



RE-ENERGIZING FOR LEAP TO 3

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

72ND ANNUAL REPORT | 2022-23

Theme introduction



Re-energizing for LEAP to 3

As the world makes a slow and uneven recovery post Covid pandemic and is still grappling with various geo-political complexities, the one thing that is certain, is that we live in an increasingly uncertain world. The global economy slowed down due to various macro-economic events and, the overall businesses have faced several crises. Sudarshan was no exception. The Company's financial performance was impacted by a subdued demand coupled with rising raw-material costs and indirect material costs. However, the recent setbacks re-energised the company to perform better, and we have emerged stronger than ever.

Since embarking on its 'LEAP to 3' journey in 2018, Sudarshan has remained steadfast in its strategy to become one of the top 3 pigment players globally. Despite facing numerous challenges, the company has not wavered from its long-term vision. Instead, these hurdles have served as a catalyst for Sudarshan to channel its focus and energy, strengthening its resolve towards achieving its goals. The company firmly believes in its strategy and continues to emerge as a resilient force in the pigment industry.

The Company's overall vision to be one among the top 3 pigment manufacturers in the world is still very much intact.

With the external factors becoming unpredictable, the company continued to focus on the 'LEAP to 3' vision,, including actively looking at new opportunities in the market including for our new products while ensuring enough actions within. We identified three focus areas for immediate action – cost optimisation, working capital reduction and driving capex commercialization. This focussed approach and a re-energised workforce led to the Company bouncing back in Q4 and closing the year with stronger than anticipated.

The recent rebound has proven, that the Company is re-energised and ready to LEAP into the future and the next phase of growth. We believe that this will be an interesting and exciting phase for us as we look forward to tapping into new markets globally, exploring new businesses and new product innovations that will help Sudarshan grow from strength to strength.

Hence **Re-energizing for LEAP to 3** is a befitting theme for Sudarshan's 2022-23 Annual Report. It reinforces and encapsulates our vision to be among the top three pigment players in the world. Sudarshan's **Lead, Enhance, Accelerate and Perform** strategy underpins our approach to business in the coming years.



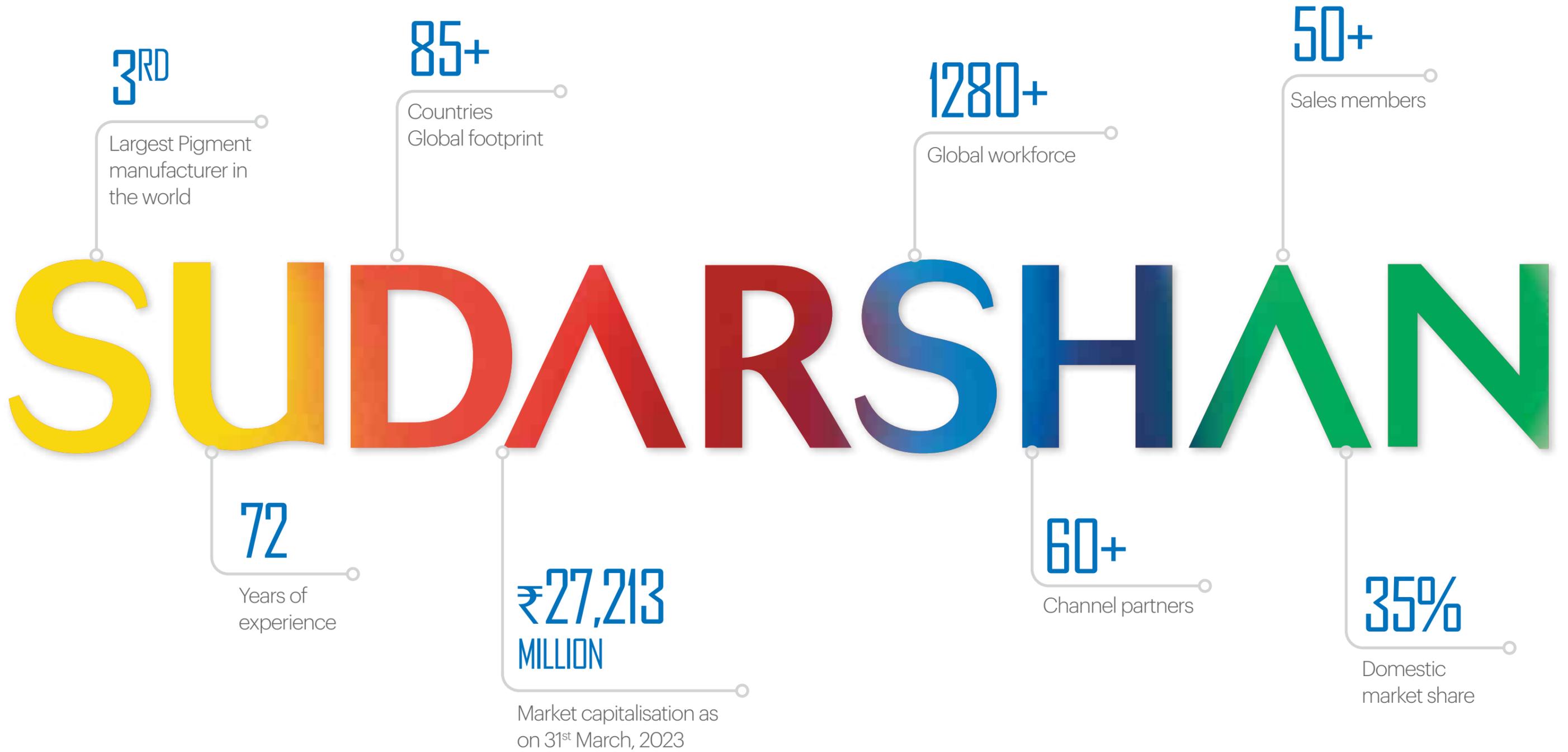
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Key highlights

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About us



Founded in 1951 and headquartered in Pune, Maharashtra, Sudarshan Chemical Industries Limited continues to be a leading player in India's pigment industry. With an experience of over seven decades, we have fortified our market position by delivering world-class pigments.

Catering to diverse sectors such as coatings, plastics, inks, and cosmetics, our comprehensive range of offerings includes organic, inorganic, and effect pigments, along with dispersions with speciality pigment at its core.

Our cutting-edge manufacturing facilities comply with stringent international quality standards. With a global presence spanning 85 countries, we stay true to our commitment to providing innovative pigment solutions to our esteemed customers.



Our Vision

To be amongst the top three pigment players in the world



Our Mission

To be a world-class Global Colour Solution provider with an innovative and vibrant culture



Our Values

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

Upholding an Illustrious Legacy



Since the inception of our journey, we have laid a solid foundation for our sustained growth. This has helped us achieve organisational resilience, agility, and adaptability. Our journey of over seven decades is a testament to our ability to navigate challenges successfully and emerge stronger. We have consistently looked beyond business, shaping a transformative blueprint for success.

Phase1 | Establishing the business

1951-1988

- 1951 : Founded as Sudarshan Chemical Industries Private Limited
- 1952 : Started the first manufacturing facility in Swargate, Pune
- 1961 : Began manufacturing of Organic pigments
- 1967 : Commenced exporting globally
- 1973 : Inaugurated manufacturing facility at Roha
- 1976 : Got listed on BSE



1951-1988

Phase2 | Taking the next leap in technology

1989-2006

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



1989-2006

Phase3 | Going global

2006-2018

- 2006: Achieved a net revenue of ₹400 crore. Created a state-of-the-art technology R&D centre at Sutarwadi
- 2007 : Set up Sudarshan Europe BV, a subsidiary
- 2009: Expanded footprints in the USA, incorporation of Sudarshan North America Inc.
- 2010 : Received a Sword of Honour from the British Safety Council
- 2014 : Achieved a net revenue of ₹1,000 crore
- 2017 : Certified as a dream company to work for in the Chemical Sector



2006-2018

Phase4 | Raising the bar

2018-2023

- 2018 : Established Sudarshan Mexico S. de R.L de CV.
- 2020: Established Sudarshan Japan Limited
- 2023: Successfully completed commissioning of Capex programme for ₹750 crore
- 2023: Launched a wide range of new products



2018-2023

Message from the Managing Director



Dear Shareholders,

In the last fiscal year, the global economy continued to face multiple challenges and uncertainty due to prevailing geo-political events be it COVID-19, Ukraine war, resulting in a slowdown across the world. Spiralling costs of raw materials, supply chain disruptions and tighter monetary policies have all had an adverse impact on demand across industries, including the pigment industry. This resulted in a sharp reduction in demand and significant pricing pressures on Sudarshan, adversely impacting our sales volumes and hence, financial performance.

However, as the famous philosopher Friedrich Nietzsche said, 'That which does not kill us makes us stronger', and I firmly believe that difficult times, often, contain within them the opportunity to reenergise and emerge stronger, that is precisely what Sudarshan did.

So, it is with immense pride that I present to you, Sudarshan's Annual Report for the fiscal year 2022-23. The theme for this year is aptly titled **Re-energising for LEAP to 3**. Our workforce regrouped and emerged re-energised to close the year on a positive note.

Resilience at Sudarshan

Sudarshan continues to be a resilient company built on a strong foundation, committed towards its long-term strategy, and is poised for growth. In order to meet the uncertainties, additional 3 initiatives were very well driven in the fiscal year - prioritising cost reduction, optimising working capital and ensuring commissioning of all capex projects.

This year we continue to emphasize and accomplish on the 4 main pillars of our long-term strategy :

- 1. Launching New Products:** All pending CAPEX projects with a total investment of ₹ 750 crore have been completed. Consequently, Sudarshan's product portfolio has undergone a complete transformation. We now offer the widest and broadest portfolio of enhanced products that have given us a definitive edge in international markets.
- 2. Foraying into New Businesses:** We are proud to announce that we have successfully launched the following four new businesses.
 - CIGP
 - Solvent Dyes
 - Pigment Preparation
 - Digital Inks
- 3. Strengthening Go to Market Strategy:** Additionally, we have strengthened our Go To Market strategy. The overall market reach has improved including our distribution network along with reinforcing our presence in Asian markets.
- 4. Achieving Cost Leadership:** All aspects of our business operations were monitored closely, and stringent cost-reduction measures were implemented that resulted in significant cost savings. We optimised our inventory successfully and reduced global inventory days which has helped in reducing networking capital.

Highlights of our financial performance

Despite the various setbacks we faced last fiscal, we ended FY 2022-23 with a stable financial performance. Our total income from operations stood at ₹ 2,302 crore in FY 2022-23 as compared to ₹ 2,201 crore in FY

2021-22, marking a growth of around 5%. EBITDA for the period ending March 31, 2023, was ₹ 211 crore versus ₹ 275 crore last year. We registered an EBITDA margin of 9.2% in FY23 versus 12.5% over the same period last year. Our PAT for the year was ₹ 45 crore, compared to ₹ 130 crore for the same period last year.

During the fiscal year, we focused on optimising our working capital, especially inventory levels and accounts receivable, to generate free cash flow. This has successfully reduced our working capital debt levels. I am pleased to state that our multi-pronged strategy in the focus areas have borne fruit, as corroborated by a strong revival in our financial parameters during the fourth quarter of FY 2022-23.

On 6th April 2023, the Company completed the sale of its freehold, clear, and marketable titled land admeasuring around 5.76 Acres along with the structures standing thereon located at 162, Wellesley Road, Pune for a net consideration of ₹356 Crore. The proceeds realized from this sale are being used for strengthening the Balance Sheet of the Company.

Building a global culture

Our people are our biggest strength and as we transform into a global organisation, to fulfil our mission – 'To be world-class global colour solution provider with an innovative and vibrant culture', we are focused on building a truly global workforce. We have implemented several comprehensive initiatives and programs based on our core values, which we believe will be instrumental in creating a positive, inclusive and vibrant, work-culture at Sudarshan. For us, our people are the key differentiators, as they have been helping us in successfully executing our strategy and building a global culture.

Sustainability at Sudarshan

Sustainability has always been a priority for Sudarshan. As a chemical company, we are cognizant of our impact on the environment and constantly strive to minimize

our environmental footprint by embedding sustainability into all aspects of our operations. We have recently released Sudarshan's maiden ESG report, with the theme '**Growing together for a Sustainable Future**', derived from the Company's larger purpose of – '**Growing together by being Spiritually Fulfilled, Socially Just, and Environmentally Sustainable**'.

We recently participated in the annual EcoVadis Sustainability Rating assessment and have achieved the prestigious Silver Recognition Level, raising our score from 57 last year to 67 this year. This accomplishment places us among the top 25% of companies worldwide with sustainable business practices.

Making a difference.

Sudarshan has always had a culture of giving back to the community. We have implemented several CSR initiatives by working closely with several stakeholders at the ground level. We have in place a dedicated and structured program – 'Sudha', through which we seek to make a long-term, positive and visible difference to the communities we operate in.

Poised for Growth

Despite the setbacks in the last two years, Sudarshan has clearly mapped and factored the various extrinsic and intrinsic influences in its long-term strategy.

The extrinsic factors like consolidation of the pigment industry at the top; major challenges with one of the key North American supplier; the adoption of the China-plus-one strategy by companies seeking to reduce their reliance on China; emergence of India as a strong player in global chemical industry along with stabilization of raw material prices and continuing high energy costs in Europe, are both a challenge and an opportunity for Sudarshan.

As we step into the new fiscal year, we remain both, vigilant and optimistic. Sudarshan has been able to turn the intrinsic factors into advantages like the completion of new capex projects

has resulted in a comprehensive product portfolio; a significant headroom is now available to grow in non-traditional geographies; the overall productivity improvement has resulted in cost competitiveness and finally getting the unwavering support of the most important Sudarshan asset - Energized teams with entrepreneurial mindset.

We are poised to leverage these opportunities and regain growth, further consolidating our market leadership position. However, we will maintain our current levels of rigorous fiscal discipline, optimise our operations and control costs to bolster our competitive edge and improve our financial performance.

In conclusion

Although it has been a difficult and demanding year, it has been an immensely rewarding one. Our people have demonstrated to us that resilience, creativity, and collaboration can overcome the most challenging of situations. I am confident that our success this past year has inspired all of us at Sudarshan to Re-energise for LEAP to 3. This strategy has served us well and I believe that it will help build the necessary momentum to leap forward into a brighter tomorrow.

I would like to conclude by expressing my heartfelt gratitude to all our stakeholders for their continued dedication, hard work, guidance, and faith in us. I look forward to growing together with all of you and achieving our collective dream of being a leading global player in the pigments industry and leaving behind a better world.

Warm regards,

Rajesh Rathi
Managing Director



**Financial
performance**

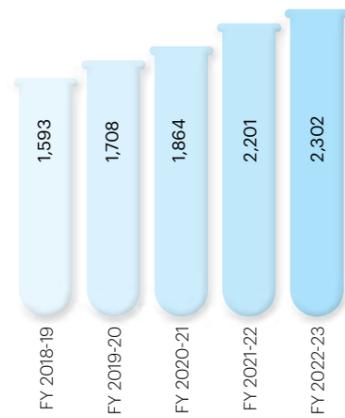


Financial performance

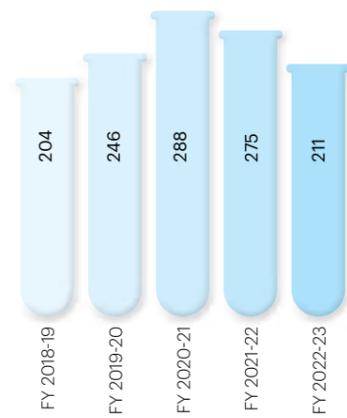


Consolidated Financials

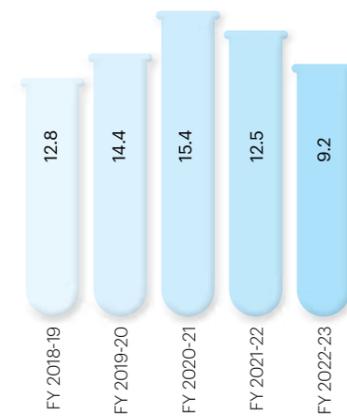
Income from operations (in ₹crore)



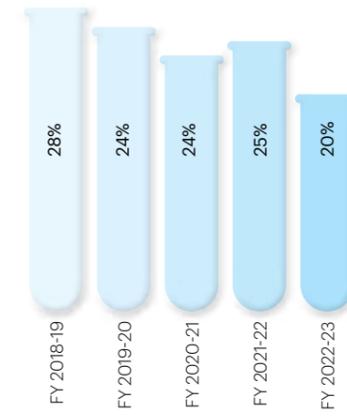
EBITDA (in ₹crore)



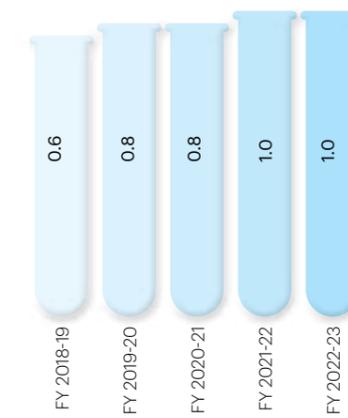
EBITDA margin (%)



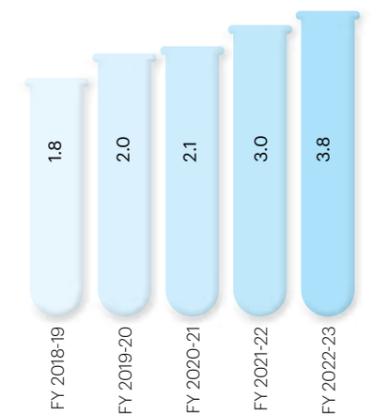
Working capital % to income from operations



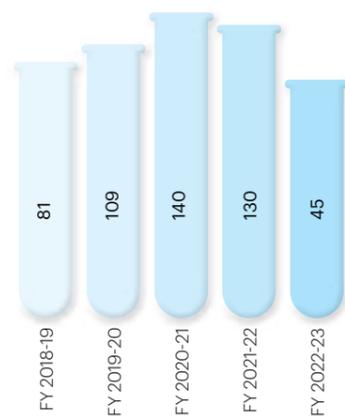
Debt to equity ratio



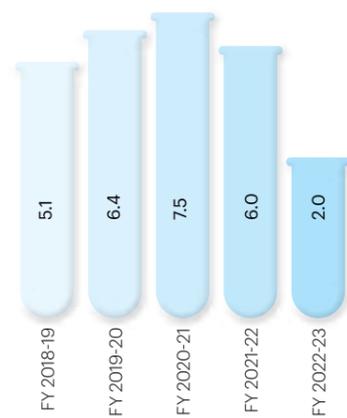
Debt to EBITDA



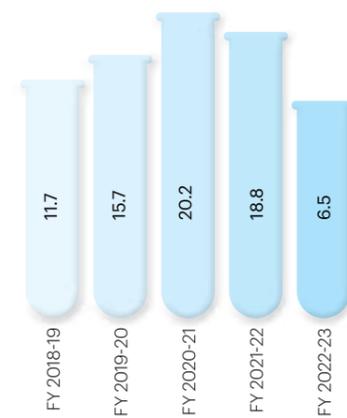
PAT (in ₹crore)



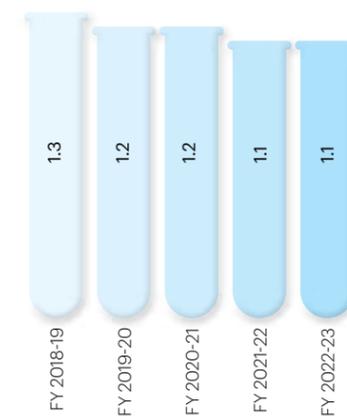
PAT margin (%)



EPS (in ₹)

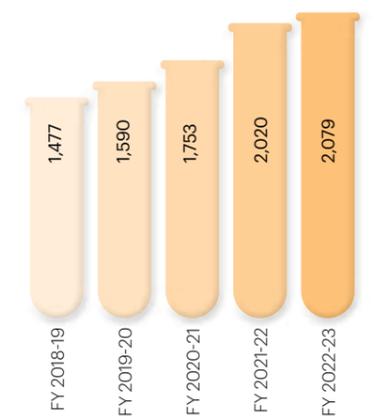


Current ratio

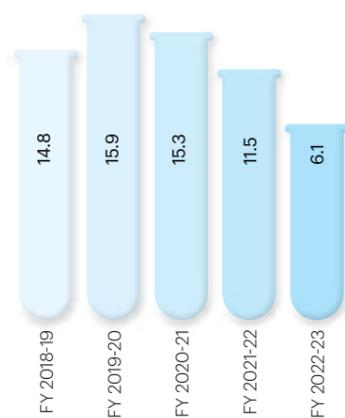


Pigment business financials

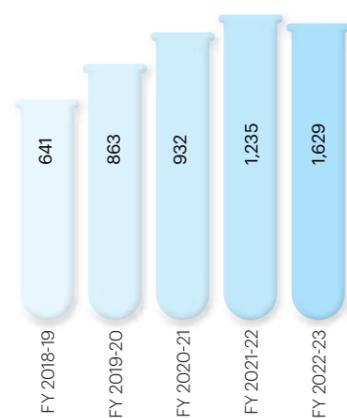
Income from operations (in ₹crore)



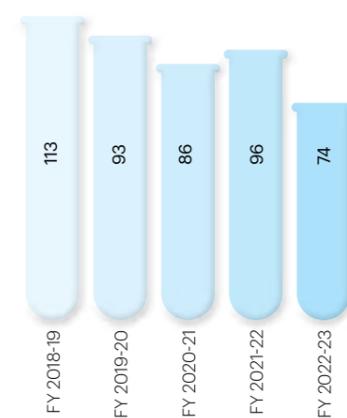
Return on Capital Employed (%)



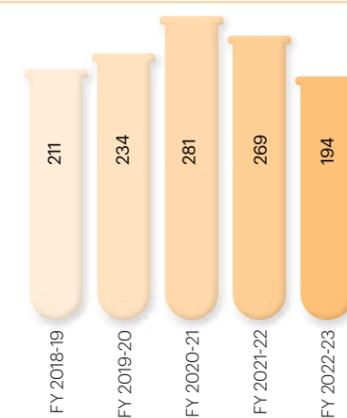
Gross block (in ₹crore)



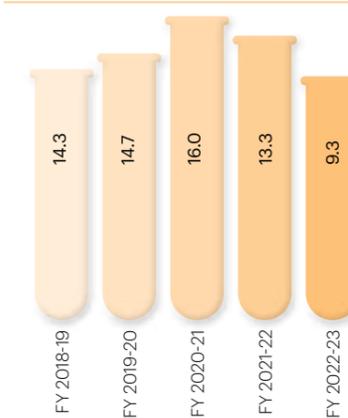
Cash conversion cycle



EBITDA (in ₹crore)



EBITDA margin (%)



Gross margin (%)



**Operational
highlights**

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Operational highlights



Macro trends

- The pigment industry is witnessing consolidation among its leading players, which can lead to increased efficiency, economies of scale and stronger market positioning.
- India is emerging as a formidable player in the global chemical industry, indicating substantial growth and advancements in manufacturing capabilities.
- Raw material prices in the pigment industry are stabilising, providing a more predictable cost environment for manufacturers.
- Despite high energy costs in Europe, the pigment industry continues to thrive and adapt, showcasing resilience and potential for innovation.

Our key differentiators

- Strong manufacturing base in India.
- Comprehensive product portfolio.
- Readily available capacities for quick volume ramp-up.
- Quality consistency.
- Robust technical services capability
- Improved cost competitiveness through productivity enhancement.
- Energised teams with an entrepreneurial mindset.
- Strong focus on ESG and product stewardship.

Our achievements

- Successful commissioning of all new capital projects.
- Effective cost reduction initiatives.
- Achieved a significant reduction in inventory across various Strategic Business Units (SBUs) through improved supply chain management.
- Strengthened customer relationships and built deeper connections with customers, fostering long-standing partnerships.
- Developed a leaner team with strong and capable leadership, enhancing overall organisational efficiency.
- Transformed waste streams into profitable opportunities.



Growing our global footprint



We have always aspired to make our superior-quality pigments available in every market in the world. To this end, we have successfully extended our horizons beyond our domestic reach into foreign markets through our overseas subsidiaries. Our extensive technical acumen, robust manufacturing facilities, and innovation-led approach have facilitated this expansion. Moreover, our diverse range of pigments and ongoing advancements for quality upliftment have set us apart from other industry players.



Map not to scale. Only for representation purpose

**Our diversified
Product portfolio**

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Our diversified Product portfolio



At Sudarshan, we have built our success on the strength of our product line, catering to various pigment needs in organic and inorganic industries. We focus on research and development, resulting in a diverse portfolio with a renewed emphasis on application. Striving to consistently enhance our offerings, we drive incremental improvement across our entire product range, providing a better value proposition to customers.



Organic pigments

Commonly used for coatings, plastics, inks and textile applications, these coloured materials are made of organic compounds with pigment properties.

- Azo
- Phthalos
- HPPs
- Dispersions

Inorganic pigments

These are made of mineral compounds, primarily oxides and sulphides of one or more metals and are used in plastics and industrial coatings.

- Chromes
- Cadmiums
- Iron oxides

Effect pigments

These pigments have a mica base and are coated with oxides to add shimmer and glow. Effect pigments are typically employed in plastics, automotive coatings and cosmetics applications.

- Mica bases for industrial and cosmetics

Brands with multiple applications



Sudaperm™

Pigments for high performance

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

Sudafine™

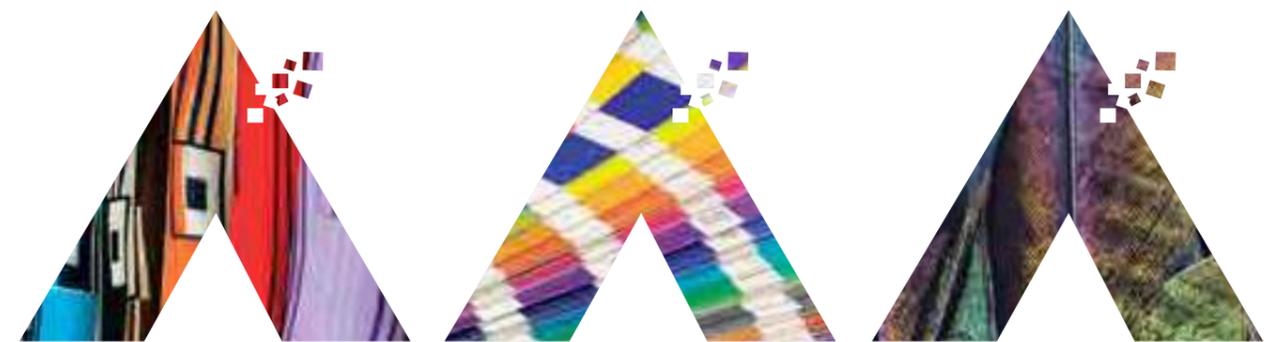
Easy-to-use stir-in pigments

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

Sudafast™

Medium-performance pigments

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



Sudatex™

Pigment 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 ease of use.

Sumica™

Pearlescent pigments

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

Brands with multiple applications



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.



Sudajet™

A high-purity range of pigments selected for inkjet application with long-term ink stability performance.



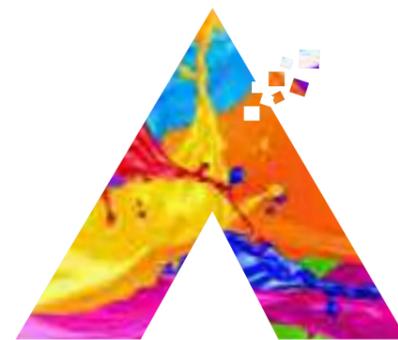
Sudasol™

A range of solvent-soluble dyes for engineering plastics. Sudasol products are extremely pure and have very low impurity content.



Sudatherm™

Range of Complex Inorganic Coloured Pigments (CICPs) designed to meet high temperature stability, light and weather fastness properties.



Sudanyl™

A standard range of high-pigment-content water dispersion for coatings and other applications.

Application industries



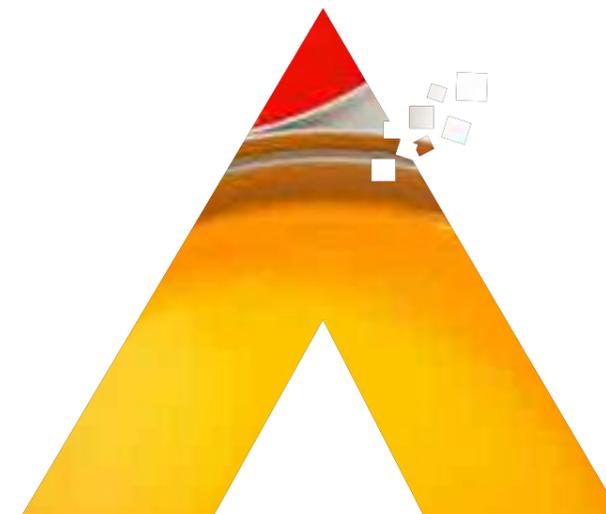
Coatings

For achieving a durable and visually appealing finish in the Automotive and Decorative sectors, the coatings require the incorporation of high-performance and special effect pigments.



Plastics

In the production of plastics, the inclusion of colours and pigments is essential. For this purpose, a broader selection of colours and pigments is offered specifically for plastic applications. This wider range of options provides greater flexibility and versatility in achieving desired visual characteristics in plastic manufacturing processes.



Inks

Expertise in the offset and liquid ink segments is necessary for the niche application of colour pigments within the ink industry.



Cosmetics

Effect pigments are highly desirable in the cosmetics and personal care industry due to their exceptional colour quality, vibrant appearance, and stunning visual effects in end applications.

New Product launches / Product innovations in FY 2022-23

Sudaperm High Performance pigment

Sudaperm premium range offers the highest quality pigments. Sudaperm pigments are designed to impart brilliant, durable color to even the most demanding coatings, plastics and printing applications. The Company launched **New Pigment Violet 23** for Coatings, Plastics and Inks application.

Sudanyl Premium Pigments

Sudanyl is a range of aqueous, binder free color concentrates free from APEO based additives. The main application of Sudanyl pigment dispersions is in plant tinting of water based decorative paints. The Company launched **11 products under Sudanyl**, premium pigment dispersions for In-plant tinting application.

Sudatherm Durable, high performance CICP pigments

Sudatherm pigments are designed to offer excellent performance in plastics and coatings applications. The Company launched **3 more products under Sudatherm** which is used for high heat resistance and high weather fastness for plastics and coatings.

Sudasol High quality, superior performance solvent dyes

Sudasol solvent dyes for plastics applications offer excellent solubility with high heat stability, excellent light fastness, good processing stability and high tinting strength. Sudasol Dyes for plastic application, **3 launched products.**



**Business
model**

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Business model



Our financial strength

Resources

Our primary focus is on ensuring the optimal use of our assets and prudent capital allocation to maintain a robust balance sheet with positive cash flows. We are actively seeking ways to reduce costs across all areas of our operations to enhance value for all stakeholders involved.

Indicators and key inputs

- Net capital expenditure: ₹ 18,450.6 lakh
- Fixed assets: ₹ 114,238.4 lakh
- Net working capital: ₹ 36,762 lakh
- Total equity: ₹ 80,810.8 lakh

Our intellectual capabilities

Resources

Our dedication to innovation propels our product stewardship forward, benefiting not only our valued consumers but also the entire industry. We consistently broaden our range of sustainable pigment solutions, supported by top-notch technology, best-in-class laboratories and R&D centres.

