY : (CONTD.)

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating- rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable
Loans	The valuation model considers discounted cash flows using current lending rate. They are classified as level 2 fair values.	Not Applicable	Not Applicable

There have been no transfers amount Level 1, Level 2 and Level 3 during the year.

46 DISCLOSURE PURSUANT TO IND AS 115

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The Group generates revenue primarily from the sale of pigments and engineering equipments. Refer note on Segments. Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

	Year ended 31 st March 2021	Year ended 31 st March 2020
i. Revenue from contracts with customers	184,433.6	168,091.0
ii. Other Revenue	1,977.6	2,728.2
	186,411.2	170,819.2

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Year ended 31 st March 2021	Year ended 31 st March 2020
1 Major Product Lines		
Continuing Operations		
Sale of Pigments	173,318.0	156,247.5
Sale of Engineering Equipments	11,115.6	11,843.5
	184,433.6	168,091.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

46 DISCLOSURE PURSUANT TO IND AS 115 (CONTD.)

2 Primary Geographical Market		
Domestic	94,732.3	90,974.3
Export	89,701.3	77,116.7
Total	184,433.6	168,091.0
3 Timing of revenue recognition		
Products transferred at Point in Time	173,318.0	156,247.5
Products transferred over a period of time	11,115.6	11,843.5
Total	184,433.6	168,091.0

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers for continuing operations

	As at 31 st March 2021	As at 31 st March 2020
Receivables, which are included in 'trade and other receivables'	48,468.7	36,406.2
Contract Assets	1,178.6	399.7
Contract Liabilities	330.3	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 ₹ 1,316.3 lakhs. (Previous year ₹ 1,511.6 lakhs)

(d) Performance Obligation and revenue recognition policies -

The Group satisfies its performance obligations pertaining to the sale of pigments at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contracts are fixed price contracts and do not contain any financing component. The payment is generally due within 45-90 days. There are no other significant obligations attached in the contract with customer. For the Engineering Equipments, the performance obligations and control are transferred over a period of time. The contracts are fixed price contracts and do not contain any financing component. The payment is generally due within 30-60 days. There are no other significant obligations attached in the contract with customer.

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as at and for the year ended 31st March 2021

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

47 SHARE BASED PAYMENTS

During the FY 2018-19, the Board of Directors of the Holding Company and its Shareholders' approved a Employee Stock Option Plan (ESOP) and reserved 1,384,545 common shares for issuance thereunder. During the current year, options totalling to 394,220 ordinary shares were granted to certain identified eligible employees of the Holding Company. Detailed description of share based payment arrangements is as below:

a	Date of shareholders' approval	9 th August, 2018
b	Total number of options approved under ESOP	394,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 4 th year, 20% options vest after 5 th year, 20% options vest after 6 th year and 20% options vest after 7 th year from the date of respective grant.
d	Exercise price or pricing formula	₹ 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted during the FY 2020-21 is ₹ 169.21/-. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 - 10 years.

Inputs into the model were as follows:

a	Grant date share price	₹ 349.35
b	Exercise Price	₹ 349.35
c	Expected Volatility	45.64% - 47.51%
d	Expected life	6.5 to 9.5 years
e	Dividend yield	1.90% - 2.20%
f	Risk free interest rate	6.45% to 6.68%

Reconciliation of outstanding share options is as follows:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April 2020	-	-
Granted during the year	394,220	169
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 st March 2021	394,220	169
Exercisable as at 31 st March 2021	-	-

Fair value of options vested during the year is ₹ Nil (previous year ₹ Nil)

Money realised by exercise of option during the year is ₹ Nil (previous year ₹ Nil).

The options outstanding at 31st March 2021 have an exercise price of ₹ 349.35 (31st March 2020: ₹ Nil) and a weighted average remaining contractual life of 9.2 years (31st March 2020: Nil)

Weighted average share price at the date of the exercise of share options exercised in FY 2020-21 is not disclosed as no shares were exercised during this year and previous year.

Expense recognised in Statement of Profit and Loss

The Holding Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31st March 2021 is ₹ 126.0 lakhs (previous year: ₹ Nil)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

48 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16 and Ind AS 38, the Group has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Expenses capitalised are as follows:

	Year ended 31 st March 2021	Year ended 31 st March 2020
Employee costs		
Capitalised as property, plant and equipment and CWIP	340.3	274.9
Capitalised as as intangible assets and intangible assets under development	85.6	-
Finance costs capitalised as property, plant and equipment and CWIP	245.3	245.8
Other expenses		
Capitalised as property, plant and equipment and CWIP	309.0	452.2
Capitalised as intangible assets and intangible assets under development	555.0	600.0
	1,535.2	1,572.9

49 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, had notified Ind AS 116 - Leases which replaced the erstwhile standard and its interpretations. Ind AS 116 had outlined the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors thereby introducing a single, on-balance sheet lease accounting model for lessees.

The Group had adopted Ind AS 116, w.e.f. 1st April 2019, whereby the Group applied the standard to its leases retrospectively with a cumulative effect of applying the standard, recognised on the date of initial application. There was no impact of recognition of RoU (Right Of Use) and Lease liability as on transition date. A weighted average incremental borrowing rate on the basis of existing borrowings was considered as incremental borrowing rate. The incremental borrowing rate used was with in range of 10% - 11.5% (Previous year 9% - 11%) depending on the amount involved and tenure of the lease agreement.

(a) Right of use assets

	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April 2019	-	-	-
Additions	-	231.0	231.0
Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March 2020	-	231.0	231.0
Accumulated depreciation as at 1st April 2019	-	-	-
Depreciation for the year	-	5.8	5.8
Disposals	-	-	-
Accumulated depreciation as at 31st March 2020	-	5.8	5.8
Net carrying amount as at 31st March 2020	-	225.2	225.2
Gross carrying amount as at 1st April 2020	-	231.0	231.0
Transferred from property plant and equipment	136.3	-	136.3
Additions	-	212.2	212.2
Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March 2021	136.3	443.2	579.5

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

49 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES (CONTD.)

	Leasehold Land	Buildings	Total
Accumulated depreciation as at 1st April 2020	-	5.8	5.8
Transferred from property plant and equipment	7.4	-	7.4
Depreciation for the year	1.8	47.4	49.2
Disposals	-	-	-
Accumulated depreciation as at 31st March 2021	9.2	53.2	62.4
Net carrying amount as at 31st March 2021	127.1	390.0	517.1

(b) Lease liabilities

Particulars		
Balance as at 1st April 2019		-
Add: Addition during the year		231.0
Add: Interest Accrued on Lease liability		6.6
Less: Cash outflows for leases		(7.6)
Balance as at 31st March 2020		230.1
Balance as at 1st April 2020		230.1
Add: Addition during the year		212.2
Add: Interest Accrued on Lease liability		46.6
Less: Cash outflows for leases		(65.0)
Balance as at 31st March 2021		423.9
Bifurcation of liabilities	As at 31st March 2021	As at 31st March 2021
Current	46.6	23.1
Non-current	377.3	207.0
	423.9	230.1

(c) Interest expenses on lease liabilities

	Year ended 31 st March 2021	Year ended 31 st March 2020
Interest on lease liabilities	46.6	6.6
	46.6	6.6

(d) Amounts recognised in the Statement of Cash Flow

	Year ended 31 st March 2021	Year ended 31 st March 2020
Total cash outflow for leases	64.7	7.6
	64.7	7.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

49 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES (CONTD.)

- (e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31 st March 2021	As at 31 st March 2020
Less than 1 year	85.3	30.5
1 to 5 years	349.8	145.0
More than 5 years	202.7	246.4

50 DETAILS OF SUBSIDIARIES

- (a) The following subsidiary companies are considered in the Consolidated Financial Statements

Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2020-21	2019-20	
1 Sudarshan Europe B.V	100%	100%	Netherlands
2 Sudarshan North America, Inc (Step-down subsidiary of Sudarshan, India)	100%	100%	United States of America
3 Sudarshan Mexico S. de R.L. CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
4 Sudarshan (Shanghai) Trading Company Limited	100%	100%	China
5 RIECO Industries Limited	100%	100%	India
6 Sudarshan Japan Limited	100%	100%	Japan

** Sudarshan CSR Foundation, a wholly owned subsidiary is not considered for Consolidation, refer note 40 (A) (c)

- (b) Additional information pursuant to Para 2 of Part III of Division II of Schedule III for preparation of general instructions for the preparation of Consolidated Financial Statements

Entity	Net Assets (Total Assets - Total Liabilities)		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consol- idated net as- sets	Amount	As % of total Consol- idated Profit or Loss	Amount	As % of total Con- solidated OCI	Amount	As % of total Con- solidated TCI	Amount
Parent Company								
Sudarshan Chemical Industries Limited	103.6	77,051.4	96.5	13,623.4	113.8	47.7	96.6	13,671.1
Indian Subsidiaries								
RIECO Industries Limited	2.3	1,728.1	3.5	488.5	(52.7)	(22.1)	3.3	466.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2021

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

50 DISCLOSURE PURSUANT TO IND AS 115 (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	6.0	4,444.0	4.9	690.3	(46.8)	(19.6)	4.7	670.7
Sudarshan North America, Inc	0.7	522.4	1.8	258.4	(42.7)	(17.9)	1.7	240.5
Sudarshan Mexico S. de R.L. CV.	-	17.9	-	6.7	(45.1)	(18.9)	(0.1)	(12.2)
Sudarshan (Shanghai) Trading Company Limited	(0.1)	(56.4)	0.2	27.8	107.4	45.0	0.5	72.8
Sudarshan Japan Limited	(0.1)	(49.4)	(0.4)	(60.6)	66.3	27.8	(0.2)	(32.8)
Eliminations	(12.4)	(9,300.4)	(6.5)	(923.4)	(0.2)	(0.1)	(6.5)	(923.5)
Total	100.0	74,357.6	100.0	14,111.1	100.0	41.9	100.0	14,153.0

51 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

RAAJNISH SHRIKRISHNA DESAI
Partner
Membership No.: 101190

Pune : 28th May, 2021

For and on behalf of the Board of Directors

S. A. PANSE
Independent Director &
Audit Committee Chairperson
DIN No. . 02599310

P.R.RATHI
Chairman
DIN 00018577

R.B.RATHI
Managing Director
DIN No. 00018628

NILKANTH NATU
Chief Financial
Officer

MANDAR VELANKAR
Company Secretary

Pune : 28th May, 2021



growing together ...

- Spiritually fulfilling
- Socially just
- Environmentally sustainable



JM Rathi School, Roha



R&D Centre @Sutarwadi



Sudarshan Chemical Industries, Plant View



Sudarshan Chemical Industries, Roha Main Gate

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