Indicators and key inputs

- R&D spend (revenue and capex): ₹ 3,399.4 lakh
- R&D centre: 3
- Laboratories: NABL accredited and DSIR approved
- Scientists and technical experts: 100+

Our social relationships

Resources

We consistently reinforce our alliances by actively involving various stakeholders and fostering strong relationships. We prioritise open and honest communication, which is aided by better disclosure practices. We carefully listen to the needs and concerns of our shareholders, lenders, suppliers, contractors, employees, governments, communities, and civil societies and promptly address their feedback. Moreover, we take steps to ensure the long-term well-being of our local communities.

Indicators and key inputs

- CSR spend: ₹302.8 lakh

Our manufacturing excellence

Resources

Our commitment to meeting customer expectations is bolstered by our state-of-the-art manufacturing facilities. To ensure zero hazards in these facilities, we adhere to strict safety standards.

Indicators and key inputs

- Manufacturing facilities: 2
- R&D centre: 3
- Best-in-class common effluent treatment plant

Our people

Resources

Our workforce drives the successful delivery of our services. Our operations demand individuals with specialised skill sets, such as scientists and qualified technical experts, who are assisted by management professionals in support functions. We foster a work culture that promotes consistent learning and development, prioritises safety, champions gender equality and diversity, encourages mutual respect, and embraces inclusivity.

Indicators and key inputs

- Total employees: 1,280+
- Total hours of employee training: 20,317 man hours

Our natural wealth

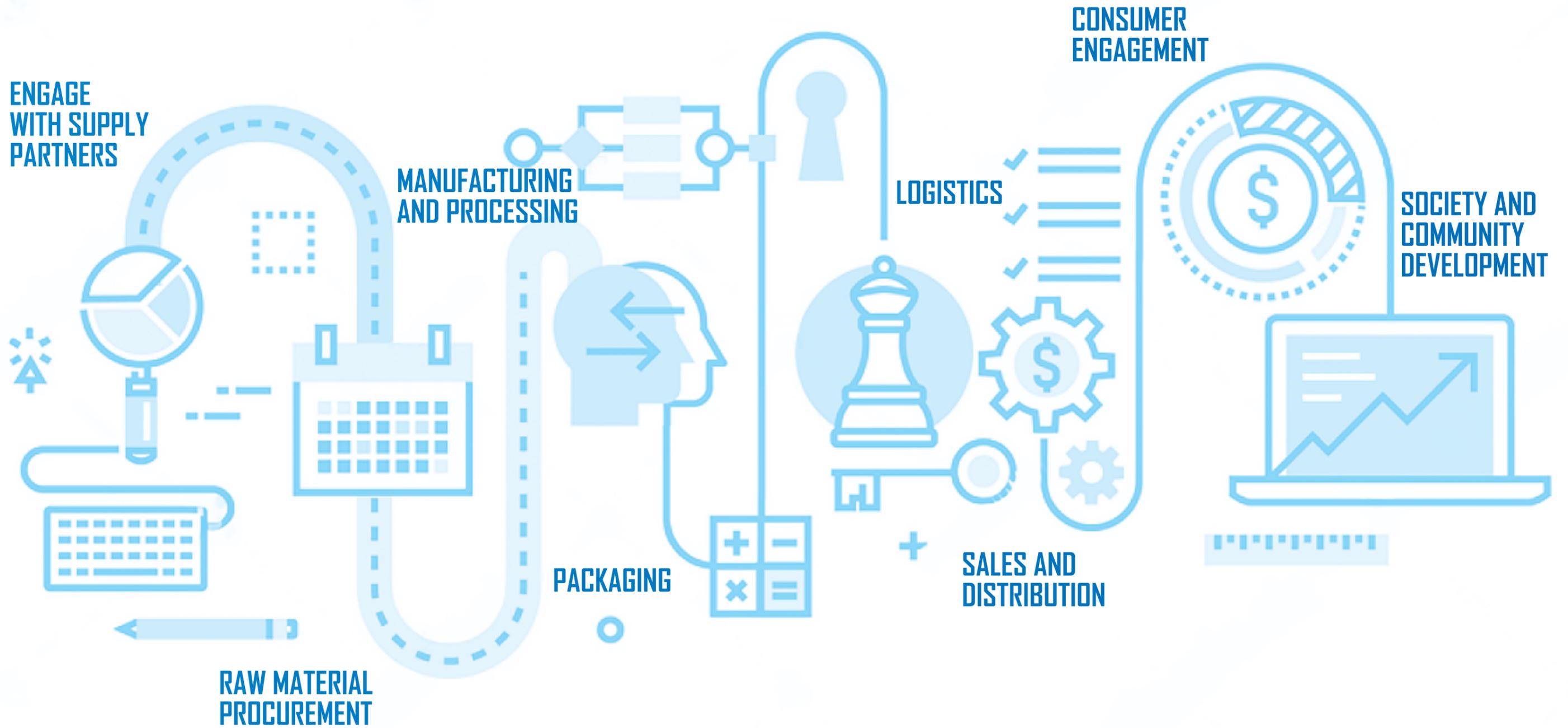
Resources

Our utmost focus is on utilising natural resources in a sustainable and environmentally conscious way. Our objective is to raise the share of renewable energy in our energy mix by powering our operations through windmills and solar powers. We also have a co-gen facility to ensure a sustainable production approach. We are committed to using advanced technologies to minimise our energy consumption, emissions, and waste generation.

Indicators and key inputs

- Total quantity of internal solar generation 24,076 MW
- Total quantity of internal windmill generation 5,961 MW
- 9.32 lakh m3 per annum water recycled at a common effluent treatment plant

What we do



Strategic growth drivers

Global presence

We have an extensive global footprint in over 85+ countries, which ensures that we cater to the diverse needs of our clients.

Focus on value creation

Our focus is on creating enhanced value for all our stakeholders through improved productivity and maintaining quality standards at an optimum cost.

Effective people practices

Our skilled and dedicated workforce, driven by passion, commitment and integrity, is the core reason for the holistic development of our business.

Innovation

We have a culture of new product development and modifications of existing pigment products through our best-in-class R&D centre and laboratories to meet the demands of a large number of application industries.

Sustainable growth

We aim to deliver sustainable solutions by adopting environmentally responsible business practices.

Value created for stakeholders

Our financial strength

Revenue:
₹230,173.2 lakh

EBITDA
₹21,064.7 lakh

PAT
₹4,476.9 lakh

Our manufacturing excellence

- State of the Art: Manufacturing plant at Roha and Mahad
- Diverse product portfolio

Our social relationships

51,768 people

benefitted from various initiatives taken for women

Our intellectual capabilities

- Types of products: Organic and inorganic product offerings, including azos, high-performance pigments, phthalocyanines (blue and green) and pearlescent pigments
- New Products launched: 31

Our people

Gender diversity
18% Female

Number of Employees
1,280+

Our natural wealth

Power generation through solar power
24,076 MW

Power generation through windmills
5,961 MW

Total water recycled
9.32 lakh m3 per annum

Manufacturing capabilities



At Sudarshan, we focus on improving customer experiences through improved product portfolio. To achieve this objective, we strive to enhance our manufacturing capabilities. The expertise of our dedicated team coupled with our cutting-edge manufacturing plants and substantial investments in advanced equipment have contributed to our manufacturing prowess and sustained our market leadership in the pigment industry.



Production sites



Roha facility

Our world-class manufacturing facility in Roha has been operational since 1973 and is spread across an area of more than 80 acres.

Products manufactured

- Azo pigments
- HPP pigments
- Effect pigments
- Inorganic pigments
- Dispersions



Mahad facility

Our state-of-the art manufacturing facility in Mahad has been operational since 1993 and is spread across an area of over 33 acres.

Products manufactured

- Blue and green pigments
- Effect pigments





Research and development



Customer-centricity is at the core of our resilient business model and long-term sustainability. This customer-focused approach helps us identify market trends and capitalise on business opportunities. We continually invest in comprehensive R&D programmes that leverage our world-class infrastructure, benchmarked processes and state-of-the-art technology. Our business-focused R&D strategy has helped us launch new solutions and enhanced products that meet the evolving needs of our clientele.

{ ₹3,399.4 lakh }
Investment in R&D

{ 100+ }
R&D team members

Our laboratories

We have the best-in-class labs for the manufacturing of pigments for coatings, plastics, inks and cosmetics. By regularly upgrading equipment systems and organising technology and skill enhancement programmes, we are continually developing and delivering new and innovative pigment solutions for various application processes with improved colour quality.

Our laboratories are equipped with advanced analytical facilities that ensure the enhancement and modification of manufacturing processes. All our labs have robust quality control systems that assess the pigments according to industry standards and their visual impact.

A culture of innovation

At Sudarshan, we foster a culture of innovation that is centred on the discovery and convergence of ideas from previously unrelated sources. We believe in organically shaping these ideas into transformative products and platforms that address the emerging needs of our clients. Our approach encompasses key methodologies such as creative brainstorming, effective team building and fast prototyping, all of which is backed by our deep technical expertise.

Our internal intellectual assets serve as a valuable resource in collaborations with external experts. We engage in meetings with

suppliers and customers to facilitate knowledge exchange. In line with our commitment to continuous and sustainable growth, we provide comprehensive training programmes to our team members through our Learning Academy and organise knowledge-sharing sessions to facilitate collaboration and ideation. These programmes include both technical and behavioural aspects, ensuring our people stay ahead of the technology curve and develop an innovative mindset.

Human resources



With a work environment conducive to growth and learning, we consistently strive to help our workforce realise their full potential. To accomplish this objective, we conduct effective engagement activities and multiple training programmes. In addition to this, to ensure their holistic well-being, we foster a positive work culture by upholding the values of diversity and inclusion in all that we do.

Global culture

Sudarshan has a well-defined larger purpose, vision, mission, and values. As a growing organization with business interests and operations across the globe, adopting a global culture is imperative. We have endeavoured to create a culture that is a unique to Sudarshan and its ways. In FY 22-23, we have covered 62% employees from India and 80% employees overseas through our training programs.

Our PCe2 model stands for P - People first in a joyful environment;

C - Collaboration and Teamwork
e2 - Execution Excellence and Agility Embracing Change for Transformation. Our PCe2 model culture is the social and psychological environment of an organization. It symbolizes the unique personality of a company and expresses the core values, ethics, behaviours, and beliefs of an organization.

Employee engagement

At Sudarshan, we believe that employee engagement and regular employee communication plays a key role in boosting employee morale and engagement. Our on-boarding program named NEAR- New Employee Assimilation and Reception, is an initiative taken to facilitate smooth transition of new employees into our organization by giving them complete support to understand the organization and start performing in their role, at the earliest.

Rewards and recognition (R&R)

A culture of rewards and recognition helps retain and motivate employees to perform better. It fosters hard work and meritocracy. Hence employee recognition has long been a

cornerstone of effective management at Sudarshan. We have different processes that have helped us in retaining our top talent and increase overall employee engagement. To encourage instantaneous rewards and recognition, we have introduced digital portal SUDA SHINE.

Employee well-being and welfare

At Sudarshan, we lay emphasis on the continuous development of our employees. Our talent management programmes provide training for all employees, including young talent, mid-level executives, and top management. We believe that today's youngsters are the leaders of tomorrow.

SUDA NURTURE is an internal job posting initiative aimed at to creating a culture that promotes employee growth and development. This helps to build a culture of trust that enhances employee engagement and retention. We provide help for education, medical needs, and employee welfare benefits.



Environment, Social and Governance

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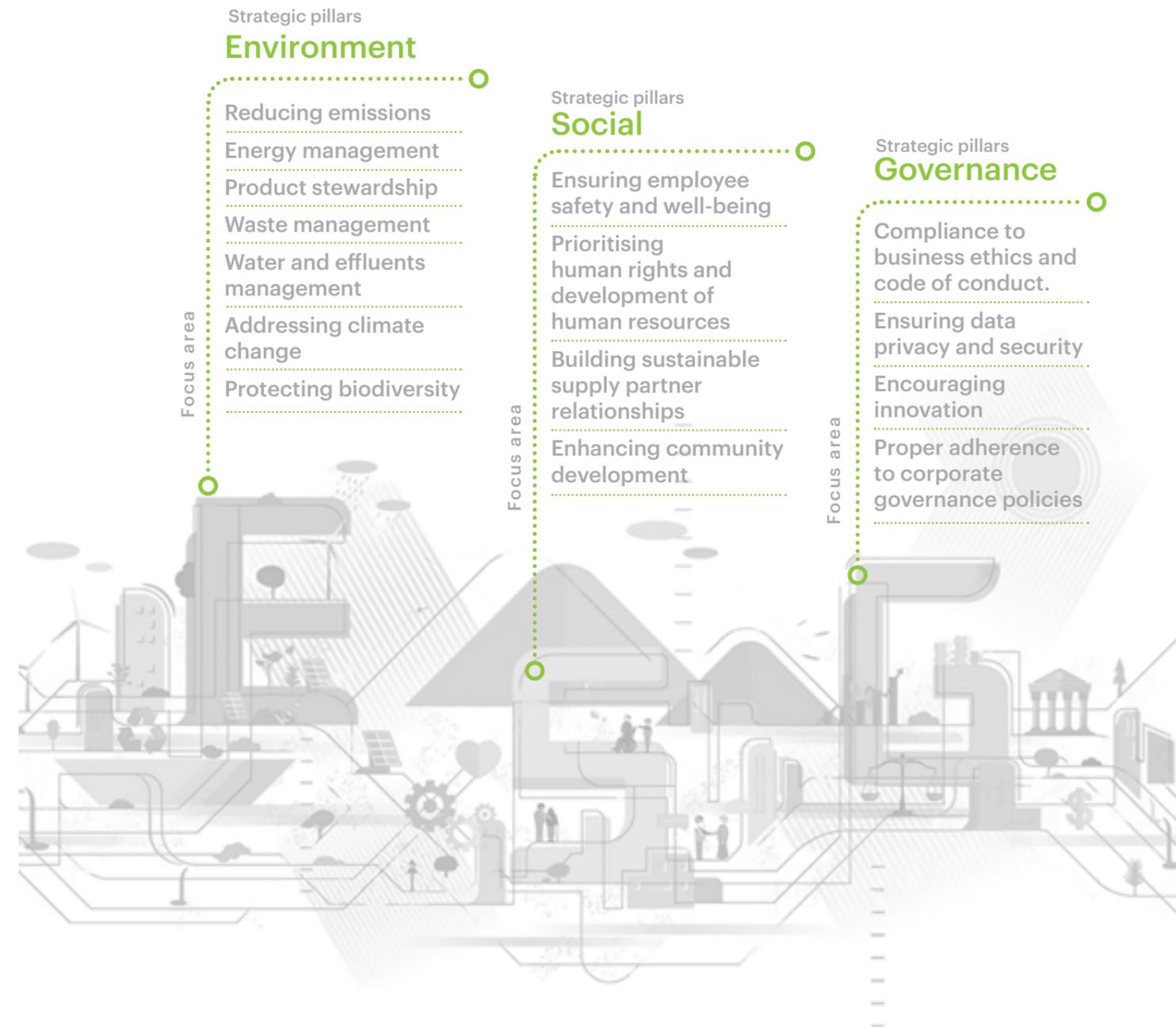
Environment, Social and Governance



We, at Sudarshan, conduct our business responsibly in line with our environment, social and governance objectives. We have always prioritised sustainable value creation through environment stewardship, social development and robust corporate governance. To ensure sustainable environment, we integrate environmental considerations into our business planning and operations. Recognising how crucial transparency, open communication and diverse perspectives are for our long-term progress we have set ambitious Environment, Social and Governance (ESG) goals towards water and carbon neutrality, zero waste to landfill, green chemistry and the well-being of personnel and partners and have already made significant progress. Going forward, we will remain steadfast in our endeavour to deliver high-quality products and services while upholding ESG principles throughout our organisation and value chain.

ESG Framework

The framework is aligned with the Company's higher purpose – "Growing together by being Spiritually Fulfilled, Socially Just, and Environmentally Sustainable"



Environment



We have undertaken various initiatives to promote environmental sustainability. Leveraging technological advancements and scientific progress, we have made it possible to accurately identify and manage our environmental footprint. To reduce the presence of Persistent Organic Pollutants (POPs) in our products, we have implemented innovative measures. Additionally, we ensure that our products contain minimal quantities of Volatile Organic Compounds (VOCs). We strictly adhere to the highest standards and regulations related to product and regional compliances, such as EU REACH, USFDA, Turkey REACH, UK REACH, US Toxic Substance Control Act, TPCHE, and others.

Our sustainability goals

<p>ACHIEVING A 42% REDUCTION IN GHG EMISSIONS BY FY 2032 COMPARED TO THE FY 2021 BASELINE.</p>	<p>CONSISTENTLY REDUCING SPECIFIC ENERGY CONSUMPTION BY 3% EVERY YEAR UNTIL 2030.</p>
<p>DECREASING SPECIFIC WATER CONSUMPTION BY 20% BY 2025-26 FROM THE 2020-21 BASELINE.</p>	<p>ATTAINING ZERO WASTE TO LANDFILL BY 2031-32.</p>

Our initiatives

Through numerous initiatives, we are committed to promoting a healthy and sustainable environment. We have a profound appreciation for nature and diligently attempt to protect it for future generations. Recognising the need of responsible business processes, we have been able to enhance our environmental and social impacts by investing in targeted programmes, streamlining our operations, lowering our ecological footprint, and benefiting society as a whole. Not only do we want to contribute to a healthy planet, but we also want to inspire sustainable practices within our industry.

- We improved operational efficiency to minimise resource consumption and waste generation.
- We implemented solvent recovery systems to reduce emissions and promote resource conservation.
- We reduced the presence of harmful persistent organic pollutants (POPs) in our products.
- We implemented waste reduction strategies to lower our environmental impact.
- We revamped our effluent treatment plant to effectively manage and treat wastewater.
- We upgraded our testing facilities to ensure compliance with environmental and social standards and regulations.

Improving the environment



Water Stewardship

Sudarshan has a state-of-the-art wastewater treatment facility at Roha and Mahad. During the reporting period our water consumption is decreased by 31%. Total water withdrawal during the reporting period was 3,550,255 m3. The Company consumes approx. 20% of water withdrawal and the rest is discharged as per regulatory norms. In addition, the organization has implemented various water-saving measures such as rainwater harvesting, use of recycled effluent and condensate recovery that has resulted in savings of 356,189 m3 of water.

Energy Efficiency - Cogen Power Plant

Sudarshan has installed 15 MW cogeneration power plants with two 62 TPH boilers at Roha site. The Cogeneration power plant helps in achieving higher fuel efficiency through waste heat recovery and steam condensation

systems. It can operate at 80-85% efficiency. The benefits of the Cogen Power Plant are as follows:

- CO2 emission reduction: Approximately 158 tCO2e per day due to waste heat and steam condensate recovery
- Emissions of Suspended Particulate Matter is less than 30mg/Nm3 because of installed ESP.





Energy Source Diversification

The Company aspires to increase the share of renewable energy in its total energy mix to decarbonize its operations. We have entered into power purchase agreements with renewable energy companies supplying power through wind-power and solar power. The Company has a guaranteed offtake of twenty-seven million units of renewable energy as a part of these agreements. During the reporting period, the company used 108,616 GJ of renewable energy which was 59% of its total purchased power consumption.



Biodiversity

Protecting the environment is a part of the core philosophy of Sudarshan. Our operating sites are located in industrial areas as notified by MIDC. We have undertaken a comprehensive environmental impact assessment to understand potential ecological and ecosystem risks and identify mitigation measures. Furthermore, to augment green belt, the Company has planted 1,645 tall trees within its premises and more than 1,800 outside its sites.



Waste Management - Anaerobic Digestion of Biological Sludge

Sudarshan is in the process of upgrading the anaerobic digestion technology from Anaerobic Hybrid Reactor (AHR) to Anaerobic Venturi Reactor (AVR). This will improve digester efficiency by an additional 20%. Methane captured will be used in the paddle drying process, canteen, or any other heating applications.



Social



At Sudarshan Chemicals, we are committed to creating a meaningful impact on society through our well thought-out CSR initiatives that address critical issues and contribute to sustainable development. We promote education and organise skill development programmes in partnership with various organisations, focusing on empowering local communities and fostering inclusive growth. To promote the health and well-being of our local communities, we engage in projects that enhance access to healthcare.

{ ₹ 302.8 lakh }
Total CSR spend

{ Women's empowerment and livelihood }
2,097 PEOPLE BENEFITTED

{ Health }
3,471 PEOPLE BENEFITTED

{ Education }
4,509 PEOPLE BENEFITTED

{ Environment and agriculture }
22,250 PEOPLE BENEFITTED

{ Community development }
19,441 PEOPLE BENEFITTED

Our CSR initiatives

SUDHA, Sudarshan's Holistic Aspiration, is our corporate social responsibility (CSR) initiative aimed at driving sustainable growth for women and children in communities surrounding the Company's plants. SUDHA engages in projects focusing on women's empowerment, livelihood, health, education, environment, and community development. The initiative aims to foster a movement that involves both the company and its local communities, working together to improve living standards and protect the environment. SUDHA has implemented various projects,

such as livelihood enhancement, employment enhancement, health improvement, education promotion, community development, and environment sustainability, benefitting thousands of people near its facilities.

Redressing grievances of the community

In order to ensure the well-being of our local communities, we have devised effective grievance redressal mechanisms for receiving and resolving grievances. We have set up a community outreach centre, serving as a central hub for residents to voice their concerns and seek assistance.

We also organise regular community forums and meetings, providing platforms for open discussions where individuals can share their problems without any fear of retaliation. Our dedicated help desk, staffed with trained personnel, promptly addresses and resolves community concerns. Additionally, we have strategically placed complaint boxes throughout our localities to encourage anonymous feedback. We offer mediation and conflict resolution services, providing a neutral ground for parties to find mutually agreeable solutions.

Good governance initiatives

We have implemented various governance initiatives to stay abreast of changing regulations. These measures contribute to the fulfilment of increasing stakeholder expectations concerning good governance practices. Our initiatives include enacting robust policies and standard operating procedures (SOPs) to ensure good corporate governance and creating an ESG Steering Committee responsible for overseeing governance for sustainability. The leadership team plays a crucial role in assisting the Board in achieving its ESG objectives.

Code of Conduct

We abide by a comprehensive Code of Conduct that reaffirms our commitment to combatting corruption and bribery. Moreover, our board members and senior management have their own Code of Conduct, which requires them to disclose any personal or business interests that may pose a conflict of interest with the Company. They also make an annual declaration declaring their commitment to acting in the best interests of the organisation and ensuring no conflicts arise from their external associations or transactions. We take these measures seriously as we strive to foster a culture of integrity and responsible corporate behaviour throughout Sudarshan.

Human Rights

At Sudarshan, we are dedicated to protecting fundamental Human Rights. To this end, we have adopted a comprehensive Human Rights Policy that serves as a guiding framework for our organisation. Our human rights policy is based on and derived from the UN Guiding Principles on Business and Human Rights. We provide comprehensive training to ensure its understanding and implementation across the board and to ensure that all our personnel are well-informed about this policy. As part of our endeavour to create a safe and inclusive workplace, we have in place a strong grievance redressal mechanism. It ensures that all concerns, including those related to sexual harassment, such as POSH, are promptly addressed without any retaliation. We have a zero-tolerance stance on any violations and those found guilty face immediate disciplinary action as per policy.

Governance



As a responsible organisation, we prioritise good governance practices for our sustained growth. We uphold transparency, accountability, and ethical conduct in operations, aligning decision-making processes with ESG considerations. We engage with shareholders, employees, and communities, ensuring their feedback plays a crucial role in determining our governance practices. Additionally, we maintain robust systems for risk management, compliance, and reporting, adhering to regulations and standards. Regular audits evaluate and improve governance practices, which helps create long-term value, foster trust and contribute positively to a sustainable future.



Award and Accolades



Mahabrand Award



Navabharat CSR Awards 2023 for Excellence in CSR Activities



Global Clean village Award



National CSR Excellence Award for 'Integrated Village Development Project' -2022



Lokmat Achievers Award 2021



Achieved the prestigious Silver Recognition Level in the annual EcoVadis Sustainability Rating



Mahatma Award



NHRD HR Award Photo



BEST CSR video award received in India's 1st CSR Film festival.



Suryagaurav National Award 2021 for exemplary contribution in the field of CSR & Skill Development in the Kokan region of Maharashtra

Board of Directors



Mr. Pradeep R. Rathi
Chairman

Mr. Pradeep Rathi has completed his MS in Chemical Engineering from MIT, USA and his MBA from Columbia University, USA. He was actively involved with the Indian Chemical Manufacturers' Association previously.

Mr. Rathi is a past Chairman of the Dyes and Dye Intermediate Sub-Committee and the Planning and Development and Exports Sub-Committee. He was also the past president of the Rotary Club of Poona.

Mr. Rathi acted as Chairman of the Foreign Trade Sub-Committee of the Mahratta Chamber of Commerce, Industries and Agriculture.

Mr. Rathi has been associated with Sudarshan for more than four decades and he retired as a Managing Director of the Company in 2018. Mr. Rathi also holds Directorship positions in other listed entities.



Mr. Rajesh B. Rathi
Managing Director

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



Mr. Ashish Vij
Wholetime Director

Mr. Ashish Vij 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 the 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. S. A. Panse
Non-Executive and Independent Director

Mrs. Panse has completed an MSc, a D.B.M. (Diploma in Business Management), a Masters in Management Sciences with a specialisation in Financial Management from Pune University and MBA with a specialisation in Bank Management from Drexel University, USA. She also has a professional qualification, C.A.I.I.B. (Certified Associate of the Indian Institute of Bankers). Mrs. Panse is highly respected and admired in the banking sector for her outstanding contributions and her illustrious career full of many milestone achievements and contributions. She was appointed as Executive Director of Vijaya Bank by the Government of India and later promoted to Chairperson and Managing Director of Allahabad Bank until she retired in January 2014. Currently, she serves on the Boards of several reputed companies in India.



Mrs. Rati F. Forbes
Non-Executive and Independent Director

Mrs. Rati Forbes is a Director of the Forbes Marshall Group. She heads Forbes Marshall's Foundation and is responsible for the CSR activities of the group. Recognised for her social initiatives both within the company and in the external world, she chaired the Confederation of Indian Industry's western region cell for social development for six years, sensitising corporate entities on their social responsibilities.

She has served on the boards of two international foundations; she serves as an Independent Director on Listed companies as well as on the boards of various foundations and non-profits across India. She graduated in Psychology and Sociology from Mumbai University and holds a Master's degree in Sustainability Management and Leadership from Cambridge University, UK.



Mr. Dara N. Damania
Non-Executive and Independent Director

Mr. Dara Damania is a renowned technocrat. He had a very long association with ThyssenKrupp Ag Group, Germany and his role was instrumental in the significant progress made by ThyssenKrupp Industries, India, during his tenure with the Group. He is also associated with several leading Companies as an Independent Director.



Mr. S. Padmanabhan
Non-Executive and Independent Director

Mr. S. Padmanabhan is a former IAS Officer. He has had a distinguished career as a bureaucrat, where he held various positions in the Government of Maharashtra, including Director - Tourism, Managing Director - SICOM, Commissioner, Aurangabad Division, etc. He has wide experience in Industrial Projects, Finance and Administration. Subsequent to his retirement, he is associated with several leading companies as an Independent Director, Management Consultant and Advisor.



Mr. Sanjay K. Asher
Non-Executive and Independent Director

Mr. Sanjay Asher is a qualified Chartered Accountant and Commerce and Law Graduate from Mumbai University. He is a practising Solicitor and Advocate and is a Senior Partner with Crawford Bayley & Co., which is India's oldest law firm, established in 1830. He specialises in the fields of Corporate Law and Commercial Law, Cross-Border M&A, Joint Ventures, and Capital Markets. He serves as an Independent Director of various reputed public and private companies in India.

Board of Directors



Mr. Naresh T. Raisinghani
Non-Executive and Independent Director

Mr. Naresh Raisinghani is the CEO and Executive Director of BMGI, India, which is engaged in providing consultancy services to reputed corporate houses. He has completed his Owner / President Management Programme from Harvard Business School and his Bachelors in Mechanical Engineering from the University of Mumbai. Mr. Raisinghani is widely regarded as a leading thinker and an expert on Operational Excellence, Innovation and Strategy Deployment.



Dr. Deepak Parikh
Non-Executive and Independent Director

Dr. Parikh has a PhD in Polymer Science and Engineering from University of Tennessee, USA and has more than 30 years of experience in speciality chemicals, commodity plastics, chemicals and materials. Dr. Parikh is associated with various companies in India and abroad as a Management Consultant and Independent Director.



Mr. Anuj N. Rathi
Non-Executive and Non-Independent

Mr. Anuj Rathi holds a Bachelors in Science from University of Alabama, USA, a Master's 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 has been associated with the Company for over 15 years in various capacities, including being the Global Head of Cosmetics Division of the Company.

Corporate Information



Board Composition

Mr. P. R. Rathi Non-Executive Chairman	Mr. R. B. Rathi Managing Director	Mrs. S. A. Panse Non-Executive and Independent Director
Mrs. R. F. Forbes Non-Executive and Independent Director	Mr. D. N. Damania Non-Executive and Independent Director	Mr. S. Padmanabhan Non-Executive and Independent Director
Mr. S. K. Asher Non-Executive and Independent Director	Mr. N. T. Raisinghani Non-Executive and Independent Director	Dr. Deepak Parikh Non-Executive and Independent Director
Mr. A. Vij Wholetime Director	Mr. A. N. Rathi Non-Executive and Non-Independent Director	

Committee composition

Audit Committee

Mrs. S. A. Panse Chairperson	Mr. D. N. Damania Member	Mr. S. Padmanabhan Member (effective 9 th February, 2023)
Mr. S. K. Asher Member		

Nomination and Remuneration Committee

Mr. D. N. Damania Chairperson	Mr. S. K. Asher Member	Mr. N. T. Raisinghani Member
Mrs. R. F. Forbes Member		

Stakeholders' Relationship Committee

- Mr. S. K. Asher**
Chairperson
- Mr. P. R. Rathi**
Member
- Mr. R. B. Rathi**
Member

Risk Management Committee

- Mr. D. N. Damania**
Chairperson
- 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

Corporate Social Responsibility Committee

- Mrs. R. F. Forbes**
Chairperson
- Mr. P. R. Rathi**
Member
- Mr. R. B. Rathi**
Member

Finance Committee

- 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

- Mr. P. R. Rathi**
Member
- Mr. R. B. Rathi**
Member
- Mr. A. Vij**
Member

List of Directors and Senior Management of subsidiary companies

RIECO Industries Limited

- Mr. D. N. Damania**
Chairman and Non-Executive and Independent Director
- Mr. V. Bhatia**
Managing Director
- Mr. S. Padmanabhan**
Non-Executive and 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
- Mr. M. Patil**
Wholetime Director

Sudarshan Mexico S de R.L. de CV

- Mr. R. B. Rathi**
Director
- Mr. Ramesh Dumbre**
Director

Sudarshan North America Inc.

- Mr. R. B. Rathi**
Director
- Mr. Frank Bursch**
Director

Sudarshan (Shanghai) Trading Company Limited

- Mr. R. B. Rathi**
Director

Sudarshan Europe B.V.

- Mr. R. B. Rathi**
Director
- Mr. Milan Krumbe**
Director
- Mr. Vincent Bembaron**
Director

Sudarshan Japan Limited

- Mr. R. B. Rathi**
Director
- Dr. Deepak Parikh**
Director
- Mr. Eiichi Shimizu**
Director, Lead Business Excellence and Digital Ink

Sudarshan CSR Foundation

- Mr. P. R. Rathi**
Director
- Mr. R. B. Rathi**
Director

**Management
Discussion and
Analysis**

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Management Discussion and Analysis



Global Economic Overview

In FY 2022-23, the global economy continued to grapple with several macroeconomic pressures. The continued war between Russia and Ukraine, the impact of supply chain disruptions and mounting inflationary pressures affected countries globally. The sudden surge of COVID in China dampened growth prospects further, as global inflation remained high at an escalated 8.7%¹.

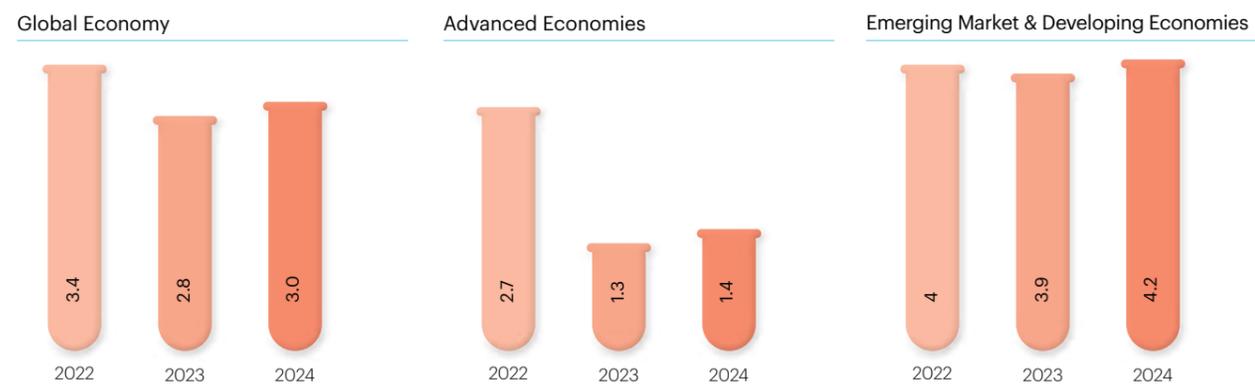
The global economy demonstrated tentative signs of a soft landing in early 2023. The recent financial sector turmoil and sticky inflation

have posed a risk to sustained growth. The slowdown is most pronounced in advanced economies, especially in the Eurozone and the United Kingdom. Moreover, central banks' monetary policies are expected to bear fruit, contributing to a drop in global inflation. The Emerging Markets and Developing Economies (EMDEs), including India, are powering ahead, with growth rates anticipated to witness a significant upsurge this year.

In terms of the global economy, the baseline forecast is that growth will decline from 3.4% in 2022 to 2.8% in 2023 before levelling off at 3.0% in 2024. Conversely, a particularly sharp

drop in growth, from 2.7% in 2022 to 1.3% in 2023, is anticipated for advanced economies. Despite this, the baseline global headline inflation rate is projected to drop from 8.7% in 2022 to 7.0% in 2023 as a result of reduced commodity prices, however the rate of decline for underlying (core) inflation is anticipated to be slower. Even if monetary policy has tightened, domestic demand in EMDEs like India and China has so far remained healthy. The IMF projects that these regions will contribute significantly to the global economy in FY 2024 as its anticipated expansion accelerates to 4.2% from 3.9% in over the previous year FY 2023².

Growth projections - Real GDP growth percent.



International Monetary Fund
(Source: IMF World Economic Outlook, April 2023)

IMF. org #WEO

Indian Economy Overview

India sustained its position as the world's fastest-growing major economy after remaining mostly insulated from the gloomy global outlook in FY 2022-23. Throughout this year, the domestic economy demonstrated remarkable resistance to global headwinds. The National Statistical Office's (NSO) second advance estimate reveals that the Indian economy is in a sweet spot and expected to clock a growth rate

of 7% in FY 2023-24. Amid global uncertainty, the Indian economy continues to be resilient.

In the fiscal year under review, there was a consistent rise in GST collections, electronic toll collections and the volume of E-Way bills generated. Indicators of the services sector (UPI transactions, high credit demand) also point towards sustained expansion.

Notwithstanding the fact that the post-pandemic private investment

recovery is still in its nascent stage, there are early signs that suggest that India is well-positioned for a robust investment upcycle in both the manufacturing and services sectors.

Overall, India's demand remains conducive to economic growth. India remains bullish about the next fiscal year on the back of its underlying and overall macroeconomic stability. However, it remains cautious about emerging geopolitical and geo-economic concerns.

Global Pigment Industry Overview

Pigments find application in a wide range of industries, such as paints, coatings, plastics, printing inks, textiles and cosmetics. Dyes and pigments are the dominant sub-segment of India's speciality chemicals market. The end-user industries include textiles, paints and coatings, as well as personal care products such as cosmetics and hair care.

to major destabilizations in pigment industry leading to plant shutdowns and disruptions in production.

Market Consolidation

The last few years have also been marked by acquisitions and consolidation among major players in the pigments industry. This has been a key factor in the pigment industry.

China, plus one

Post Covid, China plus one movement was much talked about,

with low-odor and without migratory substances.

European Demand to remain flattish; long term opportunities for Indian Exporters

The European Union (EU) demand is expected to remain largely flattish over FY 2023-24 as the region continues to grapple with increasing energy costs which will have a negative impact on manufacturing costs. The increased cost of production is likely to result in high chemicals prices within EU, thus encouraging imports from lower cost regions including India.

Key Growth Drivers

Higher demand for pigments in various end-use applications

Pigments are extensively employed in a variety of end-use applications, including paints, coatings, plastics, printing inks, textiles and cosmetics, as they are fundamentally necessary for colouring and improving the aesthetic appeal of products. In the construction business, pigments are used to colour, mortar, and other building materials. While pigments are used to colour paints and car coatings in the automotive industry, they also play a role in the packaging sector to colour plastic films and containers. The development of the automotive, packaging, consumer goods, cosmetics and construction industries will have a considerable impact on the need for pigments.

Adoption of high-performance pigments

High-performance pigments offer superior colour strength, stability, and durability. They are used in applications that require high-quality and long-lasting colour. The greater demand for high-performance pigments from industries such as automotive, aerospace and electronics is expected to drive market growth.

Growth of emerging economies

Rising populations, urbanisation, and enhanced standards of living in these regions are expected to fuel demand for pigments in



The market for dyes and pigments was estimated to be worth US\$ 38.2 billion in 2022 and is expected to grow at a CAGR of 5.3% between 2023 to 2030 reaching a market size of US\$ 57.8 billion by 2030. During the projection period, the Asia-Pacific region is predicted to experience the fastest CAGR growth in product demand. An expanding building sector, rapid industrialisation, and urbanisation, along with rising disposable income in the region's emerging economies, will be the main driving forces of this sector³.

The pigment industry has faced many challenges as other businesses due to current geo-political events – increase in overall inflation, subdued demand, supply chain disruptions, exponential increase in prices of raw materials, energy, and logistics. This has led

however this momentum has gathered pace now. This China, plus one movement, will benefit domestic producers as global end-use industries looking to de-risk their supply chains from Chinese suppliers look at establishing and diversifying outside of China. This is a positive for the Indian pigment industry which stands to gain immensely from this trend.

Long term shift in type of pigment

The printing ink market, the biggest consumer of pigment is expected to decline gradually as sales for printed publications start to decrease. Even though there will be an overall reduction in the demand for Printing ink, demand for digital ink is expected to grow. The packaging market continues to be an area of consistent growth with demand for sustainable products. The consumers are pushing ink makers to focus on regulatory compliant inks

various applications. The growth of the food and beverage industry is also expected to create new opportunities for the pigment market, as pigments are used to improve the visual appeal of food products. Furthermore, the EMDEs' construction industry is expanding due to favourable government initiatives, strong assistance, and investment, which is expected to contribute to an increasing demand for goods throughout the Asia-Pacific region. The burgeoning personal care and cosmetics industry in India will further accelerate the demand for organic pigments.

Business Overview

Sudarshan has a wide portfolio of organic and inorganic product offerings, including azos, high-performance pigments, phthalocyanines (blue and green) and pearlescent pigments, among others, which are utilised in a range of finished products and end applications.

Over the last decade, Sudarshan has transformed from being a domestically oriented company to a leading global provider of colour solutions to a worldwide clientele. This transformation was achieved by focussing on establishing a portfolio of specialty pigments, growing our international business and building a world-class organisation.



The Company's investments in the pigment technical marketing capabilities during this period also helped in growing speciality pigment.

Over the last few years, The Company has embarked on transformation journey and have made significant investments in new product capabilities, in adding capacities in the existing pigment business, building new businesses of specialised pigment chemistries and creating world class infrastructure. All these projects will drive the company's future growth. From the long-term perspective, this has transformed product portfolio into one with the widest and most comprehensive product range in the industry.

The Company caters to international markets through globalised operations in countries such as Europe, North America, Mexico, China, Japan, and several other geographies. With strong sales teams, focus on product quality and supply chain management, we have seen growth in export market. Key account management and building healthy customer relationship over the years, has also helped in growing the international business. We expect higher growth to continue in the international market.

The Company is the market leader in the domestic market with around 35% market share. With

the expansion of product portfolio, resilient Indian economy, we expect, domestic business continues to grow.

The Company focuses primarily on product innovations, efficiency, R&D, and sustainability. Sudarshan has a team of highly qualified scientists and engineers working to develop new products and enhance existing ones. This team constantly strives to explore new products, technology and processes that can be used to develop superior, eco-friendly, and more sustainable colour solutions.

Sustainability continues to be central to Sudarshan's functioning and is embedded across all facets of our operations. The Company strives to lower its carbon footprint through the implementation of energy-efficient practices and increasing in renewable energy sources. To ensure the adoption of ethical practices throughout the supply chain, we collaborate with suppliers and undertake responsible sourcing of raw materials.

Financial Overview

Despite the setbacks we faced by various macro events such as Geo-political situation, inflation across economies, restrictive monetary policies, we ended the financial year with stable performance.

The Company's gross margin was impacted due to rising raw material costs and limited ability of price pass through which was due to subdued demand across the globe. Apart from raw material costs, energy costs and logistics costs have remained high for majority part of the year. The Company had aggressively pursued cost reduction efforts considering the difficult external environment and executed a pricing strategy with a balanced approach to maintain volume growth.

Despite recent disruptions in the industry, we have successfully commissioned several capex projects which we will continue to gradually scale-up over the next few years.

Going forward, as we pursue our goal of being amongst the top three pigment manufacturers in the world, we will continue to expand our product portfolio, strengthen our manufacturing capabilities, explore new markets, invest in our people and integrate sustainability into all areas of our business.

Standalone

The Company's total income on a standalone basis is ₹1,980 crore vs ₹1,927 crore, a growth of 3%. EBITDA was ₹181.5 crore in FY 2022-23 as against ₹233.3 crore in FY 2021-22 and Profit After Tax was ₹31.4 crore as against ₹100.4 crore the previous year. Earnings Per Share {excluding exceptional items (net of related tax) and tax related to earlier year} in FY

2022-23 were ₹4.5 as compared to ₹14.5 over the previous fiscal.

Pigment consolidated

Segment revenue for the pigment business was ₹2,079.1 crore as against ₹2,019.7 crore in FY 2021-22, registering a growth of 3% YoY. EBITDA stood at ₹193.7 crore (9.3%) in FY 2022-23 as compared to ₹269.3 crore (13.3%) last fiscal. Export sales reported were ₹1,024 compared to ₹987 crore in FY 2021-22, a growth of 4% YoY. Domestic sales grew by 2% YoY and was reported to be ₹1,055 crore. Sales from the speciality pigment business stood at ₹1,435 crore and formed 69% of revenues. Non-speciality sales formed 31% of revenues and stood at ₹644 crore.

Consolidated

The Company's total income grew by 5% to ₹2,306.5 crore on a consolidated basis from ₹2,205.8 crore in FY 2021-22. EBITDA for the year stood at ₹210.6 crore with margins of 9.2% as compared to ₹274.8 crore with margins of 12.5% during the prior year.

Profit after tax was recorded at ₹44.8 crore in FY 2022-23 as compared to ₹130 crore in FY 2021-22".

Earnings Per Share from deducting extraordinary items (net of associated tax) and tax connected to the preceding year was at ₹6.5 as compared to ₹18.8 in the previous year.

Particulars	Standalone		Consolidated	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Income from Operations	1,976.1	1,918.9	2,301.7	2,200.8
Other Income	4.2	8.4	4.8	5.0
Total Income	1,980.3	1,927.3	2,306.5	2,205.8
Earnings before interest, tax and depreciation and amortization (EBITDA)	181.5	233.3	210.6	274.8
Profit before tax and exceptional items	37.8	137.5	59.8	171.1
Less: Tax Expense	6.4	37.1	15.0	41.1
Profit after tax	31.4	100.4	44.8	130.0

Key Ratios (Consolidated)	FY 22-23	FY 21-22
Return on Capital Employed (ROCE)	6.1%	11.5%
Debt to Equity Ratio	1.0	1.0
Current Ratio	1.1	1.1
Earnings Per Share	6.5	18.8
Operating Profit Margin	9.2%	12.5%
Net Profit Margin	2.0%	6.0%
Debt to Tangible Net Worth	1.1	1.0
Debt Service Coverage Ratio	1.0	1.5
Interest Coverage Ratio	4.5	10.6
Cash Conversion Cycle (in days)	74	96

Risks and Concerns

Framework and risk management

The Company recognises the potential threat from emerging risks, including sectoral risks, sustainability risks, operational risks, financial risks, and cyber/information risks. Effective risk management, coupled with the capacity to capitalise on opportunities, are key components of the Company's risk management framework.

At Sudarshan, risk management is an ongoing procedure that entails identifying, evaluating, and prioritising risks, as well as applying resources in a coordinated and economical way to lessen, monitor and control the likelihood and/or impact of uncertain events or to maximise the realisation of opportunities. Additionally, risk management seeks to detect and control any potential dangers that could have severe consequences.

The Board of Directors oversee the Company's risk management framework. In compliance with Regulation 21 of the 2015 Listing Regulations, a Risk Management Committee has been established. Reviewing the Company's risk management strategy and ensuring that risks are managed within acceptable bounds are the Committee's major objectives. A documented risk management policy and an up-to-date risk register are part of the Company's risk management system. Sectoral risks, sustainability risks, operational risks, financial risks, and cyber/information risks are all compiled in a risk register. Risk ratings and management controls are also included here. Considering changes in the operational environment and the Company's operations, these are continually reviewed and updated. Additionally, independent assessments of risk management controls

and procedures are carried out every year, with the results reviewed twice annually by the Risk Management Committee.

Additionally, the Company has a strong insurance programme with the goal of transferring insurable risks for future catastrophic losses.

Navigating through uncertainties with strategic initiatives

The Company periodically reviews uncertainties and after careful evaluation, short- and long-term measures are finalised and implemented to reduce risks. FY 2022-23 also presented several challenges, including global supply chain interruptions and soaring inflation that worsened as a result of geopolitical unrest. Amidst supply chain disruptions and inflationary trends, the procurement team took several measures to ensure raw material availability and efficient procurement. The Manufacturing and Operations team ensured efficient manufacturing and focused on aggressive cost cutting, the Sales team took a calibrated approach on product pricing and price negotiations for margin protection as well as growth. The

projects and product development team also worked to complete commissioning of entire capex project plan.

Environmental, Social and Governance (ESG)

The Company is dedicated to safeguarding the environment and diligently works to conserve limited natural resources. As India's leading pigment manufacturer, Sudarshan seek to play a key role in advancing the country's chemical sector towards sustainability. It acknowledges the fact that sustainable business growth results from understanding and addressing environmental challenges in all aspects of its operations, including product creation and delivery.

Sudarshan's social duty goes beyond legal requirements. It is deeply embedded in the Company's culture. To assist its people, business partners and communities, the Company has undertaken various initiatives that have enabled it to better manage the emotional health of its employees and their

families. Under Sudha, various programmes focused on women's empowerment, education, health and community development are being conducted. The goal of these programmes is to foster holistic community development.

Additionally, Sudarshan has aligned its organisational ideology by incorporating the fundamentals of good governance because it prioritises professional conduct and robust corporate governance. We have strengthened the ERM framework and internal business mechanisms and remain committed to enhancing our business practices further.

Initiatives implemented for a greener environment

Being a responsible corporate entity, the Company is cognisant of its environmental footprint and endeavours to reduce it through calibrated, need-based measures. Energy Management, Water Management, Waste Management and Climate Change are key focus areas for us, and we have set specific, timebound targets under each of them. Sudarshan complies with all environmental

laws and regulations. We have made significant investments in the renewable energy space, including solar and wind energy. Sudarshan contributes to overall sustainability by reducing and minimising waste, managing trash and recycling. We have set up sophisticated effluent treatment facilities and waste management systems across the manufacturing locations to minimise environmental damage.

People and Culture

Fostering employee engagement

Sudarshan puts its employees first and is committed to ensuring their overall well-being. The Company acknowledges the role of its human capital and how crucial it is for creating shared value because companies are centred around people. Whether it be in terms of compensation, health and safety, well-being, or learning and development, Sudarshan has always adopted fair work practices. With numerous engagement and development activities, Sudarshan is dedicated to creating a secure and uplifting work environment. The Company has initiated several

programmes to ensure a positive and healthy work culture in order to create an open, engaging, and lively work environment.

Diversity & Inclusion Initiatives

Sudarshan is an equal opportunity employer and strives to create an inclusive workplace and work culture. The Company is committed to treating all people with respect, care, fairness, sensitivity, and dignity.

SUDA SAKHI ERG (Employee Resource Group) is a platform developed for women to discuss their challenges and concerns. Every month 2 training sessions are conducted on various topics like health and safety, self-defence, and emotional well-being.

The Company proactively works towards ensuring that its workforce comprises people with disability, subject to applicable regulations, qualifications, and merit of the individual. As on March 31, 2023, Company has six differently abled personnel working in various departments.

SUDA Tribe is an ideation workshop which aims to bring a diverse

work group together to create conversations and exchange ideas for cultural integration. SUDA Tribe has provided a platform for employees, old-timers, and lateral hires, to meet and share their experience.

Sudarshan Learning Academy

The Company strives to foster the holistic growth of its personnel and help them acquire new skills. It has created a platform called the Sudarshan Learning Academy. The Company has embarked on a transformational journey to hone the capabilities of its personnel and created a competency-building plan for senior and mid-level managers to develop their technical and behavioural competencies.

Internal Control Systems and their Adequacy

Sudarshan 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 developed and put in place a robust internal control framework considering the nature, size and



risks that could hinder them from achieving its objectives. Adequate internal control systems are in place along with reasonable assurances on authorising, recording and reporting transactions in its operations. The Company had already developed and implemented a framework to ensure internal controls over financial reporting. This framework includes entity -level policies, processes and operating level standard operating procedures (SOPs). Internal control systems are an integral part of the Company's Corporate Governance structure. Information Technology (IT) policies and processes play a key role in achieving these 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 further help maintain financial and commercial discipline.

The entire control framework is designed to provide reasonable assurance about the credibility of data and compliance, 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 and 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 2023. Sudarshan has appointed Price Waterhouse Coopers (PWC) to assess the effectiveness of its internal financial controls. Their assessment was based on an internal audit plan, which was reviewed in consultation with the Audit Committee and was 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 the Listing Regulations, 2015), the Company's Audit Committee has concluded that, as of 31st March 2023, the Company's internal financial controls were adequate and operating effectively.

Cautionary Statement

Under the applicable securities laws and regulations, certain comments within 'Management Discussion and Analysis' that describe the Company's goals, plans, estimates, expectations, or predictions may be considered 'forward-looking statements.' The Company's operations are influenced by several internal and external factors that are beyond its control. Therefore, even though the expectations are based on reasonable assumptions, the actual results may materially differ from those stated or indicated. The Company denies any obligation to update any forward-looking statements in the public domain in light of new information, future developments, or other factors.



Directors' Report 2022-23

Your Directors are pleased to present the 72nd Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2023.

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), the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act.

1. FINANCIAL HIGHLIGHTS:

	₹ in Lakhs	
Particulars	FY 2022-23	FY 2021-22
Revenue from Operations	197,610.5	191,891.1
Earning Before Interest, Tax, Depreciation and Amortisation	18,562.3	24,166.4
Less : Interest	3,668.9	1,731.1
Less : Depreciation	11,110.7	8,689.5
Less : Provision for Tax	641.7	3,708.2
Total Profit After Tax	3,141.0	10,037.6
Other Comprehensive Income	(2,202.4)	187.1
Total Comprehensive Income	938.6	10,224.7
Add : Surplus Brought Forward	59,123.7	53,322.2
Transfer from OCI to Hedge Reserve	2,235.8	(269.6)
Net Profit available for appropriation	62,298.1	63,277.3
Appropriation		
Final Dividend	(3,461.4)	(4,153.6)
Surplus to be carried forward	58,836.7	59,123.7

2. (A) FINANCIALS:

Revenue from operations for the year ended 31st March, 2023 aggregated to ₹197,610.5 lakhs as against ₹191,891.1 lakhs achieved during the previous year. Profit after tax from for the year ended 31st March, 2023 was ₹3,141.0 as against ₹10,037.6 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, 2023 stood at ₹230,652.2 lakhs, as compared to ₹220,580.8 lakhs in FY 2021-22.

During the year under review, your Company faced many challenges viz. complex geo-political situation arising out of Russia-Ukraine crisis, leading to adverse impact on global demand and unprecedented increases in prices of raw materials and indirect materials. Further, strict lock-down restrictions imposed in China resulted in drastic

reduction in domestic demand in China for pigment products. Global markets were flooded with excess supplies which also had an adverse impact on demand. The commercialization of capital expansion programmes of the Company were delayed on account of global restrictions imposed on account of two waves of Covid-19. These factors primarily resulted in lower sales volumes and lower margins.

(B) EXPORTS:

Your Company continues to 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 performance of the Company's Wholly Owned Subsidiaries had an impact on account of weak global demand arising from the evolving complex geo-political situation. Your Company is confident that 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 once there is improvement in the scenario of complex geo-political situation.

(C) OPERATIONS:

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

(D) CAPACITY EXPANSION:

During the year, the Company continued its expansion plans and has incurred capex spend of ₹184.5 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 II** for highlights of performance of abovementioned companies and their contribution to the overall performance of the Company during the year under review. The Company has 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. SALE OF FREEHOLD LAND AND SHIFTING OF REGISTERED OFFICE WITHIN THE LOCAL LIMITS

On 6th April, 2023, the Company completed the sale of Company's freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune – 411 001, Maharashtra, India, for a total consideration of ₹356,00,00,000/- (Rupees

Three Hundred and Fifty-Six Crores only). The buyer is a third-party buyer and not belonging to the Promoter or Promoter Group / Group Company(ies) and the transaction does not fall under the ambit of Related Party Transaction(s).

The Board of Directors also approved shifting of the Registered Office of the company from “162 Wellesley Road, Pune – 411 001, Maharashtra, India” to “7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411045, Maharashtra, India”, i.e. within the local limits of Pune City and within the same jurisdiction of office of the Registrar of Companies, Pune (Maharashtra), with effect from closing business hours on 6th April, 2023.

4. DIVIDEND:

The Board of Directors at its meeting held on 23rd May, 2023, had recommended a Final Dividend of ₹1.50/- (One Rupee and Fifty Paise only) per Equity Share of ₹2/- each (i.e. 75 %) for FY 2022-23. A proposal seeking shareholders' approval for declaration and payment of the said Final Dividend for FY 2022-23 is forming part of the Notice. If approved by shareholders, the Final Dividend shall be paid on or before 4th September, 2023. 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 shareholders. The Company shall accordingly, make the payment of Final Dividend after deduction of tax at source. The dividend payout is in accordance with the Company's Dividend Distribution Policy.

For the year ended 31st March 2022, the dividend paid was ₹5/- per Equity Share of ₹2/- each, (i.e. 250%). The Dividend Distribution Policy of the Company is provided as **Annexure III** 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. (A) SHARE CAPITAL:

The paid-up Equity Share Capital as on 31st March, 2023 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.

(B) NON - CONVERTIBLE DEBENTURES:

The Board of Directors at its meeting held on 28th March, 2022, had accorded its approval for issue of unsecured non-convertible debentures on private placement basis upto ₹200 Crores, in one or more tranches / series, subject to approval of shareholders. Approval of shareholders by way of Special Resolution through Postal Ballot was received on 13th May, 2023. The Finance Committee of the Board of Directors vide its resolution dated 18th July, 2022, approved allotment of 990 (Nine Hundred and Ninety only) Unsecured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures ("NCDs") with face value of ₹10,00,000/- each on private placement basis. The said NCDs are listed on the Wholesale Debt Market Segment of BSE Limited effective 21st July, 2022 (ISIN: INE659A08036; BSE Scrip Code: 974058).

6. TRANSFER TO RESERVE:

As permitted by the Companies Act, 2013, and Rules made thereunder, the Directors do not propose to transfer any amount to the General Reserve pertaining to FY 2022-23.

7. FIXED DEPOSITS:

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, and hence as on 31st March, 2023, there are no deposits outstanding, except as required statutorily and which have been unclaimed at the end of the year under review.

8. DIRECTOR'S 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 2022-23, 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 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 Obligations and Disclosure Requirements) Regulations, 2015 ("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 a Practicing Company Secretary regarding compliance with the 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 AND SUSTAINABILITY 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 and Sustainability Report (“BRSR”) with effect from FY 2022-23.

Since the Company is amongst the top 1000 listed entities as on 31st March, 2023, the Company has presented its BRSR for FY 2022-23, which forms 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 the 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 IV** 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.

As on 31st March, 2023, the composition of the Audit Committee is as under –

- a) Mrs. S. A. Panse – (Non-Executive and Independent Director) Chairperson
- b) Mr. D. N. Damania – (Non-Executive and Independent Director) Member
- c) Mr. S. Padmanabhan – (Non-Executive and Independent Director) Member (inducted effective 9th February, 2023)
- d) Mr. S. K. Asher - (Non-Executive and Independent Director) Member

All recommendations made by the Audit Committee were deliberated and accepted by the Board during FY 2022-23.

14. CORPORATE SOCIAL RESPONSIBILITY:

The Company has in place a Corporate Social Responsibility (“CSR”) Committee constituted as per the provisions of Section 135 of the Companies Act, 2013, and Rules made thereunder, details of which are mentioned in the Report on Corporate Governance 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 V**. 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, community development, and education etc, and the projects would be planned and implemented accordingly.

The Company shall spend at least 2% (two per cent) 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 V**.

15. RISK MANAGEMENT AND CONTROL:

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 Company’s policies and risk objectives. The Committee holds meetings periodically where the gap between two meetings does not exceed 180 days. The risks faced by the Company and their minimization procedures are assessed periodically.

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

compliance processes, the Company has an internal compliance tool for assisting statutory compliances. This process is automated and generates 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 Report on Corporate Governance.

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>.

The managerial remuneration amounting to ₹500.8 Lakhs paid to Mr. R. B. Rathi, Managing Director (DIN: 00018628) is in excess of limits prescribed under Section 197 of the Companies Act, 2013, by ₹277.3 Lakhs. The said remuneration is also marginally in excess of the limits prescribed by the provisions of Regulation 17(6)(e) of the SEBI Listing Regulations, 2015. The payment of remuneration has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. Approval of the shareholders by way of Special Resolution has been requested at the ensuing Annual General Meeting for such payment. Further, Mr. P. R. Rathi, Chairman and Non-Executive Director (DIN: 00018577) has been paid pension amounting to ₹45.9 Lakhs in terms of the approved Pension Policy of the Company. The said payment amounts to managerial remuneration in terms of Section 197 of the Companies Act, 2013 and the same is in excess of the limits prescribed by Section 197 of the Companies Act, 2013. The said payment has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. However, Mr. P. R. Rathi has voluntarily returned amount of ₹45.9 Lakhs paid on account of pension and hence approval of shareholders is not required for this payment.

17. CHANGES IN DIRECTORS AND KEY MANAGEMENT PERSONNEL:

Mr. A. N. Rathi (DIN: 00018683), Non – Executive and Non – Independent Director, was liable to retire by rotation, and being eligible, had offered himself for the re-appointment at the 71st Annual General Meeting held on 9th August, 2022. The shareholders' approval was sought at the 71st Annual General Meeting for re-appointment of Mr. A. N. Rathi as a Non – Executive and Non – Independent Director, based on the recommendation of the Nomination and Remuneration Committee and Board.

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

Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the shareholders appointed Mr. R. B. Rathi (DIN: 00018628) as Managing Director at 67th Annual General Meeting for a term of 5 years i.e. from 1st June, 2018 upto 31st May, 2023. Since the term as Managing Director is expiring on 31st May, 2023, based on the recommendation of the Nomination and Remuneration Committee, considering his skills, experience and knowledge he possessed and the report of performance evaluation for the Financial Year 2022-23, the Board of Directors at its meeting held on 23rd May, 2023, re-appointed Mr. R. B. Rathi as Managing Director, not liable to retire by rotation, for a further term of 5 years effective 1st June, 2023 upto 31st May, 2028. A resolution seeking approval of shareholders forms part of the Notice.

Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the shareholders appointed Mr. A. Vij (DIN: 08140194) as Wholetime Director at 67th Annual General Meeting for a term of 5 years i.e. from 24th May, 2018 upto 23rd May, 2023. Since the term is expiring on 23rd May, 2023, based on the recommendation of the Nomination and Remuneration Committee, considering his skills, experience and knowledge he possessed and the report of performance evaluation for the Financial Year 2022-23, the Board of Directors at its meeting held on 23rd May, 2023,

re-appointed Mr. A. Vij as Wholetime Director, liable to retire by rotation, for a further term of 5 years effective 24th May, 2023 upto 23rd May, 2028. A resolution seeking approval of shareholders forms part of the Notice.

Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the shareholders appointed Mr. N. T. Raisinghani (DIN: 00568298) as an Independent Director at 67th Annual General Meeting for a term of 5 years. Since the first term as Independent Director is expiring, based on the recommendation of the Nomination and Remuneration Committee, considering his skills, experience and knowledge he possessed and the report of performance evaluation for the Financial Year 2022-23, the Board of Directors at its meeting held on 23rd May, 2023, re-appointed Mr. N. T. Raisinghani as an Additional Director (Independent) with effect from 24th May, 2023, till the ensuing 72nd Annual General Meeting, and further recommended for approval of shareholders, the re-appointment of Mr. Raisinghani as an Independent Director for a second term of 5 years effective 24th May, 2023 upto 23rd May, 2028, so as to ensure that his total tenure as Independent Director does not exceed 10 years, as stipulated by the provisions of the Companies Act, 2013, and Rules made thereunder. A resolution seeking approval of shareholders forms part of the Notice.

Based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, the shareholders appointed Dr. D. Parikh (DIN: 06504537) as an Independent Director at 68th Annual General Meeting for a term of 5 years i.e. from 1st April, 2019 upto 31st March, 2024. Since the first term as Independent Director is expiring on 31st March, 2024, based on the recommendation of the Nomination and Remuneration Committee, considering his skills, experience and knowledge he possessed and the report of performance evaluation for the Financial Year 2022-23, the Board of Directors at its meeting held on 23rd May, 2023, re-appointed Dr. D. Parikh as an Independent Director for a second term of 5 years effective 1st April, 2024 upto 31st March, 2029. A resolution seeking approval of shareholders 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 the above appointment(s) / re-appointment(s) 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(s) / re-appointment(s) 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(s) / re-appointment(s) including profile of such Directors, are given in the Notice convening the 72nd 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, 2023:

- a. Mr. R. B. Rathi, Managing Director
- b. Mr. A. Vij, Wholetime Director
- c. Mr. Nilkanth Natu, Chief Financial Officer
- d. Mr. Mandar Velankar, General Counsel and Company Secretary

DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets 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. The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013. 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, as amended from time to time, with respect to their name appearing in the data bank of Independent Directors maintained by 'The Indian Institute of Corporate Affairs, Manesar' ("IICA").

In the opinion of the Board, all Independent Directors possess requisite qualifications, experience, expertise and hold high standards of integrity to required to discharge their duties with an objective independent judgment and without any external influence. List of key skills, expertise and core competencies of the Board, including the Independent Directors forms part of the Report on Corporate Governance.

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

The Board of Directors upon recommendation of Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Board of the Company, its Committees and the individual Board members, including Independent Directors, and accordingly, an annual evaluation of the performance of the Board, Committees and individual Directors has been carried out pursuant to the provisions of the Act and SEBI Listing Regulations, 2015.

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

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

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

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

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

At a separate Board Meeting, the performance of the Board, its Committees, and individual Directors was also discussed. 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.

During the year under review, the Nomination and Remuneration Committee did not approve any options / SARs to eligible employees.

Disclosures pursuant to Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2011 are given in the Notes to Accounts section of this Annual Report.

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. FAMILIARISATION 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, no complaint was received by the Internal Complaints Committee of the Company. To build awareness amongst its employees, the Company has been conducting induction/training programmes in the organisation 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>

Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', Annual Report for calendar year 2022 was submitted for all locations of the Company within the statutory timelines.

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 Registration 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.

As per the provisions of Section 139, 142 of the Companies Act, 2013, and Rules made thereunder and based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on 26th May 2022, had appointed M/s. S R B C & CO LLP (Firm Registration No.: 324982E/E300003), Chartered Accountants, Pune, as Statutory Auditors of the Company for a term of 5 (Five) years i.e. from the conclusion of 71st Annual General Meeting upto the conclusion of the 76th Annual General Meeting to be held in year 2027, which was approved by shareholders at the 71st Annual General Meeting which was held on 9th August, 2022.

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 Mrs. Ashwini Kedar Joshi (Sole Proprietor), Cost Accountant, Pune (Registration No.: 102387) for conducting the cost audit of the Company for FY 2023-24.

Mrs. Joshi has confirmed that her appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013, and Rules made thereunder, and has also certified that she is 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 Auditor is required to be ratified by the members of the Company. Accordingly, resolution seeking members' ratification for remuneration to be paid to Cost Auditor 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.

The Cost Auditors' Report for the Financial Year 2021-22 did not contain any qualifications, reservations, adverse remarks or disclaimers.

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 the financial Year 2022-23 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 VI** 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. INTERNAL AUDITORS

Pricewaterhouse Coopers Pvt. Ltd., Chartered Accountants, Pune, were appointed as Internal Auditors of the Company for the Financial Year 2022-23.

As prescribed under Section 138 of the Companies Act, 2013, and Rules made thereunder, Pricewaterhouse Coopers Pvt. Ltd. carried out the Internal Audit of the Company. The Internal Audit was completed as per the scope defined by the Audit Committee from time to time.

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

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

27. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO 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 while maintaining operational integrity. This policy is strictly adhered to at all locations of the Company. The Company's internal control systems commensurate with the nature and size of its business operations. The Audit Committee of the Board of Directors regularly reviews the adequacy of internal control system.

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

28. RESEARCH AND DEVELOPMENT:

The Company 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 ₹34.0 Crores 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 **Annexure I** to this Report.

Details of Expenditure incurred on Research and Development are as follows:

	(₹ in Crores)	
Particulars	2022-23	2021-22
Capital	6.7	4.7
Recurring	27.3	22.5
Total	34.0	27.2

29. DISCLOSURES:

Board and its Committees:

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

Meetings of the Board:

During the Financial Year 2022-23, 5 (Five) Board Meetings were held, details of which are given in the Report on Corporate Governance, 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, 2023, 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 II** of this report.

Sudarshan Europe B. V. is the Material Subsidiary of the Company for the year ended 31st March, 2023. The Company has complied with all the legal requirements in respect of the Material Subsidiary.

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

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 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, no complaint was received from a whistleblower.

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](http://www.sudarshan.com/perch/resources/whistle-blower-vigil-mechanism-policy.pdf)

Annual Return:

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, and Rules made thereunder, the Annual Return of the Company in Form MGT-7 for the year under review is available on the website of the Company at www.sudarshan.com

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 VII**.

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

The Managing Director and Wholetime 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 regulators or courts which would impact the going concern status of the Company and its future operations.

Restriction on purchase by Company or giving of Loans by it for purchase of its Shares:

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

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

During the year under review, the Company allotted 990 Rated, Listed, Taxable, Unsecured, Redeemable Non – Convertible Debentures (“NCDs”) on 18th July, 2022, on private placement basis. The said NCDs are listed on the Wholesale Debt Market Segment of BSE Limited effective 21st July, 2022. During the year under review, there is no deviation / variation in use of debt issue proceeds. The Company has made necessary disclosures to the Stock Exchanges, Debenture Trustees, within statutory timelines, as per the provisions of SEBI Listing Regulations, 2015, and any other rules & regulations as may be applicable confirming no deviation / variation in use of debt issue proceeds.

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: Nil, hence not applicable.

30. RECOGNITION:

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

31. APPRECIATION:

The Directors thank the Company’s employees, customers, vendors, investors and business 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, Citi Bank N.A., IDFC First Bank, Kotak Mahindra Bank Limited, Axis Bank Limited and The Federal Bank Limited for their co- operation and assistance. Your Directors also place on record their appreciation of the services rendered by BMGI.

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

For and on behalf of the Board of Directors

Date: 23rd May, 2023

Place: Pune

P. R. RATHI

CHAIRMAN

ANNEXURE I

REPORT OF THE BOARD OF DIRECTORS UNDER THE 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	26,177.8	15,314.8	22,454.1	231.1	5,882.6	633.5
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,068.7	814.7	1,794.9	(4.3)	259.6	124.7
Less: Interest	130.6	56.4	379.4	3.2	-	12.8
Less: Provision for Taxation	193.1	(224.8)	297.1	-	83.4	0.4
Less: Depreciation	28.0	0.6	282.3	-	0.1	1.0
Profit After Tax	717.0	982.5	836.1	(7.5)	176.1	110.5

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, and Rules made thereunder. Main objective of CSR Foundation is to carry out CSR activities as per the CSR Policy 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.

1. (b) Conservation of Energy:

i. Steps taken or impact on conservation of energy:

Electrical power 45,872 MWH was generated from Cogen Power Plant during the year. Total savings achieved by the Company due to the said power generation amounted to ₹826 Lakhs.

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

Electrical power of 5,961 MWH was generated from 2 (Two) 2.1 MW windmills during the year. Total savings achieved by the Company amounted to ₹358 Lakhs.

Electrical Power of 24,076 MWH was generated from Solar Power Plant during the year. Total savings achieved by the Company amounted to ₹963 Lakhs.

iii. The capital investment on energy conservation equipments:

Total capital investment amounted to around ₹300 lakhs.

1. (c) Technology Absorption:

i. The efforts made towards technology absorption:

- Installation of LED Lights
- Installation of high efficiency Ice Compressor
- Installation of IE3 and IE4 high efficiency motors and pumps
- Installation of energy efficient cooling tower fans
- Installation of equipments with high efficiency and improved technology including Netch Machine, high speed dissolver, basket mill, classifiers, continuous dryer etc.
- Replacement of conventional tray dryers by high efficiency CD dryers
- Implementation of steam optimization resulted in improvement of consumption norms, and achieved savings of ₹524 Lakhs.
- Implementation of power optimization resulted in improvement of consumption norms, achieved savings of ₹471 Lakhs.

Water Saving Projects:

Installation of auto control valve with conductivity-based operation in filter presses and recycling of water resulted in water saving of 9.32 Lacs m3 per annum. Total saving achieved from Water Saving Projects amounted to ₹ 275 Lakhs.

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) Classical Pigments, 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. To enhance productivity and to achieve cost reduction, high-capacity grinding equipment and larger reactors are installed.
- 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.
- h) New range in pigment dispersions
- i) High-capacity grinding mills installed in dispersion plant to improve efficiency

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

1. (d) Foreign exchange earnings and outgo:

- Total Foreign Exchange Earned: ₹83,935.05 lakhs (Previous year ₹90,092.3 lakhs)
- Total Foreign Exchange Used: ₹39,492.9 lakhs (Previous year ₹ 48,113.3 lakhs)

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

There was no change in nature of Business during the year.

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 – ₹ 20.4 lakhs.
- c. whether there has been any default in repayment of deposits or payment of interest thereon during the year - No
- d. and if so, number of such cases and the total amount involved – Nil

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:

- (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 2022-23: ₹ 580,245/-

(₹ in Lakhs)

Name	Total Remuneration	Ratio	% increase in remuneration
Mr. P. R. Rathi*	45,94,709	7:1	(11.26)
Mr. R. B. Rathi**	5,00,85,031	86:1	(26.70)
Mr. A. N. Rathi***	Nil	-	(100.00)
Mr. D. N. Damania***	Nil	-	(100.00)
Mr. S. Padmanabhan***	Nil	-	(100.00)
Mr. S. K. Asher***	Nil	-	(100.00)
Mrs. R. F. Forbes***	Nil	-	(100.00)
Mrs. S. A. Panse***	Nil	-	(100.00)
Mr. N. T. Raisinghani***	Nil	-	(100.00)
Dr. D. Parikh***	Nil	-	(100.00)
Mr. A. Viji**	1,84,81,309	31:1	2.75
Mr. Nilkanth Natu	76,84,570	13:1	17.66
Mr. M. Velankar	56,51,694	9:1	4.14

*Remuneration to Mr. P. R. Rathi includes Pension as per Pension Policy. No Commission is proposed to be paid this year. (Previous year remuneration paid included Pension and Commission)

**Remuneration to Mr. R. B. Rathi and Mr. A. Viji, includes PLVA and does not include Commission since the same is not proposed to be paid to Executive Directors.

***No Commission is proposed to be paid to Non-Executive Directors this year. (Previous year remuneration included Commission paid)

Note: The managerial remuneration paid to Mr. P. R. Rathi, Chairman and Non-Executive Director and Mr. R. B. Rathi, Managing Director is in excess of the limits applicable under Section 197 of the Companies Act, 2013, and Rules made thereunder, read with Schedule V thereto, and SEBI Listing Regulations, 2015. The managerial remuneration paid in excess of the limits has been approved by the Board of Directors and the Company will place the same before the shareholders for their approvals in the ensuing Annual General Meeting in compliance with the applicable legal provisions. However, Mr. P. R. Rathi, Chairman and Non-Executive Director has refunded ₹45,94,709/- to the Company subsequent to 31st March, 2023.

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

Please refer table above.

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

FY 2022-23 – median salary – ₹ 580,245/-; FY 2021-22 – median salary – ₹ 594,030/- (percentage decrease 2.32 %)

- (D) the number of permanent employees on the rolls of Company: There were 1,250+ permanent employees on the rolls of 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 2022-23 aggregates to 14.0%.

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

Yes

ANNEXURE II

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 and surplus)	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of Shareholding
1	RIECO Industries Limited	Rupees	1,250.0	1,516.0	19,470.9	16,704.9	-	22,358.3	1,133.2	297.1	836.1	100%
2	Sudarshan Europe B.V.	Euro	1,909.0	4,324.6	13,888.7	7,655.1	2,466.0	26,087.6	910.1	193.1	717.0	100%
3	Sudarshan North America Inc.	US Dollars	2,467.8	(155.0)	7,346.9	5,034.1	-	15,314.8	757.7	(224.8)	982.5	100%
4	Sudarshan (Shanghai) Trading Company Limited	CNY	477.6	(502.0)	323.5	347.9	-	224.9	(7.5)	-	(7.5)	100%
5	Sudarshan Mexico S de R.L.de CV	US Dollars	0.1	586.3	4,056.2	3,469.8	-	5,882.6	259.5	83.4	176.1	100%
6	Sudarshan Japan Limited	JPY	65.1	(121.5)	185.4	241.7	-	0.0	110.9	0.4	110.5	100%

Notes:

- All figures provided are in ₹ lakhs.
- The reporting period for all Subsidiaries mentioned above is from 1st April, 2022 to 31st March, 2023.
- None of the aforesaid subsidiaries have declared dividend during FY 2022-23.
- 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: 23rd May, 2023
 Place: Pune

P. R. RATHI
 CHAIRMAN

ANNEXURE III

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;
- iv) Expansion / Modernisation / 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.

ANNEXURE IV

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: 23rd May, 2023
Place: Pune

P. R. RATHI
CHAIRMAN

ANNEXURE V

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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 2022-23 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.

Details of projects are as under:

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. We have empowered 1254 women. 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 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.

2. ENVIRONMENT

In waste management at present SUDHA is working with more than 4700 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 'AquaGuard water purifiers'. Not only does fresh water help 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 and has provided water for farms and animals etc.

Along with a well-installed Village level RO water Plant, which helped to provide clean drinking water to the villagers. This project has benefited more than 3,200 population in the village.

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 Company's SUDHA program. Therefore, Company decided to work with government bodies to take our efforts to the next level and create a bigger impact.

4. EDUCATION

The focus of Company's 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 touched 2154 students through various initiatives.

The Company has the following programs under its '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. JMRE School - Roha – Promotion of Education – 1500 students
4. ISO Certified School – 5 Rural Zilla Parishad schools and 7 Anganwadis have been ISO certified

5. IDEAL VILLAGE PROJECT – COMMUNITY DEVELOPMENT

To demonstrate commitment to holistic development, the Company designed and implemented "The Ideal Village project" at Roha, which is our transformation project while keeping the soul of rural India alive. This project envisages integrated development across multiple areas (personal, economic, social, human) to ensure long term positive change which is sustainable. SUDHA in collaboration with Karve Institute of Social Services aims to follow the laid down guidelines under the Government Adarsh Gram Yojana to transform every village around the Company into a model village. The Company has initiated this project in 17 villages around its plant locations and touched 8650 lives through this scheme.

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

- 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>
- 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 2022-23
- 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 – As per table below.

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 ₹)
1.	FY 2020-21	1,259,917/-	117,835/- (set-off during FY 2021-22)
2.	FY 2021-22	1,142,082/-	1,142,082/- (set-off during FY 2022-23)

- Average net profit of the Company as per section 135(5). – ₹ 1,557,821,148/-
- (a) 2% of average net profit of the Company as per section 135(5) – ₹ 31,156,423/-
(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 – ₹ 1,142,082/-
(d) Total CSR obligation for the financial year (7a+7b- 7c). – ₹ 30,014,341/-
- (a) CSR amount spent or unspent for the financial year:

Total Amount Spent (in ₹)	Amount Spent (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
30,280,906/-	Nil	N.A.	N.A.	Nil	Nil

- (b) Details of CSR amount spent against ongoing projects for the financial year:

No amount spent on ongoing projects during the year

Sr. 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		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	
				State	District						Name	CSR Registration Number
Nil												

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

Sr. 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
1.	Training, Marketing and Development of Self Entrepreneurship	Skill Development	Yes	Maharashtra	Raigad, Pune	927,485	Yes	Nil	N.A.
2.	JMRE School, Roha	Promotion of Education	Yes	Maharashtra	Raigad, Pune	4,000,000	No	JM Rathi trust	CSR00000907
3.	Teach for India	Promotion of Education	Yes	Maharashtra	Pune	565,480	No	Teach to Lead	CSR00002271
4.	Seva Sahyog	Promotion of Education	Yes	Maharashtra	Pune	1,675,000	No	Seva Sahyog	CSR00000756
5.	Development of Peripheral Schools in the Community	Promotion of Education	Yes	Maharashtra	Pune	1,788,730	Yes	Nil	N.A.
6.	Sustainable Waste Management	Ensuring Environmental Sustainability	Yes	Maharashtra	Raigad, Pune	3,461,308	No	Know How Foundation	CSR00002818
7.	Sustainable Water Sources	Water Sustainability	Yes	Maharashtra	Mahad	44,23,124	No	Vanarai Foundation	CSR00001205
8.	Ideal Village Development, Swachh Bharat Abhiyan, Community Bonding Activity	Community Development	Yes	Maharashtra	Raigad, Pune	5,050,880	Direct and Indirect	Karve Institute of Social Sciene	CSR00000986
9.	Management of Disaster, Health, Education Project	Disaster Management	Yes	Maharashtra	Raigad, Pune	6,633,604	Yes	Nil	N.A.
10.	Other projects while interacting with Govt. / Leadership Team	Community Development	Yes	Maharashtra	Raigad, Pune	1,116,000	Yes	Nil	N.A.
TOTAL						29,641,611			

(d) Amount spent in Administrative Overheads – ₹ 639,295/-

(e) Amount spent on Impact Assessment, if applicable – Not applicable for FY 2022-23

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 30,280,906/-

(g) Excess amount for set off, if any –

Sr. No.	Particulars	Amount (in ₹)
i.	2% of average net profit of the Company as per section 135(5)	30,014,341 (after deducting excess amount available for set-off from previous years)
ii.	Total amount spent for the Financial Year	30,280,906
iii.	Excess / (Deficit) amount spent for the financial year [(ii)-(i)]	266,565
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)]	266,565

9. (a) Details of unspent CSR amount for the preceding three financial years

Sr. 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							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. 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								

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 2022-23.

(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 % of the average net profit as per section 135(5). – Not Applicable since the Company has spent according to its CSR obligation.

Sd/-
NILKANTH NATU
CHIEF FINANCIAL OFFICER

Sd/-
R. B. RATHI
MANAGING DIRECTOR

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

ANNEXURE VI

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

[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,
7th Floor, Eleven West Panchshil,
Survey No. 25, Near PAN Card Club Road,
Baner, Pune – 411045,
Maharashtra, India

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

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2023 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 transactions. (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 and Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**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 with the following laws applicable specifically to the Company:

- (a) The Water (Prevention and Control of Pollution) Act, 1974 and the Water (Prevention and Control of Pollution) Rules, 1975.
- (b) The Air (Prevention and Control of Pollution) Act, 1981 and the Air (Prevention and Control of Pollution) Rules, 1982.
- (c) The Environment Protection Act, 1986 and Rules & Regulations thereunder.
- (d) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.
- (e) The Public Liability Insurance Act, 1991;
- (f) The Petroleum Act, 1934 and the Petroleum Rules, 2002;
- (g) The Explosives Act, 1884 and the Gas Cylinders Rules, 2016;
- (h) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.

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

- (i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (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 pursuant to sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 and the related rules thereunder, the Securities and Exchange Board of India [SEBI] (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and related SEBI circular, the members, approved issue of unsecured non-convertible debentures aggregating up to an amount not exceeding ₹ 200 Crores (Rupees Two Hundred Crores only) on a private placement basis. Consequently, Unsecured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures of ₹ 99 Crores were issued.

Further, during the financial year 2023-24, the Board of Directors at its Meeting held on 5 April, 2023, approved shifting of the Registered Office of the company from “162 Wellesley Road, Pune – 411 001, Maharashtra, India” to “7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411045, Maharashtra, India”, i.e. within the local limits of Pune city and same jurisdiction of office of the Registrar of Companies, Pune (Maharashtra), with effect from 6 April, 2023.

The Company has sold Company’s freehold, clear and marketable land admeasuring approximately 5.76 acres along with the structures standing thereon, located at 162 Wellesley Road, Pune – 411 001, Maharashtra, India, for a total net consideration of ₹ 356 Crores by executing the Deed of Conveyance on 6 April, 2023 with a third-party buyer - Birla Estates Private Limited.

Dr. K. R. Chandratre

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

Place: Pune

UDIN: F001370E000360619

Date: 23 May, 2023 Peer Review Certificate No. : 1206/2021

This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure to the Secretarial Audit Report

To:

The Members,

Sudarshan Chemical Industries Limited,

7th Floor, Eleven West Panchshil,

Survey No. 25, Near PAN Card Club Road,

Baner, Pune – 411045,

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: F001370E000360619

Peer Review Certificate No. : 1206/2021

Place: Pune

Date: 23 May, 2023

ANNEXURE VII

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF RULE 5(2)(I) OF THE COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

Sr. No.	Name and Age (year)	Designation	Nature of Employment	Total Remuneration (in ₹)	Qualification and Experience (Years)	Date of Commencement of Service	Last Employment held before joining the Company
1.	Mr. R. B. Rathi (54)	Managing Director	Permanent Employee	50,085,031	B.E. Mech. Engg. MIT, Pune, B. S. Chem. Engg Ohio University, USA. M.B.A.- Pittsburgh University - USA (28 years)	1 st October, 1992	-
3.	Mr. A. Vij (53)	Wholetime Director	Permanent Employee	18,481,309	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 thereunder.
- The conditions of employment are contractual.
- Other terms and conditions are as per the rules of the Company.
- In terms of Rule 5(2)(iii) of the Companies (Appointment and Remuneration) Rules, 2014, it is clarified that during the Financial Year under review, no employee of the Company was in receipt of remuneration in that year, which in the aggregate or as the case may be at a rate which in the aggregate is in excess of that drawn by the Working Directors and holds himself / herself along with their spouse and dependent children not less than 2% of the equity shares of the Company.
- Mr. R. B. Rathi, Managing Director, forms part of the Promoter Group and holds in his individual name 4,050,359 (5.85%) Equity Shares of the Company. Mr. R. B. Rathi is not related to any Director of the Company.
- Mr. A. Vij, Wholetime Director is not related to any Director of the Company and holds 4,001 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.

Note: The managerial remuneration paid to Mr. P. R. Rathi, Chairman and Non-Executive Director and Mr. R. B. Rathi, Managing Director is in excess of the limits applicable under Section 197 of the Companies Act, 2013, and Rules made thereunder, read with Schedule V thereto, and SEBI Listing Regulations, 2015. The managerial remuneration paid in excess of the limits has been approved by the Board of Directors and the Company will place the same before the shareholders for their approvals in the ensuing Annual General Meeting in compliance with the applicable legal provisions. However, Mr. P. R. Rathi, Chairman and Non-Executive Director has refunded ₹45,94,709/- to the Company subsequent to 31st March, 2023.

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	L24119PN1951PLC008409
2	Name of the Listed Entity	Sudarshan Chemical Industries Limited
3	Year of Incorporation	19 th February, 1951
4	Registered Office Address	162 Wellesley Road, Pune - 411 001, Maharashtra India (effective close of business hours on 6 th April, 2023, Registered Office and Global Head Office was shifted to 7 th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411 045, Maharashtra)
5	Corporate Address	162 Wellesley Road, Pune - 411 001, Maharashtra India (effective close of business hours on 6 th April, 2023, Registered Office and Global Head Office was shifted to 7 th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune - 411 045, Maharashtra)
6	E-mail	shares@sudarshan.com
7	Telephone	020-68281200
8	Website	www.sudarshan.com
9	Financial year for which reporting is being done	1 st April, 2022 – 31 st March, 2023
10	Name of the Stock Exchange(s) where shares are listed	<ul style="list-style-type: none"> BSE Limited (Equity and Debt) National Stock Exchange of India Limited (Equity)
11	Paid-up Capital	₹ 1,384.54 Lakhs
	Contact Person	
12	Name of the Person	Mandar Meenanath Velankar
	Telephone	020-68281200
	Email Address	mmvelankar@sudarshan.com
	Reporting Boundary	
13	Type of Reporting	Standalone Basis

II. Product/Services

14 Details of business activities

Sr. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
1	Manufacturing	Chemical and Chemical Products, Pharmaceuticals, Medicinal Chemical and Botanical Products	100%

15 Products/Services sold by the entity

S. No.	Product/Service	NIC Code	% of Total Turnover contributed
1	Manufacture of dyes and pigments from any source in basic form or as concentrate	20114	98%
2	Manufacture of prepared pigments and other colouring matter of a kind used in the manufacture of paints or by artists or other painters	20224	2%

III. Operations

16 Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	No. of Offices	Total
Plants at Roha & Mahad	2	4	6
Other Offices at Delhi, Mumbai, Kolkata, Chennai			
International	Nil	Nil	Nil

17 Market served by the entity :

The Company's products are sold in domestic as well as in international markets

a.	No. of Locations	National (No. of States)	28 States, 8 Union Territories
		International (No. of Countries)	85+
b.	What is the contribution of exports as a percentage of the total turnover of the entity?	For FY 22-23 it is 46.42 %	
		For FY 21-22 it is 46.08 %	
c.	A brief on types of customers	Sudarshan serves organizations those are engaged in businesses of Coating, Plastics, Inks, Cosmetics and Special Applications.	

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently-abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1	Permanent Employees (A) - Excluding Overseas employees, consultant	1,026	843	82%	183	18%
2	Other than Permanent Employees (B)	33	21	64%	12	36%
3	Total Employees (A+B)	1,059	864	82%	195	18%
Workers						
4	Permanent (C)	223	223	100%	0	0
5	Other than Permanent (D)	2,354	2,325	99%	29	1%
6	Total Workers (C+D)	2,577	2,548	99%	29	1%

b. Differently abled employees and workers

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
7	Permanent Employees (E)	0	0	NA	0	NA
8	Other than Permanent Employees (F) - Sudarshan Contract	1	1	100%	0	0%
9	Total Employees (E+F)	1	1	100%	0	0%
Workers						
10	Permanent (G)	0	0	NA	0	NA
11	Other than Permanent (H)	5	5	100%	0	0%
12	Total Differently Abled Employees (G+H)	5	5	100%	0	0%

19. Participation/Inclusion/Representation of women

Sr. No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B/A)
1	Board of Directors	11	2	18%
2	Key Management Personnel	4	0	0%

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	12.57%	2.72%	15.30%	10.84%	1.72%	12.57%	6.68%	1.58%	8.27%
Permanent Workers	8.07%	0.00%	8.07%	5.39%	0.00%	5.39%	0.01%	0.00%	0.01%

V. Holding, Subsidiary, and Associate Companies (including joint ventures)

S. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether it is a holding / Subsidiary / Associate / or Joint Venture	% of shares held by the listed entity	Does the entity indicated in column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	RIECO Industries Limited	Wholly Owned Subsidiary	100%	No
2.	Sudarshan CSR Foundation	Wholly Owned Subsidiary	100%	
3.	Sudarshan Europe B. V.	Wholly Owned Subsidiary	100%	
4.	Sudarshan (Shanghai) Trading Company Limited	Wholly Owned Subsidiary	100%	
5.	Sudarshan Japan Limited	Wholly Owned Subsidiary	100%	
6.	Sudarshan North America Inc., USA	Step Down Subsidiary	100%	
7.	Sudarshan Mexico S de R. L. De CV	Step Down Subsidiary	100%	

VI. CSR Details

22. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

Turnover (in ₹ lakhs) 1,95,160.3

Net worth (in ₹ lakhs) 80,810.8

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If Yes, then provide web-link for the grievance redress policy	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
			Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at the close of the year	Remarks
Communities	Yes	The Company encourages local communities to file their grievances electronically at the email ID provided on its website.	Nil	NA	NA	Nil	NA	NA
Investors (other than shareholders)	Yes	https://www.sudarshan.com/investors-contacts/	Nil	NA	NA	Nil	Nil	NA
Shareholders	Yes	https://www.sudarshan.com/investor-communication-policy.pdf	8	Nil	All 8 complaints were resolved during FY 2022-23	6 (including 1 complaint carried forward from FY 2020-21)	Nil	All 6 complaints were resolved during FY 2021-22
Employees	Yes	https://www.sudarshan.com/connecting-people/	351	24	93% closure of queries	373	10	97% closure of queries
Workers	Yes	https://www.sudarshan.com/connecting-people/	697	96	86% closure rate	440	124	72% closure rate
Customers	Yes	https://www.sudarshan.com/contact-us/	257	2	Product-related technical complaints	267	7	Product-related technical complaints
Value Chain Partners	No		0	NA	No complaints received from suppliers	0	0	No complaints received from suppliers

24. Overview of the entity's material responsible business conduct issues :

Material Issue Identified	Indicate whether risk or opportunity	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Climate Change & Emissions Management	Risk	As per IPCC's Sixth AR, global temperatures are rising rapidly. Uncontrolled global warming will result in increased frequency of extreme weather events which poses physical risks to Sudarshan's operations. Furthermore, transitional risks posed by climate change can affect Company's markets as well.	The Company has taken precautionary approach on management of climate change risks. It has adopted initiatives on energy conservation and energy source diversification to reduce its carbon footprint. Furthermore, various initiatives to strengthen physical infrastructure and diversification of supply chain have been adopted to mitigate acute physical risks.	Negative due to higher capex on mitigation measures.
Circular economy	Opportunity	Technological advancements and behavioural change provide an opportunity to increase recycling and reuse of products and packaging materials	The Company promotes reuse and recycling of packaging materials in its value chain. It has a special focus on increasing solvent recovery to minimize fresh solvent use.	Positive due to cost saving on account of use of fresh materials and yield improvement.
Corporate Governance	Risk	Dynamic regulatory landscape and increasing stakeholder expectations regarding good governance practices poses risk concerning corporate governance practices.	The Company has in place a powerful, competent, and diverse Board. It has a mechanism in place covering robust policies and SOPs to ensure good corporate governance.	Positive due to a better strategic direction provided by the Board and goodwill among stakeholders.

Material Issue Identified	Indicate whether risk or opportunity	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Human Capital Management	Opportunity	India is emerging as knowledge based economy. Furthermore, due to strong demographic dividend, a competent workforce is available. Such competent workforce provides an opportunity for the organization to expand and grow.	The Company focuses on providing an equal opportunity regardless of the gender, race, religion, etc. The Company has adopted various policies, procedures, manuals and conducted online training programs, throughout the year for the protection and welfare of employees. Employee training programs and initiatives are integral part of the Human Resource vision and long-term strategic objectives of the Company. The initiatives and programs will help improve the skills and abilities of employees, aiding them in both their personal and professional development.	Positive due to higher productivity of the people
Human Rights	Risk	The Company has a complex global value chain of chemical manufacturing. Non-adherence to the global standards on Human Rights has potential to adversely affect Company's operations, reputation and business relationships.	Sudarshan is committed to protection and promotion of fundamental human rights. The Company has adopted a comprehensive Human Rights Policy and all employees and workers are trained on this Policy. The Company engages with value chain partners on management of human rights.	Negative due to expenditure on training and due diligence.

Material Issue Identified	Indicate whether risk or opportunity	The rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Occupational Health and Safety	Risk	Due to nature of operations, occupational safety is one of the risks posed to the Company's operations.	Sudarshan has adopted multi-pronged approach towards occupational safety comprising behaviour based safety, automation of processes to eliminate manual operations, and asset integrity. Detailed approach to occupational health and safety can be accessed from our Sustainability report (page number 46-47): esg-report-2021-22.pdf (sudarshan.com)	Positive due to expenditure on automation, training, and asset management.
Product Stewardship	Opportunity	Technological advancements and scientific progress has made it feasible to identify and manage environmental and social impacts of products with reasonable certainty.	The Company has adopted several innovative measures to reduce POPs in its products. The Company's products do not contain significant quantity of VOCs. Sudarshan adheres with the highest standards and norms on product and regional compliances such as EU RECH, USFDA, Turkey REACH, UK REACH, US Toxic Substance Control Act, TPCH, etc.	Positive due to enhanced stakeholder trust
Procurement and supply chain sustainability	Risk	Complex and diverse supply chain poses several risks affecting cost and quality of raw materials.	The company adopted Supplier-51 programme to engage with suppliers on several financial and non-financial aspects to de-risk its supply chain.	Negative due to expenditure on supplier due diligence.

Material Issue Identified	Indicate whether risk or opportunity	The rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Waste Management	Risk	Dynamic regulations and increased stakeholder activism concerning waste handling and disposal poses risks on waste management.	The Company has well defined processes for managing waste. We are using recyclable packaging material and follows regulations to dispose the wastes generated as per guidelines of Pollution Control Board. Company's approach to responsible waste management has been detailed out in its Sustainability Report (page number 37): esg-report-2021-22.pdf (sudarshan.com)	Negative due to expenditure incurred on waste reduction measures and safe handling.

IPCCs Sixth AR : The Intergovernmental Panel on Climate Change, Sixth Assessment Report

SOPs : Standard Operating Procedures

POPs : Persistent Organic Pollutants

VOCs : Volatile Organic Content

EU REACH : European Union Registration, Evaluation, Authorisation and Restriction of Chemicals

USFDA : United States Food and Drug Administration

Turkey REACH: Turkey Registration, Evaluation, Authorisation and Restriction of Chemicals

UK REACH : United Kingdom Registration, Evaluation, Authorisation and Restriction of Chemicals

US Toxic Substance Control Act : US Registration, Evaluation, Authorisation and Restriction of Chemicals

TPCH : Transaction Processing and Database Benchmark specific to decision support (TPCH)

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the National Guidelines on Responsible Business Conduct ("NGRBCs"). (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	All policies as approved by the Board of Directors can be viewed on the website of the Company at www.sudarshan.com under the heading 'Investors'.								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<p>All policies have been created based on industry standards, in accordance with legal requirements, and after thorough consultation with all relevant parties.</p> <p>Some of the policies are linked to the following National / International Standards: International Organisation for Standardisation (ISO 9001, ISO 14001:2015, 45000:2018), Occupation Health and Safety Assessment Series (OHSAS18001), Responsible Care (RC 14001)</p>								
5	Specific commitments, goals, and targets set by the entity with defined timelines, if any.	<p>Sudarshan has adopted ambitious environmental and social goals as mentioned below:</p> <p>Environmental</p> <ul style="list-style-type: none"> Reduction in Green House Gases (“GHG”) Emissions by 42% by the FY 2032 from the baseline of the FY 2021 To reduce specific energy consumption by 3% year on-year till year 2030 To reduce specific water consumption by 20% by year 2025-26 from baseline of 2020-21 To achieve zero waste to landfill by year 2031-32 <p>Social</p> <ul style="list-style-type: none"> 30% Women participation in the overall workforce by 2025 Great place to work – Gold standard by 2025 Safety culture maturity score of a minimum of 80% by 2025 Zero Process Safety Events (Tier 1 and 2 as per API 754) by 2025 <p>Governance</p> <ul style="list-style-type: none"> 30% women directors on Board by FY 2026 <p>Detailed goals and targets adopted by the Company have been described in its Sustainability Report which can be accessed from: esg-report-2021-22.pdf (sudarshan.com)</p>								
6	Performance of the entity against the specific commitments, goal, and targets along with reasons in case the same are not met.	<p>The Company adopted Environment, Social, Governance (“ESG”) goals and targets in the FY 2022-23 and has started working on achieving the same. Progress against some of the targets are mentioned below:</p> <ul style="list-style-type: none"> 8.6% reduction in Scope-1 GHG Emissions 6.9% reduction in Scpe-2 GHG Emissions 42% reduction in the quantity of waste to landfill 32% reduction in freshwater withdrawal Increase in participation of women employees in workforce to 17.6% from 15.1% 								

Governance, Leadership, and Oversight

7	<p>Statement by the director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements</p> <p>We have embarked on the journey of disclosing our sustainability performance through the Business Responsibility and Sustainability Report (“BRSR”) for FY 2023. We are committed to environmentally sustainable business practices across its functions for making the right choices to protect the future by integrating environmental considerations into its business planning. We are committed to beginning open and transparent, and to listening to the views of others as we move forward in sustainable development. We believe our strength lies in our efficient workforce and we give due importance to the well-being of our employees across our business operations. We believe in cultivating a nurturing workplace and encouraging gender diversity and inclusion, non-discrimination policies, and work-life balance, and further encourage employee well-being and safety. It is our constant endeavour to deliver products and services of the highest quality to our customers while ensuring minimal harm to the environment and society. As an organisation we are committed to integrating ESG into our organisational culture, business conduct, as well as across our value chain.</p>
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Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Rajesh B. Rathi, Managing Director and the Board of Directors.								
9	Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.	Yes. The ESG Steering Committee has been set up to ensure strong governance for sustainability. The role of the leadership team is to assist the Board in meeting its ESG goals. The Steering committee is chaired by Managing Director and comprises the Executive Director, Chief Financial Officer, Head People Practice, Company Secretary, Head Environment, Health & Safety (“EHS”), aHead Procurement, and Site Heads.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether the review was undertaken by the Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against the above policies and follow-up action	Director									Quarterly								
Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Director									Quarterly								

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11 Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency	No								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage b/y training and awareness programs on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe. PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment Principle-7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.	100%
Key Management Personnel	1	Principle 2 Businesses should provide goods and services in a manner that is sustainable and safe. PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.	100%
Employees other than BODs and KMPs	201	Functional + Tech & Organisational & Behavioural & Policy trainings	89%
Workers	1	Code of Conduct + Skill and Safety Training	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

a. Monetary					
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	No fines / penalties / punishment / award / compounding fees / settlement amount was paid in FY 2022-23				
Settlement					
Compounding fee					

b. Non-Monetary				
Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	No fines / penalties / punishment / award / compounding fees / settlement amount was paid in FY 2022-23			
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

No fines / penalties / punishment / award / compounding fees / settlement amount was paid in FY 2022-23 and hence Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. Weblink Is <https://www.sudarshan.com/corporate-code-of-conduct-policy.pdf>

The company has zero tolerance towards unethical business practices and prohibits bribery in any form in all of its business dealings through various policies, codes, and charters

The Code of Conduct (CoC) consistently adopted across the company reiterates our commitment on anti-corruption or anti-bribery. All employees of Sudarshan must adhere to the commitment of integrity and other responsible business conduct principles laid down in CoC.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

Category	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

No such instance during FY 2022-23

LEADERSHIP INDICATORS

1. Awareness programs conducted for value chain partners on any of the Principles during the financial year:

Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in value chain covered by the awareness programmes
1	Safety of Titanium Tetrachloride (TiCl ₄)	100% (concerned nominated stakeholders were trained)

Tronox experts were invited to conduct a specialized training on TiCl₄ handling and safety aspects during emergency

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the company has separate code of conduct for board and senior management which states every Director of the Company discloses his/her concern or interest in the Company or companies or bodies corporate, firms or other association of individuals and any change therein, annually or upon any change, which includes the shareholding. Further, a declaration is also taken annually from the Directors under the Code of Conduct confirming that they will always act in the interest of the Company and ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the Company and the role therein. The Senior Management also affirms annually that they have not entered into any material, financial and commercial transactions, which may have a potential conflict with the interest of the Company at large.

Weblink is <https://www.sudarshan.com/code-of-conduct-for-directors-and-senior-management-personnel.pdf>

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Type	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	Details of improvement in social and environmental aspects
R&D	70%	70%	<ul style="list-style-type: none"> Yield improvement Solvent recovery Reducing POPs in products Waste reduction
Capital Expenditure (CAPEX)	1.58%	1.55%	<ul style="list-style-type: none"> Revamping of Effluent Treatment plant Modernisation of Testing Facilities

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

- Yes

b. If yes, what percentage of inputs were sourced sustainably?

- 60%

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Product	Process to safely reclaim the product
a. Plastics (including packaging)	Due to the contamination of packaging materials, reclaiming and reusing these are not feasible. Reclaiming pigments from end-use products is technologically infeasible. Due to these reasons, the Company cannot reclaim and reuse its products from the end-of-life stage. No
b. E-Waste	The Company's products do not result in e-waste generation at end-of-life stage
c. Hazardous Waste	Company's products are a part of final goods produced by its customers, therefore, its reclaiming at the end-of-life is not feasible.
d. Other Waste	NA

4. Whether Extended Producer Responsibility (“EPR”) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (“EPR”) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (“EPR”) is applicable to Sudarshan. We are in the process of EPR registration. We have recycled 527 MT of plastic waste in FY 22-23

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details in the following format.

The Company has not conducted LCIA of its products, however, it has planned to conduct a detailed LCIA study in accordance with ISO 14044 standards in next two years.

2. If there are any significant social or environmental concerns and/or risks arising from the production or disposal of your products/services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

The potential environmental and social risks related to project execution are identified through Environment and Social Impact Assessment (“ESIA”) conducted before commencing onsite work.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Methanol	79%	81%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as a percentage of products sold) for each product category.

Not applicable.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains**ESSENTIAL INDICATORS****1. a. Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Employees											
Male	843	843	100%	843	100%	NA	NA	843	100%	0	0%
Female	183	183	100%	183	100%	183	100%	NA	NA	0	0%
Total	1,026	1,026	100%	1,026	100%	183	18%	843	82%	0	0%
Other than Permanent Employees											
Male	21	0	0%	0	0%	NA	NA	0	0%	0	0%
Female	12	0	0%	0	0%	0	0%	NA	NA	0	0%
Total	33	0	0%	0	0%	0	0%	0	0%	0	0%

b. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Workers											
Male	223	223	100%	223	100%	NA	NA	0	0	0	0
Female	0	0	0%	0	0%	0	0	NA	NA	0	0
Total	223	223	100%	223	100%	0	0	0	0	0	0
Other than Permanent Workers											
Male	2,325	2,325	100%	2,325	100%	NA	NA	0	0	0	0
Female	29	29	100%	29	100%	29	100%	NA	NA	0	0
Total	2,354	2,354	100%	2,354	100%	29	100%	0	0	0	0

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year:

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)
Provident Fund ("PF")	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
Employee State Insurance ("ESI")	38%	100%	Y	37%	100%	Y

3. Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, Formal roles have been identified wherein differently abled employee can work, places such as canteen admin offices - Provision for safety purpose has been provided. Our Equal Opportunity Policy is in accordance with the provisions of The Rights of Persons with Disabilities Act, 2016. Inclusive infrastructure facilities are available at our premises.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Yes. Link - <https://www.sudarshan.com/diversity-and-inclusion-policy.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Total number of people returned after parental leave in FY 23	Total Number of people who took parental leave in FY 23	Return to work rate	Total Number of people retained for 12 months after returning from parental leave	Total number of people returned from parental leave in prior FY	Retention Rate
Permanent Employees						
Male	38	38	100%	14	17	82%
Female	2	3	100%	1	1	100%
Others	0	0	NA	NA	NA	NA
Total	40	41	100%	15	18	83%
Permanent Workers						
Male	0	0	NA	0	0	NA
Female	0	0	NA	0	0	NA
Others	NA	NA	NA	NA	NA	NA
Total	0	0	NA	0	0	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Category	Yes/No	Details of the mechanism in brief
Permanent Workers	Yes	IR Ninja and Works Committee as per Industrial Dispute Act, 1947 has been established
Other than Permanent Workers	Yes	IR Ninja
Permanent Employees	Yes	The Company has appointed internal committee to address employee grievances. Our Grievance redressal process is as below: 1) HR Ninja & Suda Interconnect 2) Suda Connect 3) Lean Daily Management meetings 4) Department level meetings
Other than Permanent Employees	Yes	Monthly meetings HR Ninja

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23 (Current FY)			FY 2021-22 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	%(D/C)
Permanent Employees						
Male	843	0	0%	884	0	0%
Female	183	0	0%	158	0	0%
Others	0	0	0%	0	0	0%
Total	1,026	0	0%	1,042	0	0%
Permanent Workers						
Male	223	223	100%	243	243	100%
Female	0	0	0%	0	0	0%
Others	0	0	0%	0	0	0%
Total	223	223	100%	243	243	100%

8. Details of training given to employees and workers:

a. Details of Skill training given to employees and workers.

Category	FY 2022-23 (Current FY)			FY 2021-22 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	%(D/C)
Permanent Employees						
Male	843	689	82%	884	786	89%
Female	183	160	87%	158	134	85%
Others	0	0	0%	0	0	0%
Total	1,026	849	83%	1,042	920	88%
Workers						
Male	2548	2548	100%	2747	2747	100%
Female	29	29	100%	27	27	100%
Others	0	0	100%	0	0	100%
Total	2577	2577	100%	2774	2774	100%

b. Details of training on Health and Safety given to employees and workers.

Category	FY 2022-23 (Current FY)			FY 2021-22 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received training on Health and Safety (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received training on Health and Safety (D)	%(D/C)
Permanent Employees						
Male	843	754	89%	884	786	89%
Female	183	178	97%	158	134	85%
Others	0	0	0%	0	0	0%
Total	1026	932	91%	1,042	920	88%
Workers						
Male	2548	2548	100%	2747	2747	100%
Female	29	29	100%	27	27	100%
Others	0	0	100%	0	0	100%
Total	2577	2577	100%	2774	2774	100%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 (Current FY)			FY 2021-22 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	%(D/C)
Permanent Employees -Performance review of employees confirmed as on 31/03 (end of FY)						
Male	843	635	75%	884	726	82%
Female	183	122	67%	158	103	65%
Others	0	0	0%	0	0	0%
Total	1,026	757	74%	1,042	829	80%
Permanent Workers*						
Male	0	0	0%	0	0	0%
Female	0	0	0%	0	0	0%
Others	0	0	0%	0	0	0%
Total	0	0	0%	0	0	0%

**Permanent workers undergo settlement activity every three years

10. Health and safety management system:

- a. Whether an Occupational Health and Safety Management System (“OHSMS”) has been implemented by the entity? (Yes/No)

Yes, the Company has adopted OHSMS in accordance with ISO 45001 standards and has received certification of accreditation by Bureau Veritas Quality International (“BVQI”)

- a. 1 What is the coverage of such system?

100% Organisation level Roha and Mahad plant

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Central to our approach is our risk management system, through which we systematically identify, assess, and manage health and safety hazards and credible risk scenarios associated with our operations. We address health and safety risks for changes of operations, new projects, and expansion activities through a comprehensive risk management framework. Following are some of the processes used to identify work-related hazards, HIRA, JSA, PHA, MOC, PSSR, HAZOP.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)

Yes

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-2023 (Current Financial Year)	FY 2021-2022 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0.66
Total recordable work-related injuries	Employees	0	0
	Workers	0	3
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Sudarshan has embarked on a safety-culture transformation journey- "Suda Kavach" with Chola MS Risk as its knowledge and implementation support partner. The journey focuses on benchmarking the best international practices in Occupational Health & Safety Management ("OH&S") system and the Process Safety Management (PSM) system. Some of the critical elements that are being implemented in Phase 1 of Suda Kavach include Leadership & Commitment, Workforce Involvement, Process Safety Information, Process Hazard Analysis ("Hazard Identification & Risk Assessment"), Work Permit System, Contractor Safety Management, and Incident Reporting & Investigation. A dedicated Contractor Incubation Centre has been established at Roha to improve the overall safety culture among the associates (contract workforce) through competency building and field-level interventions for influencing safe behaviour. Employee are allow to work only after the safety induction, on-job training is given by plant supervisor. Work permit system , safety training & Tool-Box-Talk ("TBT") imparted.

13. Number of Complaints on the following made by employees and workers:

Topic	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil		Nil	Nil	
Health & Safety	Nil	Nil		Nil	Nil	

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
1.	100%
7.	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

We promote the reduction of process safety incidents and improve risk awareness with a culture of dealing openly with mistakes and have actioned initiatives to foster dialogues around safety. To reduce process safety incidents, we focus on technical measures and on a leadership culture that places even greater emphasis on process safety.

We are associated with M/s Chola MS Risk Management Services to drive structural approach for Process Safety Management (PSM) at Sudarshan. We have formed a task force from various department-level employees. The Task force team undergoes PSM element training like basic boot camp, competency building, train-the-trainer, etc.

We have also set up an incident management committee to investigate all the incidents (Safety, Environment, process) and learnings are shared across all the locations for horizontal deployment. Based on recommendations received suitable changes are made in the emergency response plans.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

- a. Employees (Yes/No): Yes
- b. Workers (Yes/No): Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The Company ensures deduction of statutory dues by the third-party contractors by incorporation of appropriate payment terms in contract agreements.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	Current FY 23	Previous FY 22	Current FY 23	Previous FY 22
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No).

Yes

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	0%
Working Conditions	0%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all their stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity:

The internal and external stakeholders have been identified and prioritized based on their relative importance and impact on the business, and vice versa. Sudarshan compiled a comprehensive list of individuals and organizations whose interests are affected or might be affected by its actions and divided them into internal and external stakeholder groups.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Email, Meetings	As and when required	Engagement with Key Customers including Global Customers is done from the highest level of the management and relationship management is done by the respective Regional Sales Heads
Vendors/ Suppliers	No	Email, Meetings	As and when required	Engagement with Vendors is done by the Procurement Team and Chief Procurement Officer is designated and responsible for relationship management with Vendors / Suppliers.
Distributors	No	Email, Meetings	As and when required	Periodical meetings are held with Distributors and Regional Sales Heads are responsible for relationship management with respective Distributors.
Workers / Trade Unions	No	Telecall /Physical Meetings	As and when required	Management holds periodic meetings with representatives of Trade Unions and the designated Head of Industrial Relations is responsible for relationship management with Workers / Trade Unions.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government Bodies	No	Email, Meetings	As and when required	Relationship management with Government Bodies viz. Central Government, State Government, Local Authorities is done by respective functional heads in line with the guidelines given by the Managing Director.
Investor Community / Research Analysts	No	Telecall /Physical Meetings	Quarterly	The Managing Director and CFO conduct the telecall on quarterly basis for discussing the operational and financial performance of the Company. The Managing Director and CFO also meet the Investor Community as and when required.
Directors	No	Telecall /Physical Meetings	As and when required	Meeting with Board of Directors, including various Committees of the Board are held as per statutory requirements.
Employees	No	Telecall /Physical Meetings	Quarterly	The Managing Director and Leadership Team conduct the quarterly meets with Employees across all locations of the Company for sharing important updates concerning the performance of the Company and also provide the mechanism for expressing their concerns / views / suggestions etc.

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The management provides periodical updates to the Board of Directors including its Committees viz. Audit Committee, CSR Committee and Risk Management Committee concerning various issues relating to economic, environments and social topics. The CSR Committee reviews the CSR initiatives undertaken by the Company against the annual action plan and provides guidance for effective implementation of CSR obligations. With the guidance of the Board and CSR Committee, the Company has been successful in securing various awards and recognitions for its CSR initiatives. The Risk Management Committee as a part of its Terms of Reference reviews the significant risks concerning environmental, economical and social risks depending on their severity.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Your Company has put in place systems and procedures to identify, prioritize and address the needs and concerns of its stakeholders across businesses in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogue with all stakeholders across businesses, identify concerns and their resolution in an equitable and transparent manner.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

No such instances during the year

PRINCIPLE 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	1,026	974	95%	1042	729	70%
Other than permanent	33	0	0%	33	0	0%
Total Employees	1,059	974	95%	1075	729	70%
Workers						
Permanent	223	0	0%	243	0	0%
Other than permanent	2,354	2,354	100%	2531	2,531	100%
Total Workers	2,577	2,354	91%	2774	2,531	91%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	843	0	0%	843	100%	884	0	0%	884	100%
Female	183	0	0%	183	100%	158	0	0%	158	100%
Other than Permanent										
Male	21	0	0%	21	100%	21	0	0%	21	100%
Female	12	0	0%	12	100%	12	0	0%	12	100%
Workers										
Permanent										
Male	223	0	0%	223	100%	243	0	0%	243	100%
Female	0	NA	NA	NA	NA	0	NA	NA	NA	NA
Other than Permanent										
Male	2325	0	0%	2325	100%	2504	0	0%	2504	100%
Female	29	0	0%	29	100%	27	0	0%	27	100%

3. Details of remuneration/salary/wages, in the following format:

Total number of training and awareness programmes held	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	9	10,00,000	2	12,50,000
Key Managerial Personnel (KMP)	4	1,46,50,188	0	0
Employees other than BoD and KMP	839	5,17,368	183	2,28,732
Workers	223	7,63,401	0	0

*Mr Rajesh Rathi, Managing Director and Mr Ashish Vij, Wholetime Director, have been counted in the category BoD as well as KMP

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

No. However, we are in process of developing a focal point to address human right issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Business leaders and line managers are responsible for the full implementation of the related human right policy and standards. They are further responsible for tracking & taking appropriate action against any grievance. We are working on developing a robust grievance redressal mechanism.

6. Number of Complaints on the following made by employees and workers:

Topic	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL	NIL	NIL	NIL	NIL	NIL
Discrimination at workplace	NIL	NIL	NIL	NIL	NIL	NIL
Child Labour	NIL	NIL	NIL	NIL	NIL	NIL
Forced Labour/ Involuntary Labour	NIL	NIL	NIL	NIL	NIL	NIL
Wages	NIL	NIL	NIL	NIL	NIL	NIL
Other human rights related issues	NIL	NIL	NIL	NIL	NIL	NIL

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We aim to maintain a work environment characterized by mutual trust and the absence of intimidation, oppression, and exploitation, or harassment of any kind. Through the implementation of Anti-harassment policy, and by educating, mentoring, and guiding our employees, we seek to prevent, correct, and discipline behavior that violates this policy. During reporting period, there were zero cases of anti-harassment recorded. Following are the detailed of the mechanisms implemented by the Company:

1. POSH- Prohibition of Retaliation: Retaliation of any kind against anyone who is involved in the enquiry of or in making an allegation of sexual harassment is prohibited and may result in disciplinary action against the retaliator, up to criminal action by filing FIR, including termination of employment.
2. Reporting of the committee: The committee of investigators should report to the Managing Director. If required may seek assistance from any other department other than the department from where the complaint has been received.
3. Grievance against any member of Internal Committee: It is hereby stated that any disciplinary or corrective action initiated against the subject because of the finding of an enquiry pursuant to this policy will be final. The management shall provide all necessary assistance for ensuring full, effective and speedy implementation of this policy.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. We also expect our suppliers, contractors, and business partners to share this commitment, and put in place policies and processes that support and uphold respect for human rights.

9. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

No such concern.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

NA

2. Details of the scope and coverage of any Human rights due diligence conducted.

NA

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. Equal Opportunity Policy is in accordance with the provisions of The Rights of Persons with Disabilities Act, 2016. Inclusive infrastructure facilities are available at our premises.

4. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	0%
Forced/involuntary labour	0%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	0%
Others – please specify	NA

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

NA

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

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A) (GJ)	1,82,877	1,77,355
Total fuel consumption (B) (GJ)	22,11,170	24,38,830
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumption (A+B+C) (GJ)	23,94,047	26,16,185
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) (GJ per million INR)	122.7	137.6
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

- No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	35,50,255	52,64,665
(iv) Seawater / desalinated water	0	0
(v) Others (Rainwater storage)	0	0
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	35,50,255	52,64,665
Total volume of water consumption (in kiloliters)	7,26,973	9,93,400
Water intensity per rupee of turnover (Water consumed / turnover) (kl per crore INR of revenue)	37.25	52.25
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Yes, M/s Goldfinch Engg. Thane

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

- Not Applicable

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	MT	23.76	15.54
SOx	MT	159.99	243.36
Particulate matter (PM)	MT	124.69	74.61
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂ e	2,07,746	2,27,518
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂ e	14,646	15,736
Total Scope 1 and Scope 2 emissions per rupee of turnover (in ₹)	tCO ₂ e	2,22,392	2,43,254
Total Scope 1 and Scope 2 emission intensity (optional)- the relevant metric may be selected by the entity	tCO ₂ e/INR	11.40	12.79

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

- No

7. Does the entity have any project related to reducing Green House Gas (GHG) emission?

If Yes, then provide detail

- Yes, To reduce absolute GHG emissions by 42% by year 2031-32 from the baseline of 2020-21.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	527.9	653.6
E-waste (B)	4.1	Nil
Bio-medical waste (C)	0.02	0.03
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	0	1.4
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	5,703.6	10,833.0
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	3,628.19	3,258.81
Total (A+B + C + D + E + F + G+ H)	9,863.74	14,746.84

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste	FY 2022-23						FY 2021-22					
	Plastic	e-waste	BMW	Battery	Other Hazardous	Other Non-Hazardous	Plastic	e-waste	BMW	Battery	Other Hazardous	Other Non-Hazardous
(i) Recycled	527.9	4.1	0	0	14.4	2369.6	653.6	0	0	1.4	2262	0
(ii) Re-used	0	0	0	0	0	0	0	0	0	0	0	0
(iii) Other recovery operations	0	0	0	0	0	0	0	0	0	0	0	0
Total	527.9	4.1	0	0	14.4	2369.6	653.6	0	0	1.4	2262	0

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste	FY 2022-23						FY 2021-22					
	Plastic	e-waste	BMW	Battery	Other Hazardous	Other Non-Hazardous	Plastic	e-waste	BMW	Battery	Other Hazardous	Other Non-Hazardous
(i) Incineration	0	0	0	0	130.4	0	0	0	0	0	126	0
(ii) Landfilling	0	0	0	0	5558.8	1258.6	0	0	0	0	8445	3258.8
(iii) Other disposal operations (as per Common Bio-medical Waste Treatment Facility ("CBWTF"))	0	0	0.02	0	0	0	0	0	0.03	0	0	0
Total	0	0	0.02	0	5869.2	1258.6	0	0	0.03	0	8,571	3258.8

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

- The Company believes that the adoption of the principles of the circular economy will be critical to responsible waste management. In particular, the 4Rs: Reduce, Reuse, Recycle, and Responsible Disposal.

Our approach towards waste management is as follows:

- Responsible storage and inventory management to reduce waste generation
- Responsible asset management to optimize performance and yield so as to minimize waste generation
- Employee training and sensitization on waste material handling.
- Prevention of spills and leakages
- Responsible logistics and transportation management
- Responsible disposal waste materials as per regulatory norms

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

NA, Our operating sites are located in industrial areas as notified by MIDC.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	NA	NA	NA
	NA	NA	

11. Details of Environmental Impact Assessments (“EIAs”) of projects undertaken by the entity based on applicable laws, in the current financial year:

During the FY 2022-23, no EIAs were conducted.

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	NA	NA	NA

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

- Yes

S. No.	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/ penalties/ action taken by regulatory agency such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year) in Gigajoules ("GJ")	FY 2021-22 (Previous Financial Year) in Gigajoules ("GJ")
From renewable sources		
Total electricity consumption (A)	1,08,616	1,05,648
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	1,08,616	1,05,648
From non-renewable sources		
Total electricity consumption (D)	74,261	71,707
Total fuel consumption (E)	22,11,170	24,38,830
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	22,85,431	25,10,538

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
(iii) To Seawater		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
(iv) Sent to third-parties		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	Primary, Secondary and Tertiary	Primary, Secondary and Tertiary
(v) Others		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
Total water discharged (in kiloliters)	28,23,282	42,71,265

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kiloliters)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kiloliters)	NA	NA
Total volume of water consumption (in kiloliters)	NA	NA
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) Into Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) Into Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)		NA	NA
Total Scope 3 emissions per rupee of turnover		NA	NA
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

- Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	https://www.sudarshan.com/esg-reports	https://www.sudarshan.com/esg-reports	https://www.sudarshan.com/esg-reports

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

A Business Continuity Plan (BCP) is a clearly defined and documented plan for use at the time of a business continuity emergency, event, incident and/or crisis. The plan covers all the key personnel, resources, services and actions required to manage effectively. Various systems & documented processes are in place to control any business related emergencies, those will ensure :

- Adequate measures to be taken to minimize and master the consequences of an incident;
- Co-operation with authorities and public services;
- Handling of the emergency at an appropriate level;
- Proper communication with authorities, personnel, media, public, shareholders and other stakeholders in a comprehensive and accurate manner;
- Necessary measures taken to rectify any damage sustained;
- That business continues/resumes as normally as possible;
- To protect the value and reputation of the organization.

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a) Number of affiliations with trade and industry chambers/ associations.

9

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Chemical Council (ICC)	National
2	National Safety Council (NSC)	National
3	CHEMEXCIL- Basic Chemicals, Cosmetics & Dyes Export Promotion Council	National
4	Mahratta Chamber of Commerce and Industry and Agriculture (MCCIA)	National

5	ETAD- The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturer	National
6	Mahad Manufacturing Industrial Association	National
7	Common Hazardous Waste Storage Treatment and Disposal Facility (CHWTSDF) - Mumbai Waste Management Ltd. (MWML) - Maharashtra Enviro Private Ltd. (MEPL)	National
8	Pigment Manufacturers' Association of India (PMAI)	National
9	United Nations Global Compact (UNGCC)	International

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Name of Authority	Brief of the case	Corrective action taken
No such instance during the year		

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity

S. No.	Public policy advocated	Method resort for such advocacy	Whether the information is available in public domain? (Yes/No)	Frequency of review by board (Annually/ Half yearly/ Quarterly/ Other- please specify)	Web Link, if available
NA					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA notification no.	Date of notification	Whether conducted by independent external agency (Yes / No)	Resulted communicated in public domain	Relevant Web Link
NA					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Sr. No.	Name of project for which R&R is ongoing	State	District	No of Project Affected Families	% of PAF covered by RAR	Amount Paid to PAFs in the FY (in ₹)
NA						

3. Describe the mechanisms to receive and redress grievances of the community

1. Community outreach centre.
2. Community forums and meetings.
3. Help Desk.
4. Complaint boxes.
5. Mediation and conflict resolution.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ Small producers	11%	9%
Sourced directly from within the district and neighbouring districts	--	--

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

NA

2. Provide the following information on Corporate Social Responsibility (“CSR”) projects undertaken by your entity in designated aspirational districts as identified by government bodies:

As per our CSR policy our working area is nearby the periphery of our locations. We are working in the district of Raigad, which is not an aspirational district.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

b) From which marginalized /vulnerable groups do you procure? Not applicable

(c) What percentage of total procurement (by value) does it constitute? Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

The Company does not have any patents/IPR derived from traditional knowledge.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

No such instance during the year

6. Details of beneficiaries of CSR Projects

Sr. No.	CSR Project	No of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized group
1	Women Empowerment & Livelihood	2,097	100
2	Health	3,471	100
3	Education	4,509	100
4	Environment & Agriculture	22,250	100
5	Community Development	19,441	100

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner**ESSENTIAL INDICATORS****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Company has a well-enabled online portal/email (Salesforce portal) & dedicated number for logging complaints for existing customers. Complaints are escalated and resolved within the time-bound period depending on nature of the complaint. Periodic customer satisfaction surveys are conducted and feedback is shared with sales teams to help plug any existing gaps

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information.

Topic	As a percentage to total turnover
Environment and Social parameters relevant to product	Currently Company's labelling practices are in accordance with Global Harmonized System ("GHS") and Safety Data Sheet ("SDS"). It contains limited ecological information.
Safe and responsible usage	100 %
Recycling and/or safe disposal	100 %

3. Number of consumer complaints

	FY 2022-2023 (Current Financial Year)			FY 2021-2022 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	0			0		
Advertising	Company does not conduct any advertising			Company does not conduct any advertising		
Cyber-security	0			0		
Delivery of essential services	-	-		-	-	
Restrictive Trade Practices	-	-		-	-	
Unfair Trade Practices	-	-		-	-	
Others	352	11	Including technical complaints and commercial queries	417	10	Including technical complaints and commercial queries

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	0	
Forced recalls	0	No such instances

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has detailed framework on cyber security and risk related to data privacy. (<https://www.sudarshan.com/it-and-cyber-security-policy.pdf>)

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No Issues reported during the year

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on products can be obtained from Pigments Overview | Sudarshan Chemical Industries Limited

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We give Material Safety Data Sheet (“MSDS”) and Technical Data Sheets (“TDS”) along with every material supply which mentions precautions to be taken while handling and usage as well as regulation.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

We have need based communication with customer about Master change as well as product discontinuation from PTS or marketing team as well as force majeure due to Raw Material (“RM”) constraint or disruption in Supply chain.

Any planned/unplanned outage of IT services communicating to all internal stockholders

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief.

No . We put Sudarshan Trade name , Colour Index Name , Colour Index Number on bag. We also put GHS (Global Harmonised System) Classification label on bags . In case of Chromes export , we send material in India Institute of Packaging (“IIP”) approved, United Nations (“UN”) packaging bags with UN numbers and affix Class 9 sticker on pallets as well as container. In case of Lead pearl, we send material in IIP approved packaging with UN details with Class 6 sticker .

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact - 0

b. Percentage of data breaches involving personally identifiable information of customers – 0

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 its 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 Trading by Insiders. The Company, through its Board and committees, endeavors to maintain high standards of Corporate Governance for the benefit of its shareholders and stakeholders.

The Company has established systems and procedures to ensure that its Board of Directors is well informed and

well equipped to discharge its overall responsibilities and provide the Management with the strategic direction catering to creation of long-term shareholder value. The Company's initiatives towards adhering to high standards of Governance include self-governance, professionalization of the Board, fair and transparent processes and reporting systems.

The Corporate Governance Principles implemented by the Company seek to protect, recognize and facilitate shareholders' rights and ensure timely and accurate disclosure to them. Good Governance practices have rewarded the Company in the sphere of improved share valuations, stakeholders' confidence, improved market 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.

Rights of Shareholders:

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

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 – Non – Executive 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. D. N. Damania
		2. Mr. S. Padmanabhan
		3. Mr. S. K. Asher
		4. Mrs. R. F. Forbes
		5. Mrs. S. A. Panse
		6. Mr. N. T. Raisinghani
		7. Dr. D. Parikh
3.	Non-Promoter (Non-Independent)	1. Mr. A. Vij – Wholetime Director

Notes:

- None of the Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2022-23, 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 SEBI Listing Regulations, 2015.
- None of the Directors are related to each other in terms of Regulation 2(zd) of SEBI Listing Regulations, 2015.

C. BOARD OF DIRECTORS

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

As on 31st March 2023, the Company’s Board consists of 11 Members. The composition of the Board, as on 31st March 2023, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015”) as amended, with 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 SEBI Listing Regulations, 2015.

A brief profile of Directors seeking appointment(s) / re-appointment(s) has been given in the Notice convening the 72nd Annual General Meeting of the Company.

Board Skill Matrix:

As required by SEBI 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 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. D. N. Damania	Strategic Thinking, General Management, Risk Management, Industrial – Manufacturing
5	Mr. S. Padmanabhan	Strategic Thinking, General Management, Risk Management
6	Mr. S. K. Asher	Strategic Thinking, General Management, Sales and Marketing, HR and People Practices, Finance and Accounts, Legal, Corporate Governance, Risk Management, Taxation
7	Mrs. R. F. Forbes	Strategic Thinking, General Management, HR and People Practices, Corporate Governance
8	Mrs. S. A. Panse	Strategic Thinking, General Management, HR and People Practices, Finance and Accounts, Risk Management
9	Mr. N. T. Raisinghani	Strategic Thinking, General Management, HR and People Practices, Risk Management
10	Dr. D. Parikh	Strategic Thinking, General Management, Sales and Marketing, M&A, ESG Visionary, Transformational Leadership, Industry - Chemical - Pigment, Technical - Chemical, Industrial – Manufacturing
11	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 SEBI / 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.

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/company-policies.php>

Limit on the number of Directorships:

In compliance with the SEBI 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 / Wholtime 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 Financial Year 2022-23 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 for 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 15th May, 2023, and 23rd May, 2023, respectively.

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 SEBI 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/familiarization-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 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

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 a quarter to review among other things, quarterly performance of the Company and financial results. The Board / Committee Meeting(s) are pre-scheduled and a tentative annual calendar of the meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and ensure meaningful participation in the meetings. However, in case of a special and urgent business need, approval of the Board is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting. The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Whenever it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and / or the presentations are made in respect thereof. The information as specified in Regulation 17(7) of the SEBI Listing Regulations, 2015 and Secretarial Standards issued by the Institute

of Company Secretaries of India (“ICSI”) is regularly made available to the Board, whenever applicable, for discussion and consideration. video / teleconferencing facilities are also provided to enable participation from all Board / Committee members.

Post Meeting follow up system:

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

Meetings and Attendance:

During the Financial Year 2022-23, 5 (Five) meetings of the Board of Directors were held on 26th May, 2022, 5th August, 2022, 9th November, 2022, 9th February, 2023, and 21st March, 2023.

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 Financial Year 2022-23 and at the last Annual General Meeting held on 9th August, 2022, are given below:-

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

Details of Directorship(s) and Committee membership(s) in Companies as on 31st March, 2023:

Name of Director	No. of shares held in the Company	Directorship in Listed Companies	Directorship in Unlisted Public Companies	Directorship in Unlisted Private Companies*	Committee Membership in Listed and Unlisted Public Limited Companies**	Committee Chairmanship in Listed and Unlisted Public Limited Companies**
Mr. P. R. Rathi	4,186,240	4	1	5	4	1
Mr. R. B. Rathi	4,050,359	1	1	5	1	-
Mr. A. N. Rathi	5,447,620	1	-	3	-	-
Mr. D. N. Damania	930	3	1	-	6	2
Mr. S. Padmanabhan	-	2	3	2	6	2
Mr. S. K. Asher	-	7	2	4	10	4
Mrs. R. F. Forbes	-	1	1	1	1	-
Mrs. S. A. Panse	-	3	-	-	3	1
Mr. N. T. Raisinghani	710	1	-	1	-	-
Dr. Deepak Parikh	-	2	-	-	2	-
Mr. A. Vij	4,001	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 Listing Regulations.

Details of Directorship in Listed Companies as on 31st March, 2023:

Name of Director	Name of the Listed entities where he/she holds Directorship	Category of Directorship
Mr. P. R. Rathi	1. Sudarshan Chemical Industries Limited	Promoter Director (Non-Executive Chairman)
	2. Sanghvi Movers Limited	Independent Director
	3. Finolex Industries Limited	
	4. Clean Science and Technology Limited	
Mr. R. B. Rathi	1. Sudarshan Chemical Industries Limited	Promoter Director (Managing Director)
Mr. A. N. Rathi	1. Sudarshan Chemical Industries Limited	Non-Executive and Non-Independent
Mr. A. Vij	1. Sudarshan Chemical Industries Limited	Wholetime Director
Mr. D. N. Damania	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Sanghvi Movers Limited	
	3. KSB Limited	
Mr. S. Padmanabhan	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Sanghvi Movers Limited	

Name of Director	Name of the Listed entities where he/she holds Directorship	Category of Directorship
Mr. S. K. Asher	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Ashok Leyland Limited	
	3. Sonata Software Limited	
	4. Sun Pharmaceutical Industries Limited	
	5. Deepak Nitrite Limited	
	6. Meghmani Finechem Limited	
	7. IndusInd Bank Limited	
Mrs. R. F. Forbes	1. Sudarshan Chemical Industries Limited	Independent Director
Mrs. S. A. Panse	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Can Fin Homes Limited	
	3. Atul Limited	
Mr. N. T. Raisinghani	1. Sudarshan Chemical Industries Limited	Independent Director
Dr. Deepak Parikh	1. Sudarshan Chemical Industries Limited	Independent Director
	2. 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 FY 2022-23
Mrs. S. A. Panse	Chairperson (Non – Executive and Independent Director)	5
Mr. D. N. Damania	Member (Non – Executive and Independent Director)	5

Name of Director	Status	No. of Meetings attended during FY 2022-23
Mr. S. K. Asher	Member (Non – Executive and Independent Director)	4
Mr. S. Padmanabhan*	Member (Non – Executive and Independent Director)	-

*Mr. S. Padmanabhan was inducted as a Member effective 9th February, 2023.

Meetings during the year:

During the Financial Year 2022-23, 5 (Five) meetings of the Audit Committee were held on 20th May, 2022, 26th May, 2022, 5th August, 2022, 9th November, 2022, and 9th February, 2023. The maximum gap between any two meetings of the Committee held during the year was not more than 120 days. Mr. Pradeep Rathi, Chairman, Mr. Rajesh Rathi, Managing Director, and Mr. Nilkanth Natu, 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.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The Chairperson of the Committee was present at the Annual General Meeting of the Company held on 9th August, 2022 to answer queries of shareholders.

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>

ii) **Nomination and Remuneration Committee:**

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

Name of Director	Status	No. of Meetings attended during FY 2022-23
Mr. D. N. Damania	Chairperson (Non – Executive and Independent Director)	1
Mr. S. K. Asher	Member (Non – Executive and Independent Director)	1
Mr. N. T. Raisinghani	Member (Non – Executive and Independent Director)	1
Mrs. R. F. Forbes	Member (Non – Executive and Independent Director)	1

During the Financial Year 2022-23, 1 (One) meeting of Nomination and Remuneration Committee were held on 26th May, 2022.

Statement on terms of reference:

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

- To formulate the criteria for determining qualifications, positive attributes and independence of directors and recommend to the Board a policy and remuneration for directors and KMPs and other employees.
- To identify persons who are qualified to become director and who may be appointed in senior management.
- To recommend the manner for evaluation of performance of Board, its Committees, Chairperson and Individual Director.
- To review and approve remuneration and change in remuneration payable to Wholetime Director(s).

The full text of the terms of reference of the Nomination and Remuneration Committee is available at the Company’s website on <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, Chairperson and Directors including Independent Directors, evaluation of performance of the Managing Director and Wholetime Director.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 9th August, 2022, to answer queries of shareholders.

iii) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee consists of the following Directors:

Name of Director	Status
Mr. S. K. Asher	Chairperson (Non – Executive and Independent Director)
Mr. P. R. Rathi	Member (Non – Executive and Non - Independent Director)
Mr. R. B Rathi	Member (Managing Director)

Statement on terms of reference:

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

During the year under review, meeting of the Stakeholders' Relationship Committee was held on 23rd September, 2022, and the said meeting, all members of the Committee were present.

Based on the reports received from the Company's Registrars, the Company had received eight complaints from Investors during the year, and all these eight complaints were resolved during the year.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 9th August, 2022, to answer queries of shareholders.

Name, Designation and address of Compliance Officer:

Mr. Mandar Velankar, Company Secretary and Compliance Officer

Sudarshan Chemical Industries Limited

7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 045, Maharashtra, India

E-mail: mmvelankar@sudarshan.com

Telephone No. : 020 – 68281200

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	No. of Meetings attended during FY 2022-23
Mr. D. N. Damania	Chairperson (Non – Executive and Independent Director)	2
Mr. S. Padmanabhan	Member (Non – Executive and Independent Director)	2
Mr. N. T. Raisinghani	Member (Non – Executive and Independent Director)	2

Name of Director	Status	No. of Meetings attended during FY 2022-23
Mrs. S. A. Panse	Member (Non – Executive and Independent Director)	2
Mr. P. R. Rathi	Member (Non – Executive and Non - Independent Director)	1
Mr. R. B. Rathi	Member (Managing Director)	2
Mr. A. Vij	Member (Wholetime Director)	2
Mr. Nilkanth Natu	Member (Chief Financial Officer)	2

During the Financial Year 2022-23, 2 (Two) meetings of Risk Management Committee were held on 8th September, 2022 and 28th February, 2023.

Minutes of the meeting of the Committee are placed before and noted by the Board.

The full text of the Charter of the Risk Management Committee is available at the Company's website on <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 (Non – Executive and Independent Director)
Mr. P. R. Rathi	Member (Non – Executive and Non - Independent Director)
Mr. R. B. Rathi	Member (Managing Director)

The CSR Committee meetings was held on 26th May, 2022 and 21st October, 2022 during the year, which was attended by all members of the Committee.

Minutes of the meeting of the Committee are placed before and noted by the Board.

vi) Other committees (non-mandatory) constituted by the Company:

1. Finance Committee: The scope of the Committee is inter-alia to approve the terms of financing proposals within the powers conferred by the Board of Directors from time to time. 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 are to consider, inter alia proposals for 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. A. Vij, Directors, constitute members of the Shares Committee. Meetings of the Committee are held at convenient intervals to ensure transmission, transposition, issue of duplicate share certificates / Letter of Confirmation and dispatch of share certificates / Letter of Confirmation, 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 28th March, 2023 without 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 Chairperson 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.

Remuneration Policy:

The Company has put in place a Remuneration Policy. While deciding remuneration terms of the Executive Directors and Senior Management, the Company takes into consideration the following items:

- (a) employment scenario;
- (b) remuneration package of the industry; and
- (c) remuneration package of the managerial talent of other industries.

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

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and Performance Linked Variable Allowance (PLVA) / Commission (variable component) to Executive Directors. Salary is paid within the range approved by the Shareholders. Annual increments effective 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 managerial remuneration amounting to ₹500.8 Lakhs paid to Mr. R. B. Rathi, Managing Director (DIN: 00018628) is in excess of limits prescribed under Section 197 of the Companies Act, 2013, by ₹277.3 Lakhs. The said remuneration is also marginally in excess of the limits prescribed by the provisions of Regulation 17(6)(e) of the SEBI Listing Regulations, 2015. The payment of remuneration has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. Approval of the shareholders by way of Special Resolution has been requested at the ensuing Annual General Meeting for such payment. Further, Mr. P. R. Rathi, Chairman and Non-Executive Director (DIN: 00018577) has been paid pension amounting to ₹45.9 Lakhs in terms of the approved Pension Policy of the Company. The said payment amounts to managerial remuneration in terms of Section 197 of the Companies Act, 2013 and the same is in excess of the limits prescribed by Section 197 of the Companies Act, 2013. The said payment has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. However, Mr. P. R. Rathi has voluntarily returned amount of ₹45.9 Lakhs paid on account of pension and hence approval of shareholders is not required for this payment.

The Non-Executive Directors are paid remuneration by way of Sitting Fees. No Commission is proposed to be paid for the Financial Year 2022-23.

The distribution of Commission amongst the Non-Executive Directors 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 Non-Executive Directors of ₹20,000/- per meeting for attending the meetings of the Board and its Committees.

Directors and Officers Liability Insurance ("D & O") Policy:

The Company has in place the D & O Policy as per the applicable legal provisions, providing coverage to the Directors. Every year the Company ensures renewal and validity of the policy. The Board is of the opinion that the quantum and risks presently covered are adequate.

Remuneration to Executive and Non-Executive Directors for the year ended 31st March 2023:

Details of remuneration paid / payable to the Executive and Non-Executive Directors are provided below. The Non-Executive Directors did not have any material pecuniary transactions with the Company.

Name of Director	Designation	Details of remuneration paid / payable (in ₹)				
		Sitting Fees	Commission*	Salary	Others	Total
Mr. P. R. Rathi**	Non- Executive and Non- Independent Director and Chairman	220,000	-	-	4,594,709	4,814,709
Mr. R. B. Rathi**	Managing Director	-	-	50,085,031	-	50,085,031
Mr. A. Vij	Wholetime Director	-	-	18,481,309	-	18,481,309
Mr. D. N. Damania	Independent Director	260,000	-	-	-	260,000
Mr. S. Padmanabhan	Independent Director	180,000	-	-	-	180,000
Mrs. S. A. Panse	Independent Director	280,000	-	-	-	280,000
Mrs. R. F. Forbes	Independent Director	140,000	-	-	-	140,000
Mr. N. T. Raisinghani	Independent Director	160,000	-	-	-	160,000
Mr. S. K. Asher	Independent Director	260,000	-	-	-	260,000
Dr. D. Parikh	Independent Director	100,000	-	-	-	100,000
Mr. A. N. Rathi	Non- Executive and Non- Independent Director	100,000	-	-	-	100,000

The sitting fees as mentioned above relate to the Board Meeting(s) and Committee Meeting(s) held during the Financial Year 2022-23.

*No Commission is proposed to be paid to the Non-Executive Directors for Financial Year 2022-23.

**The managerial remuneration paid to Mr. P. R. Rathi, Chairman and Non-Executive Director and Mr. R. B. Rathi, Managing Director is in excess of the limits applicable under Section 197 of the Companies Act, 2013, and Rules made thereunder, read with Schedule V thereto, and SEBI Listing Regulations, 2015. The managerial remuneration paid in excess of the limits has been approved by the Board of Directors and the Company will place the same before the shareholders for their approvals in the ensuing Annual General Meeting in compliance with the applicable legal provisions. However, Mr. P. R. Rathi, Chairman and Non-Executive Director has refunded ₹45,94,709/- to the Company subsequent to 31st March, 2023.

Criteria for making payments to Non-Executive Directors:

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

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

Disclosure of material transactions:

Under Regulation 26(5) of SEBI Listing Regulations, 2015, the Senior Management is required to make periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

During the year under review, there were no such transactions.

Management Discussion and Analysis Report:

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

Rights of Stakeholders:

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

Whistle-Blower Policy/ Vigil Mechanism:

The Company promotes ethical behavior 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 Chairperson of the Audit Committee. The Whistle-Blower Policy aims to:

- Allow and encourage stakeholders to bring to the Management's notice concerns about unethical behavior, 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 www.sudarshan.com/perch/resources/whistleblower-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, no complaint was received under Whistle-Blower mechanism.

Framework of Insider Trading:

The Company's shares are listed on BSE Limited ("BSE") and 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 of Company shares by Insiders. The Company Directors, Key Managerial 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 various statutes viz., Companies Act, 2013 and Rules issued thereunder from time to time, applicable Secretarial Standards, SEBI 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. 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 falls in the 'Top 1000' list of companies for market capitalisation as on 31st March, 2023 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;
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.

e. Investor Communication Policy:

As a Listed Entity, the Company is duty bound to comply with certain obligations imposed by SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "SEBI Regulations"), regarding the disclosure of confidential and sensitive information to the public. Pre-mature 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:

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

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

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

The Managing Director shall have the authority to make materiality and distribution determinations covered by this Policy with respect to the information disclosed about the Company.

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

Related Party Transactions:

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and SEBI Listing Regulations, 2015 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 rupees 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The policy, as amended in terms of amendment to SEBI Listing Regulations, 2015, has been disclosed on the website of the Company at <https://www.sudarshan.com/perch/resources/related-party-transaction-policy.pdf>. Related Party Transactions are approved by the Audit Committee prior to the transaction. The Audit Committee has, after obtaining approval of the Board of Directors, laid down the criteria for granting omnibus approval which forms part of the Policy on Related Party Transactions. Related Party Transactions of repetitive nature are approved by the Audit Committee on omnibus basis for one financial year at a time. The Audit Committee satisfies itself regarding the need for omnibus approval and ensures compliance with the

requirements of SEBI Listing Regulations 2015 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. The aforesaid policy on Related Party Transactions has been amended in line with the amendments to the SEBI Listing Regulations, 2015.

A statement showing disclosure of transactions with related parties during FY 2022-23 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, on a periodical basis.

General Body Meeting:

Details of last three Annual General Meetings are given below:

Financial Year	Date	Venue	No. of Directors present
FY 2021-2022	9 th August, 2022 at 4:00 p.m.	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11
FY 2020-2021	6 th August, 2021 At 4:00 pm	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11
FY 2019-2020	4 th September, 2020 At 4:00 pm	Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	12

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

Date of AGM	Details of Special Resolutions passed	Remarks
9 th August, 2022	There was no Special Resolution passed	-
6 th August, 2021	There was no Special Resolution passed	-
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

Approval of Members and Procedure through Postal Ballot:

During the year under review, the members approved a Special Resolution under Section 110 of the Companies Act, 2013 read with the Rule 22 of the Companies (Management and Administration) Rules, 2014 on 13th May, 2022, through Postal Ballot, permitting the Company to issue unsecured non-convertible debentures up to ₹200 Crores, in one or more tranches / series, on private placement basis pursuant to applicable legal provisions.

Mr. Rajesh Karunakaran, Practicing Company Secretary (FCS No. 7441, C. P. No. 6581) was appointed as the Scrutinizer for conducting the Postal Ballot process.

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

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 unlisted 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 <https://www.sudarshan.com/perch/resources/material-subsubsidiary-policy.pdf>. The Audit Committee also reviews presentations.

Details of the aforesaid material subsidiary of the Company as required by Regulation 34(3) and 53(f) and Schedule V of SEBI Listing Regulations, 2015, are given below:

Name of the material subsidiary	Date of Incorporation	Place of Incorporation	Name of statutory auditor of the material subsidiary and date of their appointment
Sudarshan Europe B.V.	5 th December, 2007	The Netherlands	AuditNext B.V. (Date of appointment - 11 th May, 2022)

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 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 of and pending in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms 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 ₹ 64.0 lakhs.

During the year under review none of the Directors were interested in loans and advances advanced to Company or its subsidiaries.

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

The Financial Statements of the Company for the Financial Year 2022-23 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 SEBI Listing Regulations, 2015, during FY 2022-23:

Mandatory:

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

Discretionary:

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

1) The Board

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

2) Shareholder rights

At present, the Company is not sending half-yearly declaration of financial performance including summary of significant events in the preceding six months to each household of shareholders. However, after the declaration of quarterly financial results, a tele-call with investor community is

arranged and the Company makes a presentation on its financial performance. A copy of the said presentation is available on the websites of the Company and the Stock Exchanges.

3) Modified opinion(s) in audit report

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

4) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

- (a) be a non-executive director; and
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.

The Company is compliant with this requirement.

5) Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee. Information with respect to ‘Commodity Price Risk or Foreign Exchange Risk and Hedging Activities’ is provided in Notes of the Standalone and Consolidated Financial Statements as at and for the year ended 31st March, 2023, 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, Practicing Company Secretary, (FCS No. 1370, C. P. No. 5144) to conduct Secretarial Audit for the FY 2022-23. The Secretarial Audit Report for the financial year ended 31st March, 2023 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, as the case may be.

However, this year based on the Circulars issued by The Ministry of Corporate Affairs (“MCA”) and SEBI from time to time, copies of the Annual Report and Notice of the 72nd AGM, are being sent only by email to eligible members of the Company.

Members are requested to refer to the Notice of 72nd 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 Company 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 intimated to the stock exchanges and are uploaded on website of the Company and Transcripts of Analyst meets are also 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 e-mail address grievance.redressal@sudarshan.com, shares@sudarshan.com for enabling investors to post their grievances and to enable timely action on investor grievances, if any. Members are requested to forward their grievances, if any, at the designated e-mail address.

Shareholders Information:

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 result while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI 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:

Certificate from Mr. Rajesh Karunakaran, Practicing Company Secretary (FCS No. 7441, C. P. No. 6581) confirming compliance with conditions of Corporate Governance as stipulated under SEBI 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, 2022 to 31st March, 2023. A declaration dated 23rd May, 2023 received from Mr. R. B. Rathi, Managing Director in this regard is given below:

To,

The Board of Directors

Sudarshan Chemical Industries Limited

7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 045, Maharashtra, India

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, for Financial Year 2022-23.

Date: 23rd May, 2023

Place: Pune

RAJESH B. RATHI

Managing Director

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

Date: 23rd May, 2023

Place: Pune

P. R. RATHI

CHAIRMAN

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

7th Floor Eleven West Panchshil Survey No. 25 Near PAN Card Club Road Baner Pune -411045

Maharashtra, India.

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 7th Floor Eleven West Panchshil Survey No. 25 Near PAN Card Club Road Baner Pune – 411 045 Maharashtra India (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, 2023 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	DIN	Date of appointment
1.	Mr. Pradeep R. Rathi	00018577	08/11/1995
2..	Mr. Rajesh B. Rathi	00018628	23/05/2008
3.	Mr. Dara N. Damania	00403834	20/11/1984
4.	Mr. Subramanian Padmanabhan	00001207	25/09/2002
5.	Mr. Sanjay K. Asher	00008221	24/01/2009
6.	Mrs. Shubhalakshmi A. Panse	02599310	27/05/2015
7.	Mr. Naresh T. Raisinghani	00568298	13/02/2015
8.	Dr. Deepak R. Parikh	06504537	01/04/2019
9.	Mrs. Rati F. Forbes	00137326	29/03/2014
10.	Mr. Ashish Vij	08140194	24/05/2018
11.	Mr. Anuj N. Rathi	00018683	08/08/2019

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

For **Rajesh Karunakaran & Co.,**

Company Secretaries

Rajesh Karunakaran

Company Secretary

C.P. -6581

FCS No. 7441

UDIN – F007441E000362391

Peer Review Certificate no.1260/2021 dated 28th June, 2021

Pune , 23rd May, 2023

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

7th Floor, Eleven West Panchshil,
Survey No. 25, Near PAN Card Club Road,
Baner, Pune - 411 045, Maharashtra, India

In respect of the Financial Statements of the Company for the Year ended 31st March 2023, 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 2023, 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: 23rd May, 2023

R. B. Rathi

Managing Director

Nilkanth Natu

Chief Financial Officer

Annexure III**CORPORATE GOVERNANCE CERTIFICATE**

**[Pursuant to Regulation 34(3) and Schedule V Para E of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To:

The Members of

Sudarshan Chemical Industries Limited

7th Floor Eleven West Panchshil Survey No. 25 Near PAN Card Club Road Baner Pune - 411045

Maharashtra, India

I have examined the compliance of conditions of corporate governance by Sudarshan Chemical Industries Limited (“the Company”), for the year ended on 31st March, 2023, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (hereinafter collectively referred to as “SEBI Listing Regulations, 2015”).

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV of SEBI Listing Regulations, 2015.

I further 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.

For **RAJESH KARUNAKARAN & CO.,**

COMPANY SECRETARIES

RAJESH KARUNAKARAN

COMPANY SECRETARY

FCS No. 7441/CP No. 6581

UDIN- F007441E000362422

Peer Review Certificate no. 1260/2021 dated 28th June, 2021

Pune, 23rd May, 2023

1. ANNUAL GENERAL MEETING:

Day and Date	Friday, 11 th August, 2023
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 Office of the Company at 7 th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411045, Maharashtra, India

As per the applicable circulars issued by the Securities and Exchange Board of India (“SEBI”) and the Ministry of Corporate Affairs (“MCA”), the Companies are allowed to conduct the AGM through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) on or before 30th September, 2023, and also copies of the financial statements (including Report of Board of Directors, Auditor’s report or other documents required to be attached therewith), and 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”). As per the applicable circulars 71st AGM of the Company was conducted through VC / OAVM.

2. FINANCIAL CALENDAR (TENTATIVE): APRIL 2023 TO MARCH 2024 (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, 2023	Tuesday, 23 rd May, 2023
2	Unaudited Quarterly Results for the Quarter ended 30 th June, 2023	Within 45 days of the Quarter ended June, 2023
3	72 nd Annual General Meeting	Friday, 11 th August, 2023
4	Unaudited Quarterly Results for the Quarter and half year ended 30 th September, 2023	Within 45 days of the Quarter and half year ended September, 2023
5	Unaudited Quarterly Results for the Quarter and nine months ended 31 st December, 2023	Within 45 days of the Quarter and nine months ended December, 2023
6	Audited Annual Results for the Quarter and year ended on 31 st March, 2024	Within 60 days of the Quarter and year ended March, 2024

3. RECORD DATE :

Friday, 4th August, 2023, shall be the Record date for the purpose of Dividend to be paid to shareholders

4. DIVIDEND PAYMENT DATE:

The Board of Directors have recommended a Final Dividend of ₹1.50/- per Equity Share (i.e. 75%) per Equity Share of ₹2/- each for FY 2022-23.

The Final Dividend shall be paid to the Shareholders on or before 4th September, 2023, if approved at the 72nd Annual General Meeting of the Company.

5. DIVIDEND TREND FOR PAST FIVE YEARS:

Sr. No.	Dividend Year	Dividend %	Dividend Per Share
1	FY 2021-22 (Final Dividend)	250.00	₹5.00 per share of ₹2 each
2	FY 2020-21 (Final Dividend)	300.00	₹6.00 per share of ₹2 each
3	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)

Sr. No.	Dividend Year	Dividend %	Dividend Per Share
4	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)
5	FY 2017-18 (Interim Dividend) FY 2017-18 (Final Dividend)	175.00	₹2.50 per share of ₹2 each ₹1.00 per share of ₹2 each

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

6. LISTING ON STOCK EXCHANGES AND STOCK CODE:

Name	Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Telephone Nos.: 022 – 2272 1233 / 34 Fascimile No.: 022 – 22721919 Website: www.bseindia.com	506655 (equity) 974058 (debt)
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai– 400 051 Telephone Nos.: 022 – 2659 8100 - 14 Fascimile No.: 022 – 2659 8120 Website: www.nseindia.com	SUDARSCHM (equity)

The International Security Identification Number (“ISIN”) for Company’s equity shares registered with NSDL and CDSL is INE659A01023 and ISIN for Company’s Non-Convertible Debentures (“NCDs”) is INE659A08036.

The Company has paid the Annual Listing fees of BSE Limited and National Stock Exchange of India Limited for FY 2023-24.

During Financial Year 2022-23, the Company issued Unsecured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures on private placement basis for which it entered into agreement with Catalyst Trusteeship Limited to act as Debenture Trustee and appointed Link Intime India Private Limited as Registrar and Transfer Agent.

NCDs	Value (in ₹)	Date of Allotment	Tenure	Redemption Date
8.45% NCDs (INE659A08036)	₹ 99 Crores	18 th July, 2022	36 months	18 th July, 2025

Pursuant to Regulations 52(7) & (7A) of SEBI Listing Regulations, 2015, read with SEBI Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated 29th July, 2022 proceeds of Non-Convertible Debentures issued during the year were utilised as per the purpose stated in the Information Memorandum.

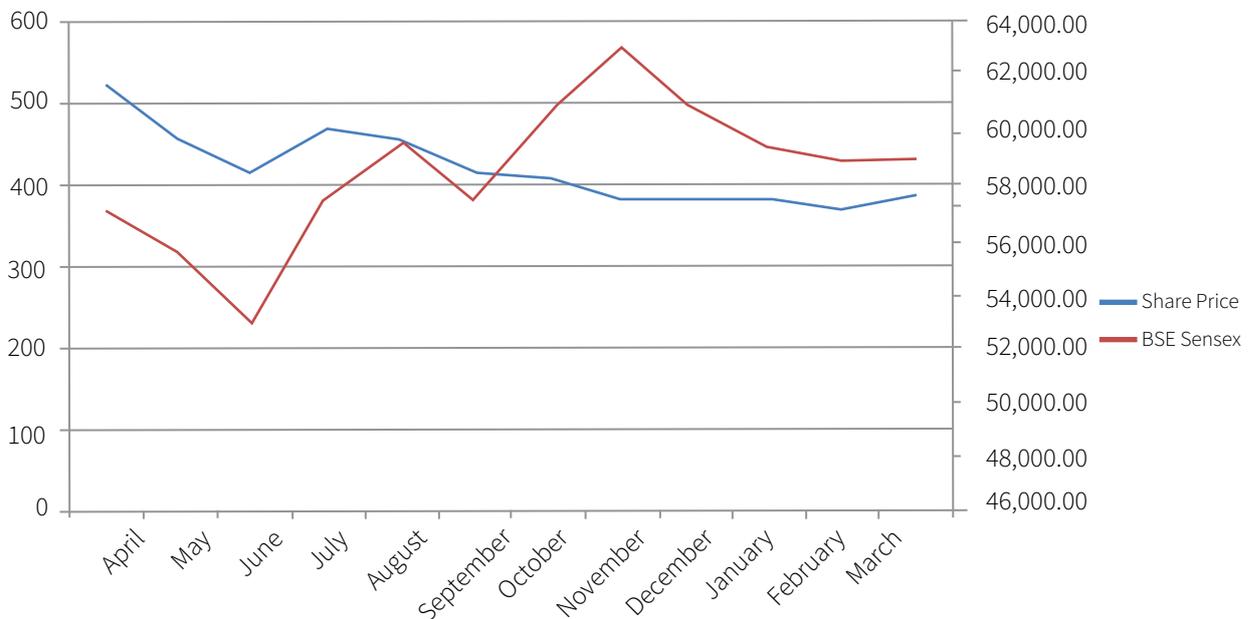
Pursuant to amended Regulation 23 of SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, an enabling provision in Articles of Association of the Company, permitting appointment of a nominee director by a Debenture Trustee, in case there default by the Company in relation to its NCDs is required. Considering the fact, a clause in regards is already in place, the Company is not amending its Articles of the Association.

7. STOCK PRICES:

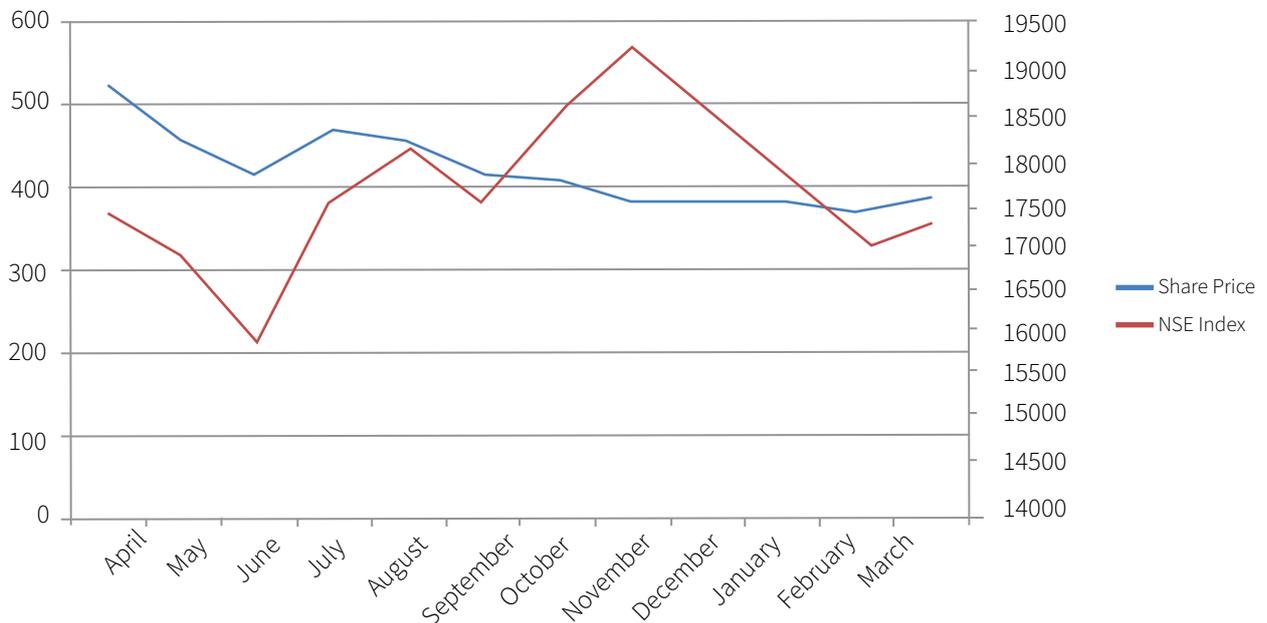
Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2022	564.05	507.00	564.90	506.75
May, 2022	525.95	418.85	526.00	418.95
June, 2022	474.35	405.25	474.00	402.00
July, 2022	478.80	415.45	479.00	416.00
August, 2022	495.00	440.00	495.85	442.00
September, 2022	489.00	410.00	489.85	410.00
October, 2022	449.00	392.95	449.60	396.20
November, 2022	422.75	373.50	422.90	373.20
December, 2022	412.70	366.00	412.00	350.10
January, 2023	404.00	367.00	396.00	371.00
February, 2023	393.70	345.00	393.45	341.00
March, 2023	419.45	363.15	419.25	363.50

(Source: BSE and NSE - Websites)

Comparison of Sudarshan's share price with BSE Sensex - April 2022 to March, 2023



Comparison of Sudarshan's share price with NSE Nifty - April 2022 to March, 2023:



8. INVESTOR RELATIONS

Investor Relations (“IR”) at the Company aim at proactively giving 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.

9. REGISTRAR AND TRANSFER AGENTS:

Link Intime India Private Limited, Pune (SEBI Registration No. INR000004058) are acting as the Company’s Registrar and Transfer Agents to handle requests for transmission, transposition, 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 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 transmitted/dematerialised within the applicable legal timelines.

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. Shareholders are advised to refer the latest SEBI guidelines/circular issued for all the holder holding securities in listed companies in physical form from time to time and keep their KYC detail updated all the time to avoid freezing their folio as prescribed by SEBI.

11. DISTRIBUTION OF SHAREHOLDING:

(As on 31st March, 2023)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	73,653	99.00	10,118,877	14.62
3001 – 5000	319	00.43	1,312,760	1.90
5001 & Above	423	00.57	57,795,613	83.48
Total	74,395	100.00	69,227,250	100.00

12. SHAREHOLDING PATTERN:

(As on 31st March, 2023)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	24,799,042	35.82
Foreign Companies / NRI's / Foreign Individuals	506,675	0.73
FII's / FPI's / Financial Institutions / Banks / Insurance Companies / Mutual Funds	11,969,635	17.29
Corporate Bodies	2,143,286	3.10
Non Promoter Directors / Resident Individuals / Others	29,808,612	43.06
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 2014-15 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.

Dates of transfer of Unclaimed Dividend to the fund:

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years
1.	FY 2015-16 (Final Dividend)	12 th August, 2016	11 th September, 2023
2.	FY 2016-17 (Interim Dividend)	10 th February, 2017*	12 th March, 2024
3.	FY 2016-17 (Final Dividend)	10 th August, 2017	9 th September, 2024
4.	FY 2017-18 (Interim Dividend)	8 th February, 2018*	10 th March, 2025
5.	FY 2017-18 (Final Dividend)	9 th August, 2018	8 th September, 2025
6.	FY 2018-19 (Final Dividend)	7 th August, 2019	6 th September, 2026
7.	FY 2019-20 (Interim Dividend)	28 th February, 2020*	29 th March, 2027
8.	FY 2020-21 (Final Dividend)	6 th August, 2021	5 th September, 2028
9.	FY 2021-22 (Final Dividend)	9 th August, 2022	8 th September, 2029

* Declared by the Board of Directors

14. DETAILS OF UNCLAIMED SHARES:

Sr. No.	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	785	566,530
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	9	13,250
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	9	13,250
Number of shares transferred to Demat Suspense Account during 1 st April 2022, to 31 st March, 2023	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	776	553,280

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

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as notified by the Ministry of Corporate Affairs, where the dividend of any shareholder has remained unpaid or unclaimed for seven consecutive years, then in such event, the Equity Shares pertaining to the said shareholder(s) are required to be transferred to the Investor Education and Protection Fund (“IEPF”) Suspense Account of the Central Government. Accordingly, the Company has transferred 1,50,794 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 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. ₹ 27,213 Million as on 31st March, 2023. Promoters’ shareholding is held in dematerialised form. As on 31st March, 2023, 98.39% of the total shareholding in the Company is held in dematerialised form which includes the Promoters’ shareholding of 35.82%.

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

Not applicable as not issued.

18. POSTAL BALLOT AND E-VOTING:

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

19. CREDIT RATING:

During the year under review, India Ratings and Research (“Ind-Ra”), a Fitch Group Company has affirmed Company’s Long-Term Issuer Rating at ‘IND AA-’, and has also affirmed Short-Term Rating at INDA1+. The outlook is stable.

Ind-Ra has also affirmed Company’s Long-Term Issuer Rating at ‘IND AA-’ for Company’s Non-Convertible Debentures. The outlook is stable.

The rating on Commercial Paper has been reaffirmed as ‘CRISIL A1+’ by CRISIL (“an S&P Global Company”).

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,
7th Floor, Eleven West Panchshil, Survey No. 25
Near PAN Card Club Road, Baner, Pune – 411 045,
Maharashtra, India
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
Statements**



Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Report on the audit of the standalone Ind AS financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Sudarshan Chemical Industries Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter – Managerial Remuneration

We draw attention to note 30 to the standalone Ind AS financial statements which describes that the managerial remuneration paid/payable by the Company to the directors for the year ended March 31, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 lakhs and ₹ 46.7 lakhs respectively. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Key audit matters	How our audit addressed the key audit matter
<p>Timing of recognition of revenue (as described in note 2.2(e) (Summary of significant accounting policies) and note 26 forming part of the standalone Ind AS financial statements)</p> <p>The Company manufactures and sells a wide range of goods such as organic, inorganic and effect pigments. Revenue from sale of goods is recognised net of discounts, rebates, sales return and taxes when control of the goods are transferred to the customer.</p> <p>Determination of point in time when control of the goods is transferred to the customer involves establishing the present right to receive payment for the products, delivery specifications, shipping terms, timing of transfer of legal title of the goods and determination of the point of acceptance of goods by the customers. These considerations require exercise of significant judgements by the management.</p> <p>Considering the multitude and variety of contractual terms and significant judgments involved, determination of point in time of transfer of control of goods, has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We obtained understanding of the Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls.</p> <p>We read the Company's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers.</p> <p>We obtained and read the terms of customer contracts on a sample basis to assess various performance obligations in the contract, the point in time of transfer of control of goods to customers and pricing terms.</p> <p>We tested on a sample basis sales invoice for identification of point in time for transfer of control and terms of contract with customers. Further, we performed procedures to test on a sample basis whether revenue was recognized in the appropriate period (including at year end) by testing underlying sales orders, sales invoice copies, lorry receipts, shipping records, customer acceptances etc. and tested the management assessment involved in the process, wherever applicable.</p> <p>We performed various analytical procedures to identify any unusual sales trends for further testing.</p> <p>We also assessed the disclosure relating to revenue in accordance with applicable accounting standards in the standalone Ind AS financial statements of the Company.</p>
<p>Hedge accounting including valuations thereof (as described in note 2.2(s) (Summary of significant accounting policies) and note 17 and note 52 of notes forming part of the standalone Ind AS financial statements)</p> <p>The Company enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.</p> <p>These instruments are measured at fair values at each reporting period resulting in derivative financial assets and derivative financial liabilities. The gain / loss on maturity/ termination of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item.</p>	<p>Our audit procedures included the following:</p> <p>We obtained understanding of the Company's overall hedge accounting strategy, derivative instrument valuation and hedge accounting process from initiation to settlement of derivative instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls.</p> <p>We read the Company's accounting policy for hedge accounting in accordance with relevant accounting standards.</p> <p>We tested the existence of derivative instruments by tracing to the independent confirmations obtained from respective banks.</p>

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Key audit matters	How our audit addressed the key audit matter
<p>Considering the significant complexities and judgements involved in estimating highly probable forecasted sales transactions, future foreign exchange rates, determination of effectiveness of hedge and the fact that these transactions have a significant financial effect and extensive accounting and disclosure requirements, hedge accounting has been identified as a key audit matter.</p>	<p>We also tested management's hedge documentation and contracts, on a sample basis.</p> <p>We tested on a sample basis the fair values of derivative instruments recorded by the Company with the independent balance confirmations obtained from banks.</p> <p>We involved valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative instruments on a sample basis and compared these valuations with those recorded by the Company and assessed the valuation methodology and key assumptions used therein.</p> <p>We also assessed the disclosure is in accordance with applicable accounting standards in the standalone Ind AS financial statements of the Company</p>
<p><i>Impairment assessment of material investments in subsidiaries (as described in note 2.2(z)(v) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)</i></p>	
<p>The Company has significant investments in subsidiaries as at March 31, 2023. These investments are accounted for at cost less allowance for impairment, if any. The management assesses at least annually the existence of impairment indicators of each shareholding in such subsidiaries by reference to the requirements under Ind AS 36. If such indicator exists, impairment loss is determined and recognized in the standalone Ind AS financial statements in accordance with the accounting policies.</p> <p>During the year impairment indicators were identified for certain material investments. The processes and methodologies for assessing and determining the recoverable amount of such investments are based on complex assumptions and require use of significant management's judgment, in particular with reference to forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Considering the significant level of judgment required in estimating the cash flows and the complexity of the assumptions used, this matter has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We obtained an understanding of the Company's policy on assessment of impairment of investment in subsidiaries and assumptions used by the management including design and implementation of relevant controls. We have tested the design and operating effectiveness of these controls.</p> <p>We compared the carrying values of the Company's investment in these subsidiaries with their respective net worth as per audited financial statements.</p> <p>We have evaluated the valuation model used by the Company's management / valuation experts of the management. We assessed the competencies, capabilities and objectivity of the management's expert.</p> <p>We involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We considered potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate. We also assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used.</p> <p>We assessed the recoverable value by performing sensitivity testing of key assumptions used, analysed and examined the business plans approved along with assumptions and estimates used by management and tested the arithmetical accuracy of these models.</p> <p>We also assessed the disclosure is in accordance with applicable accounting standards in the standalone Ind AS financial statements of the Company.</p>

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 standalone Ind AS financial statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the standalone Ind AS financial statements to express an opinion on the standalone Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the standalone Ind AS financial statements which have been audited by us.

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 Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The standalone Ind AS financial statements of the Company for the year ended March 31, 2022, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 26, 2022.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
- (g) As stated in Emphasis of Matter paragraph above and note 30 to the standalone Ind AS financial statements which describes that the managerial remuneration paid/payable by the Company to the directors for the year ended March 31, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto, by ₹ 277.3 lakhs. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 45(b) to the standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 15 and Note 22 to the standalone Ind AS 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.
- iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 46 (e) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 46(e) to the standalone Ind AS financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 18 to the standalone Ind AS financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend; and,

- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the

Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 23111757BGYQKB6118

Place of Signature: Pune

Date: May 23, 2023

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

Re: Sudarshan Chemical Industries Limited ('the Company')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) All property, plant and equipment were physically verified by the management in the previous years in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2023.

- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2023. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and confirmations for inventories lying with third parties.
- (b) As disclosed in note 19 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone Ind AS financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the audited books of accounts of the Company.
- (iii) (a) During the year, the Company has provided loans, advances in the nature of loans and stood guarantee to the following companies:

(Amount in ₹ lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year				
- Subsidiaries	5,365.4	-	161.8	-
Balance outstanding as at balance sheet date in respect of above cases				
- Subsidiaries	5,365.4	-	169.4	-

The Company has not provided loans, advances in the nature of loans, stood guarantees and provided security to LLPs or any other parties.

- (b) During the year the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans,

investments and guarantees to companies are not prejudicial to the Company's interest.

- (c) The Company has granted loans during the year to companies, where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which are overdue for more than ninety days.
- (e) During the year, the Company had granted fresh loans to companies to settle the loan/ advance in the nature of loan granted to these parties which had fallen due during the year.

The aggregate amount of such dues settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

(Amount in ₹ lakhs)

Name of Parties	Aggregate amount of loans or advances in the nature of loans granted during the year	Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Sudarshan Japan Limited (wholly owned subsidiary)	161.8	161.8	100%

- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits during the year. However, in regard to the unclaimed deposits the Company has complied with the provisions of Sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of goods, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amount in respect of these statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.

Annexure 1

referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

- (b) The dues of goods and services tax, provident fund, employees’ state insurance, income-tax, duty of custom, service tax, duty of excise, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

(Amount in ₹ lakhs)

Name of the statute	Nature of the dues	Amount under dispute #	Pre deposit or payment under protest	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	55.0	55.0	AY 1992-1993 to AY 1995-1996	Bombay High Court
Income Tax Act, 1961	Income tax	161.0	161.0	AY 2017-2018 AY 2018-2019	Commissioner of Income Tax
Customs Act 1962	Custom duty	330.5	12.1	FY 2011-2012 FY 2012-2013	CESTAT
Customs Act 1962	Interest on IGST	74.8	74.8	FY 2017-2018 FY 2018-2019	CESTAT
Central Excise Act, 1944	CVD refund	26.0	-	FY 2020-2021	Commissioner of Appeals Central Excise
Central Excise Act, 1944	CVD refund	4.6	-	FY 2013-2014 FY 2014-2015	CESTAT
Central Excise Act, 1944	CVD refund	135.7*	-	FY 2013-2014 to FY 2017-2018	CESTAT
Central Excise Act, 1944	CENVAT refund	26.2	2.6	FY 2015-2016 to 2016-2017	CESTAT
Central Excise Act, 1944	Excise duty	39.5	10.9	FY 2002-2003 to FY 2005-2006	Additional Commissioner Central Excise
The Finance Act, 1994	Service tax	255.5	19.0	FY 2004-2005 to FY 2013-2014	CESTAT and Assistant Commissioner Central Excise
Bombay Electricity Duty Act 1958	Electricity duty on captive power generation	2,371.1	-	FY 2016-2017 to FY 2022-2023	Bombay High Court (writ petition filed by Captive Power Producers Association)
Gram Panchayat Roha - Maharashtra	Property tax	97.2	-	FY 2021-2022 FY 2022-2023	Gram Panchayat Roha - Maharashtra

*The Company has received a favourable order from the Commissioner of Central Excise. However, the Department has preferred an appeal against the order of the Commissioner before CESTAT.

Excludes interest and penalty

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

- (c) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

Annexure 1

referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 47 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37 to the standalone Ind AS financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37 to the standalone Ind AS financial statements.

For **SRBC & COLLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 23111757BGYQKB6118

Place of Signature: Pune

Date: May 23, 2023

Annexure 2 referred in paragraph 2(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Sudarshan Chemical Industries Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

A company’s internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Annexure 2 referred in paragraph 2(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal

financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 23111757BGYQKB6118

Place of Signature: Pune

Date: May 23, 2023

Standalone Balance Sheet

as at 31st March, 2023

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

(₹ in Lakhs)

Particulars	Notes	As at 31 st March, 2023	As at 31 st March, 2022
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	1,05,689.6	78,365.4
(b) Capital work-in-progress	3	4,425.3	27,045.9
(c) Intangible assets	4	3,258.5	2,682.3
(d) Intangible assets under development	4	-	1,114.8
(e) Right to use assets	5	865.0	160.8
(f) Investments in subsidiaries	6	5,348.4	5,348.4
(g) Financial assets			
i Other investments	7	205.3	166.6
ii Derivative instruments	15	353.0	-
iii Other financial assets	8	685.1	568.3
(h) Income tax assets (net)	25	2,475.0	1,968.4
(i) Other non-current assets	9	620.4	970.5
		1,23,925.6	1,18,391.4
II Current assets			
(a) Inventories	10	37,438.3	47,825.3
(b) Financial assets			
i Trade receivables	11	42,188.5	46,407.9
ii Cash and cash equivalents	12	578.5	1,455.3
iii Bank balances other than (ii) above	13	493.1	451.4
iv Loans	14	169.4	206.9
v Derivative instruments	15	1,338.2	1,218.1
vi Other financial assets	8	1,102.9	1,192.7
(c) Other current assets	9	4,709.0	4,802.8
		88,017.9	1,03,560.4
III Assets held for sale		2,845.5	-
	50	2,14,789.0	2,21,951.8
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	16	1,384.5	1,384.5
(b) Other equity	17	79,426.3	81,840.7
		80,810.8	83,225.2
B Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
i Borrowings	19	44,721.5	36,369.7
ii Lease liabilities	5	507.3	23.6
iii Other financial liabilities	21	156.3	167.3
iv Derivative instruments	22	379.8	-
(b) Provisions	23	2,579.9	2,474.4
(c) Deferred tax liabilities (net)	25	5,928.4	5,140.4
(d) Other non-current liabilities	24	746.9	1,248.1
		55,020.1	45,423.5
II Current liabilities			
(a) Financial Liabilities			
i Borrowings	19	29,970.6	39,735.9
ii Lease liabilities	5	243.4	19.0
iii Trade payables			
Dues to micro enterprises and small enterprises	20	3,562.8	1,926.7
Dues to other than micro enterprises and small enterprises	20	39,302.0	45,678.3
iv Derivative instruments	22	58.3	59.1
v Other financial liabilities	21	4,347.7	4,874.0
(b) Provisions	23	239.3	223.8
(c) Other current liabilities	24	1,120.9	665.2
(d) Current tax liabilities (net)	25	113.1	121.1
		78,958.1	93,303.1
		1,33,978.2	1,38,726.6
		2,14,789.0	2,21,951.8

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI

Chairman
DIN No. 00018577

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

per **Huzefa Ginwala**

Partner
Membership No.:111757

R.B.RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary
ICSI Membership No.:14469

Place: Pune

Date : 23rd May, 2023

Place: Pune

Date : 23rd May, 2023

Standalone Statement of Profit and Loss

for the year ended 31st March, 2023

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

₹ in Lakhs

Particulars	Notes	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Income			
Revenue from operations	26	1,97,610.5	1,91,891.1
Other income	27	415.0	838.2
Total income		1,98,025.5	1,92,729.3
Expenses			
Cost of materials consumed	28	1,16,387.5	1,25,331.6
Changes in inventories of finished goods and work-in-progress	29	5,467.3	(12,187.4)
Employee benefits expense	30	12,695.3	12,925.4
Finance costs	31	3,668.9	1,731.1
Depreciation and amortisation expense	32	11,110.7	8,689.5
Other expenses	33	44,913.1	42,493.3
Total expenses		1,94,242.8	1,78,983.5
Profit before tax		3,782.7	13,745.8
Tax expense	25		
Current tax		-	3,237.4
Adjustment of tax related to earlier periods (net)		(83.6)	-
Deferred tax		725.3	470.8
Total tax expense		641.7	3,708.2
Profit for the year		3,141.0	10,037.6
Other comprehensive income (OCI)	39		
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		44.7	(110.2)
Income tax effect		(11.3)	27.7
		33.4	(82.5)
(b) Items that will be reclassified to profit or loss			
Net movement on effective portion of cash flow hedges		(2,184.4)	360.3
Income tax effect		(51.4)	(90.7)
		(2,235.8)	269.6
Other comprehensive income for the year (net of taxes)		(2,202.4)	187.1
Total comprehensive income for the year (net of taxes)		938.6	10,224.7
Earnings per equity share	38		
[Nominal value per share ₹ 2 (31st March 2022 - ₹ 2)]			
Basic (in ₹)		4.5	14.5
Diluted (in ₹)		4.5	14.5

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

per **Huzefa Ginwala**

Partner
Membership No.:111757

Place: Pune

Date : 23rd May, 2023

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

Place: Pune

Date : 23rd May, 2023

P.R.RATHI

Chairman
DIN No. 00018577

R.B.RATHI

Managing Director
DIN No. 00018628

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

MANDAR VELANKAR

Company Secretary
ICSI Membership No.:14469

Standalone Cash Flow Statement

for the year ended 31st March, 2023

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

₹ in Lakhs

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash flow from operating activities		
Profit before tax from operations	3,782.7	13,745.8
Adjustment to reconcile profit before tax to net cash flow		
Depreciation and amortisation expense	11,110.7	8,689.5
Loss/ (gain) on sale / disposal of fixed assets (net)	(0.6)	(23.2)
Net gain on fair valuation on investments	(38.8)	(38.8)
Liabilities no longer required, written back	(11.2)	(39.5)
Share based payment expenses	108.4	102.7
Unrealized foreign exchange loss / (gain)	105.7	825.0
(Reversal) / provision for inventory obsolescence	174.2	(318.3)
Fair value gain on derivatives	(94.5)	(1,000.9)
Income on financial guarantees	(18.2)	(37.6)
Provision for bad and doubtful debts/ advances (including ECL)	126.0	69.7
Finance costs	3,668.9	1,731.1
Dividend from subsidiary	-	(331.2)
Interest income	(92.4)	(118.3)
Operating profit before working capital changes	18,820.9	23,256.0
Working capital adjustments :		
Increase/ (decrease) in trade payables	(4,820.0)	5,697.7
Increase/ (decrease) in provisions	165.7	98.5
Increase/ (decrease) in other liabilities	(174.2)	33.9
Increase/ (decrease) in other financial liabilities	137.5	(612.3)
(Increase)/ decrease in trade receivables	4,218.1	2,784.2
(Increase)/ decrease in inventories	10,212.8	(15,321.0)
(Increase)/ decrease in other assets	125.1	2,032.1
(Increase)/ decrease in other financial assets	151.1	1,947.3
(Increase)/ decrease in other bank balances	(41.7)	(41.3)
Cash generated from operations	28,795.3	19,875.1
Income taxes paid (net of refunds)	(431.0)	(3,392.5)
Net cash flow from operating activities (A)	28,364.3	16,482.6
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in capital work in progress, capital advances and payable for capital goods)	(18,450.6)	(30,244.1)
Proceeds from sale of property, plant and equipment and intangible assets	106.7	104.7
Proceeds from loans given to subsidiaries	195.1	295.9
Loans given to subsidiaries	(161.8)	-
Interest received	110.6	79.3
Dividend received from subsidiary	-	331.2
Net cash flow (used in) investing activities (B)	(18,200.0)	(29,433.0)
Cash flows from financing activities :		
Proceeds from long-term borrowings	22,319.1	18,681.8
Repayment of long-term borrowings	(14,156.3)	(13,448.5)
Dividend paid on equity shares and tax thereon	(3,427.7)	(4,112.3)
Proceeds from short-term borrowings	98,350.2	1,16,645.4
(Repayments of) short-term borrowings	(1,11,077.3)	(1,02,613.0)

Standalone Cash Flow Statement

for the year ended 31st March, 2023

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

₹ in Lakhs

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Finance costs paid	(3,031.5)	(1,731.1)
Payment of lease liabilities	(17.6)	(19.0)
Net cash flow from financing activities (C)	(11,041.1)	13,403.3
Net increase in cash and cash equivalents (A + B + C)	(876.8)	452.9
Cash and cash equivalents at the beginning of the year	1,455.3	1,002.4
Cash and cash equivalents at the end of the year (excluding earmarked balances)	578.5	1,455.3
Cash and cash equivalents		
Cash on hand	8.5	8.1
Balance with Banks (On current account)	570.0	1,447.2
Total	578.5	1,455.3

₹ in Lakhs

Reconciliation of borrowings	Notes	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Balance at the beginning of year			
Non-current borrowings	note 19	36,369.7	30,588.0
Current borrowings	note 19	25,338.5	13,054.6
Current maturities of non-current borrowings	note 19	14,397.4	12,648.9
Proceeds from borrowings		1,20,669.3	1,35,327.2
Repayment of borrowings		(1,25,233.6)	(1,16,061.5)
Unrealised foreign exchange gain / (loss) (net)		3,150.7	548.4
Balance at the end of year			
Non-current borrowings	note 19	44,721.5	36,369.7
Current borrowings	note 19	12,589.7	25,338.5
Current maturities of non-current borrowings	note 19	17,380.9	14,397.4

Notes :

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

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & COLLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

per **Huzefa Ginwala**
Partner
Membership No.:111757

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI

Chairman
DIN No. 00018577

R.B.RATHI

Managing Director
DIN No. 00018628

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

MANDAR VELANKAR

Company Secretary
ICSI Membership No.:14469

Place: Pune
Date : 23rd May, 2023

Place: Pune
Date : 23rd May, 2023

Standalone Statement of Changes in Equity

For the year ended 31st March 2023

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

A. Equity Share Capital

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

Particulars	As at 31 st March, 2023			As at 31 st March, 2022		
	Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period	Balance at the end of the current reporting period
Share capital Amount (in ₹ Lakhs)	1,384.5	-	-	-	1,384.5	-
Number of shares	6,92,27,250	-	-	-	6,92,27,250	-

Particulars	As at 31 st March, 2023			As at 31 st March, 2022		
	Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period	Balance at the end of the previous reporting period
Share capital Amount (in ₹ Lakhs)	1,384.5	-	-	-	1,384.5	-
Number of shares	6,92,27,250	-	-	-	6,92,27,250	-

B. Other Equity

Particulars	Reserves and Surplus				Effective portion of cash flow hedge	Share options (ESOP) outstanding reserve	Total
	Securities premium	Capital reserve	General reserve	Retained earnings*			
Balance as at 1st April, 2021	1,321.2	0.4	21,340.5	53,322.2	(443.5)	126.1	75,666.9
Profit for the year	-	-	-	10,037.6	-	-	10,037.6
Other comprehensive income (net of tax)	-	-	-	(82.5)	269.6	-	187.1
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	102.7	102.7
Total comprehensive income for the year ended 31st March 2022	-	-	-	9,955.1	269.6	102.7	10,327.4
Transactions with owners, recorded directly in equity							
Equity dividend	-	-	-	(4,153.6)	-	-	(4,153.6)
Total distributions to owners	-	-	-	(4,153.6)	-	-	(4,153.6)
Balance as at 31st March, 2022	1,321.2	0.4	21,340.5	59,123.7	(173.9)	228.8	81,840.7

Standalone Statement of Changes in Equity

For the year ended 31st March 2023

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

Particulars	Reserves and Surplus				Effective portion of cash flow hedge	Share options (ESOP) outstanding reserve	Total
	Securities premium	Capital reserve	General reserve	Retained earnings*			
Profit for the year	-	-	-	3,141.0	-	-	3,141.0
Other comprehensive income (net of tax)	-	-	-	33.4	(2,235.8)	-	(2,202.4)
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	108.4	108.4
Total comprehensive income for the year ended 31st March 2023	-	-	-	3,174.4	(2,235.8)	108.4	1,047.0
Transactions with owners, recorded directly in equity							
Equity dividend	-	-	-	(3,461.4)	-	-	(3,461.4)
Total distributions to owners	-	-	-	(3,461.4)	-	-	(3,461.4)
Balance as at 31st March, 2023	1,321.2	0.4	21,340.5	58,836.7	(2,409.7)	337.2	79,426.3

* includes re-measurement of defined employee benefit plans

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & COLLP

Chartered Accountants

ICAI Firm Registration Number:

324982E/E300003

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. 02599310

P. R. RATHI

Chairman

DIN No. 00018577

NILKANTH NATU

Chief Financial Officer

ICAI Membership No.:108532

per **Huzefa Ginwala**

Partner

Membership No.:111757

R. B. RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

ICSI Membership No.:14469

Place: Pune

Date : 23rd May, 2023

Place: Pune

Date : 23rd May, 2023

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

(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 Chemical Industries Limited on 15th May, 1975 and the Company went Public in the year 1976.

The CIN number of the Company is L24119PN1951PLC008409. The Company’s Equity Shares are listed on the Bombay Stock Exchange Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’). The registered office of the Company is located at 7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 045, 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 2023 were authorised for issue in accordance with a resolution of the Board of directors on 23rd May 2023.

2. Significant accounting policy :

2.1. Basis of preparation:

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statement of the Company.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest Lakhs (₹ 00,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2. Significant accounting policies:

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Investment in subsidiaries, joint ventures and associates:

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

(c) Foreign Currency Translation:

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances:

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for differences pertaining to long term foreign currency monetary items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated

using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

Further, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(d) Fair value measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and

liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- disclosures for valuation methods, significant estimates and assumptions (note 2.2 (z))
- quantitative disclosures of fair value measurement hierarchy (note 54)
- investment in unquoted equity shares (note 6)
- financial instruments (including those carried at amortized cost) (note 53)

(e) Revenue:

Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2 (z).

Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 7 to 120 days upon delivery

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Export Incentive (Government Grant):

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Interest Income:

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

Dividend Income:

Dividend income is recognised when the Company's right to receive the payment is established.

Other Income:

Insurance claims are accounted on the basis of claims admitted/ expected to be admitted and to the extent that there is no uncertainty in receiving the claims. Other revenue is recognised when it is received or when the right to receive payment is established.

Trade Receivables:

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2: Financial instruments – initial recognition and subsequent measurement.

Contract Liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company

transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs the obligation as per the contract.

(f) Government Grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(g) Taxes:

Current Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

(either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting

date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(h) Asset held for sale:

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset.
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Additional disclosures are provided in Note 50. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(i) Property, Plant and Equipment:

(i) Recognition and measurement:

An item of property, plant and equipment ('PPE') is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the 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 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

(ii) Subsequent expenditure:

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

Asset Class	Useful Life Adopted	Useful Life as per Schedule – II*
Plant and Machinery - Other than SS Components	7.7	7.5
Vehicles	6.0	8.0

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

- (2) The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
- (3) Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible Assets and Intangible Assets under development:

(i) Intangible assets:

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

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

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

Internally generated intangible assets arising from development activity are recognised at

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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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 amortized on a straight-line basis over the period of expected future benefits/ useful life of the projects.
- (3) Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The details of estimated useful life is as follows:

Asset Class	Years
Registrations	10
Computer Software	5-10
Technical Know-How	3-9
Right to Use	5-10

- (4) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.
- (5) Gains or losses arising from retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying

amount of the asset and recognised as income/ expense in the 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.

(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.

(l) Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful Life estimated by management (years)
Leasehold Land	60 to 95 years
Leasehold Building	5 to 9 years
Plant & Machinery	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets

(ii) Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance

fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets:

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(m) Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, stores and spares and packing material: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(n) Impairment of Non-Financial Assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of

disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations including impairment on inventories, are recognised in the statement of profit and loss.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such

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indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

(o) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

(p) Employee Benefits:

(i) Short-Term Employee Benefits:

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

(ii) Post-Employment Benefits:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

The Company operates two defined benefit plans for its employees, viz. gratuity and pension. The present value of the

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

(q) Share based payments:

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 51.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/ or performance conditions.

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No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(2) Subsequent measurement:

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments):

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income

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in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments):

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through other comprehensive income (equity instruments):

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other

comprehensive income when they meet the definition of equity under Ind AS 32 Financial Instruments - Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

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

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

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

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(3) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(4) 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 on following financial asset and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are measured at FVTOCI
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The 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 and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase / origination.

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

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

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

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

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(2) Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not

designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings):

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 53.

Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged

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or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of Financial Instruments:

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

(s) Derivative financial instruments and hedge accounting:

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction

subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

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Fair Value Hedge:

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges:

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

The ineffective portion relating to foreign currency contracts is recognised in finance costs.

The Company designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to statement of profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature.

(t) Cash and Cash Equivalents:

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

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2023

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(u) Dividends:

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(v) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the 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.

(w) Segment reporting:

The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director and Chief Executive Officer (who is the 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'.

(x) Rounding-off of amounts:

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

(y) Recent Accounting Pronouncements:

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March, 2023 to amend the following Ind AS which are effective from 01st April, 2023.

i. Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

ii. Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on

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how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1st April, 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

iii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12:

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1st April, 2023.

The Company is currently assessing the impact of the amendments.

(z) Significant accounting judgements, estimates and assumptions:

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying

disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management objectives and policies Note 49(A).
- Sensitivity analysis disclosures Notes 40, 49(A) and 53.
- Capital management Note 49(B).

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Standalone financial statements:

i. Determining the lease term of contracts with renewal and termination options – Company as lessee:

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate

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(e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer Note 5 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Estimates and Assumption:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Estimating the incremental borrowing rate to measure lease liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

ii. Useful life of Property, plant and equipment and intangible assets:

Property, plant and equipment represent a significant proportion of the asset base of the 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 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 2.2 (i) and 2.2 (j).

iii. Recognition of deferred tax assets

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The 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 realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. The policy for the same has been explained under Note 2.2 (g).

iv. Defined benefit obligation:

The cost of the defined benefit gratuity plan, other defined benefit plan and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that

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

may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in Note 2.2 (p).

v. Impairment of investments in subsidiaries, intangible assets and intangible assets under development and non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the

asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The policy for the same has been explained under Note 2.2 (n).

vi. Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets. The policy for the same has been explained in Note 2.2 (r).

vii. Provision for inventory obsolescence:

The 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.

viii. Share based payment:

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs

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to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a black & scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 51.

ix. Litigation:

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Company's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations the Company foresees a remote risk of any material claim arising from claims against the Company. The Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

x. Determination of timing of satisfaction of performance obligation:

The Company concluded that sale of goods is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. The goods manufactured by the Company are on the basis of the open purchase order as on date and the order expected to be received. Further, the dispatch of goods are dispatch as per the terms mentioned in the purchase order.

xi. Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 53 and 54 for further disclosures.

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

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

A. Reconciliation of carrying amount

Particulars	Other than Research and Development				Research and Development				Total	Capital Work-in-Progress			
	Freehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery			Furniture and Fixtures	Office Equipments	
Cost													
As at 1st April, 2021	1,423.5	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	
Additions	39.0	3,661.1	24,362.6	191.4	222.4	27.2	95.8	367.1	-	-	28,966.6	19,926.6	
Disposals	-	-	13.6	63.2	60.8	67.5	-	-	5.7	-	210.8	-	
Transfers to Property plant and equipment/ intangible assets	-	-	-	-	-	-	-	-	-	-	-	19,738.3	
Other adjustments:													
Borrowing cost capitalised (Refer note F)	-	22.2	400.9	-	1.6	-	2.5	-	-	-	427.2	-	
As at 31st March, 2022	1,462.5	14,038.3	95,327.7	748.6	924.9	145.9	1,253.2	2,609.8	911.4	37.9	1,17,460.2	27,045.9	
Accumulated depreciation as at 1st April, 2021	-	1,192.6	27,794.5	413.8	256.3	114.7	86.4	939.9	301.4	28.9	31,128.5	-	
Depreciation for the year	-	385.9	7,244.9	93.2	75.5	21.5	20.8	229.0	86.3	7.1	8,164.2	-	
Disposals	-	-	8.2	62.1	56.9	65.3	-	-	5.4	-	197.9	-	
Accumulated depreciation as at 31st March, 2022	-	1,578.5	35,031.2	444.9	274.9	70.9	107.2	1,168.9	382.3	36.0	39,094.8	-	
Net amount as at 31st March, 2022	1,462.5	12,459.8	60,296.5	303.7	650.0	75.0	1,146.0	1,440.9	529.1	1.9	78,365.4	27,045.9	

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as at and for the year ended 31st March, 2023

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

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

Particulars	Other than Research and Development				Research and Development				Total	Capital Work-in-Progress		
	Freehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery			Furniture and Fixtures	Office Equipments
Cost												
As at 1st April, 2022	1,462.5	14,038.3	95,327.7	748.6	924.9	145.9	1,253.2	2,609.8	911.4	37.9	1,17,460.2	27,045.9
Additions	1,794.2	1,514.6	35,525.8	10.2	0.2	178.5	32.7	611.9	7.0	3.5	39,678.6	14,919.6
Disposals	-	-	176.3	54.9	-	6.9	-	0.9	-	-	239.0	-
Transfers to Property plant and equipment/intangible assets	-	-	-	-	-	-	-	-	-	-	-	37,540.2
Other adjustments:												
Borrowing cost capitalised (refer note F)	-	14.6	902.6	-	-	2.8	0.2	9.5	-	-	929.7	-
Assets transferred to assets held for sale (refer note 50)	2,327.9	311.2	-	-	456.9	63.1	-	-	-	-	3,159.1	-
As at 31st March, 2023	928.8	15,256.3	1,31,579.8	703.9	468.2	257.2	1,286.1	3,230.3	918.4	41.4	1,54,670.4	4,425.3
Accumulated depreciation as at 1st April, 2022	-	1,578.5	35,031.2	444.9	274.9	70.9	107.2	1,168.9	382.3	36.0	39,094.8	-
Depreciation for the year	-	447.8	9,355.6	97.0	80.8	29.8	22.7	254.3	86.5	0.1	10,374.6	-
Disposals	-	-	116.1	52.6	-	6.3	-	-	-	-	175.0	-
Other adjustments:												
Assets transferred to assets held for sale (refer note 50)	-	22.9	-	-	240.6	50.1	-	-	-	-	313.6	-
Accumulated depreciation as at 31st March, 2023	-	2,003.4	44,270.7	489.3	115.1	44.3	129.9	1,423.2	468.8	36.1	48,980.8	-
Assets transferred to assets held for sale - Net Amount (refer note 50)	2,327.9	288.3	-	-	216.3	13.0	-	-	-	-	2,845.5	-
Net amount as at 31st March, 2023	928.8	13,252.9	87,309.1	214.6	353.1	212.9	1,156.2	1,807.1	449.6	5.3	1,05,689.6	4,425.3

B. The Company has pledged certain property plant and equipments against borrowings, the details of which have been given in the note 19.

C. The title deeds of all the immovable properties are held in the name of the Company.

D. The Company has not revalued its property, plant and equipment during financial year ended 31st March, 2023 and 31st March, 2022

E. There are no assets which are lying with the third parties.

F. Capitalised borrowing costs : The Company capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended 31st March, 2023 was ₹ 519.8 Lakhs (31st March, 2022: ₹ 681.9 Lakhs).

G. As at 31st March, 2023, the Company has classified certain assets as assets held for sale. Above depreciation is inclusive of depreciation on assets held for sale. Refer note 50.

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

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

H. Following is the ageing schedule for Capital-work-in progress ("CWIP").

As at 31st March, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3,377.4	1,026.3	21.6	-	4,425.3
Projects temporarily suspended	-	-	-	-	-
	3,377.4	1,026.3	21.6	-	4,425.3

As at 31st March, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	13,886.4	10,455.5	2,704.0	-	27,045.9
Projects temporarily suspended	-	-	-	-	-
	13,886.4	10,455.5	2,704.0	-	27,045.9

I. There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible Assets under development "IAUD"
Cost							
As at 1st April, 2021	1,760.2	187.9	781.4	997.3	150.0	3,876.8	950.6
Additions	94.9	-	285.9	112.9	317.0	810.7	450.0
Disposals / Transfer	-	-	-	133.9	-	133.9	285.8
As at 31st March, 2022	1,855.1	187.9	1,067.3	976.3	467.0	4,553.6	1,114.8
Accumulated amortisation as at 1st April, 2021	571.4	186.0	219.7	389.9	60.3	1,427.3	-
Amortisation for the year	251.7	-	142.1	96.2	19.3	509.3	-
Disposals	-	-	-	65.3	-	65.3	-
Accumulated amortisation as at 31st March, 2022	823.1	186.0	361.8	420.8	79.6	1,871.3	-
Net amount as at 31st March, 2022	1,032.0	1.9	705.5	555.5	387.4	2,682.3	1,114.8

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as at and for the year ended 31st March, 2023

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

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

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible Assets under development "IAUD"
As at 1st April, 2022	1,855.1	187.9	1,067.3	976.3	467.0	4,553.6	1,114.8
Additions	132.8	-	1,124.1	59.5	0.2	1,316.6	-
Disposals / Transfer	26.7	-	-	32.0	-	58.7	1,114.8
As at 31st March, 2023	1,961.2	187.9	2,191.4	1,003.8	467.2	5,811.5	-
Accumulated amortisation as at 1st April, 2022	823.1	186.0	361.8	420.8	79.6	1,871.3	-
Amortisation for the year	254.1	-	227.3	104.2	112.7	698.3	-
Disposals	12.9	-	-	3.7	-	16.6	-
Accumulated amortisation as at 31st March, 2023	1,064.3	186.0	589.1	521.3	192.3	2,553.0	-
Net amount as at 31st March, 2023	896.9	1.9	1,602.3	482.5	274.9	3,258.5	-

- B.** The Company has not revalued its intangible assets during the financial year ended 31st March, 2023 and 31st March, 2022
- C.** There are no Intangible Assets under Development ("IAUD") as at 31st March, 2023 accordingly the ageing schedule and the completion schedule for IAUD has not been presented.

Ageing schedule IAUD

Particulars	As at 31 st March, 2022				
	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	450.0	555.0	109.8	-	1,114.8
Projects temporarily suspended	-	-	-	-	-
	450.0	555.0	109.8	-	1,114.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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5 RIGHT TO USE ASSETS AND LEASE LIABILITIES

Company as a lessee

The Company has lease contracts for various items of building, land and plant & machinery (IT Equipment) used in its operations. Leases of building generally have lease terms between 3 and 10 years, leasehold land have longer lease terms upto 99 years and certain office equipments have lease term of 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments. The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for such leases.

A. Reconciliation of carrying amount

Right to use assets	Leasehold Land	Plant & Machinery (IT Equipment)	Buildings	Total
As at 1st April, 2021	136.3	-	71.0	207.3
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2022	136.3	-	71.0	207.3
Accumulated depreciation as at 1st April, 2021	9.2	-	21.3	30.5
Depreciation for the year	1.8	-	14.2	16.0
Disposals	-	-	-	-
Accumulated depreciation as at 31st March, 2022	11.0	-	35.5	46.5
Net carrying amount as at 31st March, 2022	125.3	-	35.5	160.8
As at 1st April, 2022	136.3	-	71.0	207.3
Additions	-	187.0	555.0	742.0
Disposals	-	-	-	-
As at 31st March, 2023	136.3	187.0	626.0	949.3
Accumulated depreciation as at 1st April, 2022	11.0	-	35.5	46.5
Depreciation for the year	1.8	6.1	29.9	37.8
Disposals	-	-	-	-
Accumulated depreciation as at 31st March, 2023	12.8	6.1	65.4	84.3
Net carrying amount as at 31st March, 2023	123.5	180.9	560.6	865.0

B. Lease Liabilities

Particulars	
As at 1st April 2021	55.2
Add: Addition during the year	-
Add: Interest accrued on lease liability	6.4
Less: Cash outflows for leases	(19.0)
As at 31st March 2022	42.6
As at 1st April 2022	42.6
Add: Addition during the year	715.5
Add: Interest accrued on lease liability	10.2
Less: Cash outflows for leases	(17.6)
As at 31st March 2023	750.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

5 RIGHT TO USE ASSETS AND LEASE LIABILITIES (CONTD..)

Bifurcation of liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current	243.4	19.0
Non-current	507.3	23.6
	750.7	42.6

C. Amount recognised in the statement of profit and loss.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Interest expenses on lease liabilities	10.2	6.4
Expenses relating to short term lease	134.3	225.8
Depreciation on ROU assets	37.8	16.0
	182.3	248.2

D. Amounts recognised in the Statement of Cash Flow

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Total cash outflow for leases	17.6	19.0
	17.6	19.0

E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Less than 1 year	244.4	9.8
1 to 5 years	649.4	42.0
More than 5 years	-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

6 INVESTMENT IN SUBSIDIARIES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unquoted equity instruments		
At cost		
Investments in wholly owned subsidiaries		
Sudarshan Europe B.V.		
28,100 (Previous Year : 28,100) equity shares of EUR 100 each	1,916.4	1,916.4
Sudarshan Japan Limited		
9,850,000 (Previous Year : 9,850,000) equity shares of JPY 1 each	65.1	65.1
Sudarshan (Shanghai) Trading Company Limited		
USD 739,990 (Previous Year : USD 739,990) fully paid-up equity share capital	477.6	477.6
RIECO Industries Limited		
12,500,000 (Previous Year : 12,500,000) equity shares of ₹ 10 each	2,889.3	2,889.3
	5,348.4	5,348.4

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

As an Ind AS transition adjustment, as at 31st March, 2017, the fair value of financial guarantee fees receivable for security given by the Company for loans taken by subsidiaries has been included in the value of investments. The details of such fair values included in the value of investments above is as shown below:

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
RIECO Industries Limited	89.3	89.3
Sudarshan Europe B.V.	7.4	7.4
	96.7	96.7

7 OTHER INVESTMENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unquoted, fully paid equity instruments		
I. Investment designated at cost		
Sudarshan CSR Foundation (Section 8 Company)		
10,000 (Previous Year : 10,000) equity shares of ₹ 10 each	1.0	1.0
Pigment Manufacturers Association of India		
1,000 (Previous Year : 1,000) equity shares of ₹ 10 each	0.1	0.1
II. Investment designated as fair value through profit and loss account (FVTPL)		
AVADA Satara MH Private Limited		
66,92,000 (Previous Year : 66,92,000) equity shares of ₹ 10 each	204.2	165.5
	205.3	166.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

8 OTHER FINANCIAL ASSETS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current		
Security deposit *	667.7	558.9
Tender deposit	17.4	9.4
	685.1	568.3
(b) Current		
Receivable from subsidiaries (refer note 48)	430.0	27.9
Government grant receivable**	157.1	591.3
Other receivables (includes interest accrued on deposits)	515.8	573.5
	1,102.9	1,192.7

* Includes deposits with Maharashtra State Electricity Distribution Company Limited and Maharashtra Industrial Development Corporation.

** Government grant receivable includes receivable towards Export Promotion Capital Goods ("EPCG scheme"). The Company has availed import duty exemption under EPCG scheme, EPCG scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. As per the scheme, the Company has undertaken export obligation amounting to 6 times of the amount saved on duty on the capital goods.

9 OTHER ASSETS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-Current		
Capital advances (unsecured)		
Considered good	30.1	72.9
Considered doubtful	90.0	90.0
Less : Provision for doubtful advances	(90.0)	(90.0)
	30.1	72.9
Balances with government authorities	125.2	117.0
Prepaid expenses	465.1	504.5
Stamp duty receivable	-	276.1
	590.3	897.6
	620.4	970.5
(b) Current		
Prepaid expenses	765.1	922.9
Balances with government authorities	1,979.4	2,449.6
Advances to suppliers	1,964.5	1,430.3
	4,709.0	4,802.8

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note 48.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

10 INVENTORIES

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Raw materials (includes items with third parties and items lying in transit)	11,931.6	15,497.0
Work-in-progress	6,014.4	8,071.4
Finished goods (includes items lying in transit)	15,882.3	19,292.6
Stores and spares	3,408.8	4,678.8
Packing materials	201.2	285.5
	37,438.3	47,825.3

During the year, an amount of ₹ 174.2 Lakhs (Previous Year : ₹ (318.3) Lakhs) was (reversed) / charged off to the statement of profit and loss on account of provision for difference in stock values and net realisable values of inventories.

Value of raw material in transit is ₹ 2,984.2 Lakhs as at 31st March, 2023 (₹ 2,305.1 Lakhs as at 31st March, 2022)

Value of finished goods in transit is ₹ 1,273.0 Lakhs as at 31st March, 2023 (₹ 5,537.6 Lakhs as at 31st March, 2022)

For details of inventory pledged as security refer note 19.

11 TRADE RECEIVABLES

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Current:		
(Unsecured, considered good)		
Considered good (including related party receivables)	42,453.9	46,681.8
Credit impaired	832.0	697.5
	43,285.9	47,379.3
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	832.0	697.5
Unsecured (Considered good)	265.4	273.9
	1,097.4	971.4
	42,188.5	46,407.9

Refer note 19 for details of pledges and securities and refer note 49 for details of credit risk related to trade receivables.

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 7 to 120 days. For terms and conditions relating to related party receivables, refer note 48.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

Following is the ageing schedule for trade receivable

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

11 TRADE RECEIVABLES (CONTD..)

As at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	32,513.4	8,642.3	1,017.8	15.0	-	-	42,188.5
Undisputed - which have significant increase in credit risk	13.3	148.3	21.6	52.2	30.0	-	265.4
Undisputed - Credit impaired	-	-	23.5	90.9	96.1	75.3	285.8
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	546.2	546.2
	32,526.7	8,790.6	1,062.9	158.1	126.1	621.5	43,285.9

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 1,097.4 Lakhs.

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	34,950.9	11,001.0	278.4	83.9	93.6	0.1	46,407.9
Undisputed - which have significant increase in credit risk	14.1	14.5	19.7	74.0	151.6	-	273.9
Undisputed - Credit impaired	-	-	-	-	-	-	-
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	34,965.0	11,015.5	298.1	157.9	245.2	697.6	47,379.3

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 971.4 Lakhs.

During the current year, the Company has entered into a factoring agreement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly corresponding trade receivable balance amounting to ₹ 2,619.9 Lakhs as on 31st March, 2023 has been derecognised as per the terms of the agreement.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

12 CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance with banks		
In current accounts	570.0	1,447.2
Cash on hand	8.5	8.1
	578.5	1,455.3

13 BANK BALANCES OTHER THAN ABOVE

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Earmarked balances on unclaimed dividends	394.2	360.5
Margin money deposits	98.9	90.9
	493.1	451.4

14 LOANS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current:		
Loans to related parties		
(Unsecured and considered good)		
Loans to subsidiaries	169.4	206.9
	169.4	206.9

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by change in the credit risk of counterparties.

Refer note 43 for terms of loans to related parties and note 48 for details of transaction with related parties.

15 DERIVATIVE INSTRUMENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-Current:		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	353.0	-
	353.0	-
(b) Current:		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	124.7	233.1
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	1,213.5	985.0
	1,338.2	1,218.1

Note: Refer note 52 for hedging activities and note 49 for foreign currency risk management.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

16 EQUITY SHARE CAPITAL

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) equity shares of ₹ 2 each.	1,500.0	1,500.0
ISSUED :		
69,227,750 (Previous Year : 69,227,750) equity shares of ₹ 2 each. *	1,384.5	1,384.5
SUBSCRIBED AND FULLY PAID-UP :		
69,227,250 (Previous Year : 69,227,250) equity shares of ₹ 2 each fully paid up. *	1,384.5	1,384.5

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

(a) Reconciliation of share capital

	As at 31 st March, 2023		As at 31 st March, 2022	
	Quantity in nos.	₹	Quantity in nos.	₹
At the beginning of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5

(b) Terms / Rights attached to equity shares

The 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, which is ratified subsequently.

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 ₹ 1.5 /- per share (Previous Year : ₹ 5.0/- per share) on Face value of ₹ 2/- per share (i.e. 75%) for the FY 2022-23, which is subject to approval of shareholders at the 72nd Annual General Meeting of the Company.

In the previous year, the Board of Directors had recommended a dividend of ₹ 5 /- per share on face value of ₹ 2/- per share (i.e. 250%) for the FY 2021-22, which was approved by the shareholders at the 71st Annual General Meeting of the Company.

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

	As at 31 st March, 2023		As at 31 st March, 2022	
	No.	% of total shares in class	No.	% of total shares in class
Mr. Akash Bhanshali	56,05,577	8.10	20,55,000	2.97
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87
Mr. P. R. Rathi	41,86,240	6.05	41,86,240	6.05
Mr. R. B. Rathi	40,50,359	5.85	40,50,359	5.85

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

16 EQUITY SHARE CAPITAL (CONTD..)

(d) For a period of five years immediately preceding 31st March, 2023

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

(e) Shareholding of Promoters as at 31st March, 2023

Promoter/ Promoter Group	No of shares as at 31 st March, 2023	% of total shares	No of shares as at 31 st March, 2022	% of total shares	% change during the year
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rathi	30,23,859	4.37	30,23,859	4.37	-
Mr. P. R. Rathi	41,86,240	6.05	41,86,240	6.05	-
Mr. R. B. Rathi	40,50,359	5.85	40,50,359	5.85	-
Mr. A. B. Rathi	20,73,660	3.00	20,73,660	3.00	-
Mrs. S. P. Rathi	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rathi (As Trustee - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajoy Balkrishna Rathi (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rathi	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rathi	4,37,650	0.63	4,37,650	0.63	-
Mrs. N. A. Rathi	4,00,404	0.58	4,00,404	0.58	-
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	14,120	0.02	-
	2,47,99,042	35.85	2,47,99,042	35.85	

Shareholding of Promoters as at 31st March, 2022

Promoter name	No of shares as at 31 st March, 2022	% of total shares	No of shares as at 31 st March, 2021	% of total shares	% change during the year
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rathi	30,23,859	4.37	47,54,540	6.87	(2.50)
Mr. P. R. Rathi	41,86,240	6.05	38,23,450	5.52	0.53
Mr. R. B. Rathi	40,50,359	5.85	39,95,429	5.77	0.08
Mr. A. B. Rathi	20,73,660	3.00	20,73,660	3.00	-
Mrs. S. P. Rathi	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rathi (As Trustee - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajoy Balkrishna Rathi (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rathi	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rathi	4,37,650	0.63	7,97,650	1.15	(0.52)
Mrs. N. A. Rathi	4,00,404	0.58	7,19,370	1.04	(0.46)
Anuj Narayandas Rathi (HUF)	-	-	5,67,770	0.82	(0.82)
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Mrs. K. R. Rathi	-	-	3,62,790	0.52	(0.52)
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	5,000	0.01	0.01
	2,47,99,042	35.85	2,77,12,409	40.05	(4.20)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

16 EQUITY SHARE CAPITAL (CONTD..)

(f) Other disclosure

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries.

There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment, including the terms and amounts;

There are no securities convertible into equity/ preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

17 OTHER EQUITY

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(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
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	(173.9)	(443.5)
Arising/ adjusted during the year	(2,235.8)	269.6
Balance at the end of the year	(2,409.7)	(173.9)
(e) Share options (ESOP) outstanding reserve		
Balance at the beginning of the year	228.8	126.1
Additions during the year	108.4	102.7
Balance at the end of the year	337.2	228.8
(f) Retained earnings		
Balance at the beginning of the year	59,123.7	53,322.2
Add : Profit after tax for the year	3,141.0	10,037.6
Other comprehensive income recognised directly in retained earnings	33.4	(82.5)
Less : Appropriations		
Final equity dividend (refer note 16(b))	3,461.4	4,153.6
	58,836.7	59,123.7
	79,426.3	81,840.7

Description of nature and purpose of each reserve

(a) Capital reserve

Capital Reserve includes surplus on re-issue of shares made in the financial year 1996-97 amounting to ₹ 0.4 Lakhs.

(b) Securities premium

Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

17 OTHER EQUITY (CONTD..)

(c) General reserve

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one of component of equity to another and is not an item of Other Comprehensive Income.

(d) Effective portion of cash flow hedge

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs. Refer note 49 and 52.

(e) Share options (ESOP) outstanding reserve

It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. Refer note 51.

(f) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

18 DISTRIBUTION MADE AND PROPOSED TO BE MADE

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Cash dividends on equity shares declared and paid :		
31 st March, 2022 : ₹ 5 per share	3,461.4	-
31 st March, 2021 : ₹ 6 per share	-	4,153.6
Proposed dividend on equity shares : Final dividend		
31 st March, 2023 : ₹ 1.5 per share	1,038.4	-
31 st March, 2022 : ₹ 5 per share	-	3,461.4

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at year end. Dividend for the year ended 31st March, 2022 was subsequently approved by the shareholders at the 71st Annual General Meeting of the Company.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and dividend paid.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

19 BORROWINGS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current borrowings:		
Secured		
Term loans from banks		
Rupee loans (refer note 19 (c) (a) (ii))	-	2,400.0
Foreign currency loans (refer note 19 (c) (a) (i))	34,833.5	33,969.7
Unsecured		
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis. (refer note 19 (c) (b) (i))	9,888.0	-
	44,721.5	36,369.7
(b) Current borrowings:		
Secured		
From banks		
Rupee loans (refer note 19 (c) (a) (iii))	6,974.7	6,499.8
Foreign currency loans (refer note 19 (c) (a) (iii))	-	4,668.9
Current maturities of non-current borrowings		
Rupee loans (refer note 19 (c) (a) (ii))	2,400.5	300.0
Foreign currency loans (refer note 19 (c) (a) (i))	14,980.4	14,097.4
Unsecured		
From banks		
Rupee loans (refer note 19 (c) (b))	5,026.0	14,169.8
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis. (refer note 19 (c) (b) (i))	589.0	-
	29,970.6	39,735.9

In the current year, the Company was unable to fulfil the debt obligations associated with its non-current borrowings. The management has obtained condonation letters for the same from all lenders involved in the form of waiver, provision of 'cure-period' for fulfilling such obligations, deferral of applicability of financial covenants and modification in financial covenants. The Company has continued to disclose these borrowings as per the repayment schedule.

Non-current borrowings are disclosed net of unamortised finance cost of ₹ 229.0 Lakhs (Previous Year: ₹ 315.2 Lakhs)

The above balance also includes interest accrued but not due amounting to ₹ 796.0 Lakhs as at 31st March, 2023 and ₹ 168.8 Lakhs as at 31st March, 2022.

OTHER REGULATORY INFORMATION

- a) The Company files monthly/ quarterly statement for its current assets with banks. Further, pursuant to subsequent adjustment if any post closures of yearly books and statutory audit, the Company files the revised return with the updated amounts at the year end.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

19 BORROWINGS (CONTD..)

- b) The charges or satisfaction on the assets of the Company are registered with Registrar of Companies within the statutory period. The Company does not have any charges or satisfaction which are yet to be registered with Registrar of Companies (ROC) beyond statutory period.
- c) The Company has used the borrowings obtained from banks and financial institutions for the specific purpose for which they were taken during the year ended 31st March, 2023.
- d) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

19 BORROWINGS (CONTD..)

(c) BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Particulars	Installment start date	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2023		As at 31 st March, 2022	
					Current	Non-Current	Current	Non-Current
a) SECURED								
i) Foreign currency term loans / ECBs from banks								
Secured by a first pari passu charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablewadi, 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), Amrablewadi, Dist. Pune								
The bankers are:								
The Hong Kong and Shanghai Banking Corporation Limited (Loan drawn EURO 7 mio)	26-Jun-19	26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	-	-	1,473.5	-
Citi Bank (Loan drawn USD 6.29 mio)	30-Apr-18	31-Jan-23	20 equal quarterly installments	3 month LIBOR + 1.25%	-	-	953.2	-
State Bank of India (Loan drawn USD 22 mio)	27-Sep-21	27-Sep-25	17 equal quarterly installments	3 month LIBOR + 1.40%	4,257.0	6,314.2	4,091.9	9,497.3
State Bank of India (Loan drawn USD 40 mio)	27-May-21	31-Aug-25	18 equal quarterly installments	3 month LIBOR + 1.50%	8,250.4	9,983.6	7,578.8	16,863.3
Axis Bank Limited (Loan drawn USD 13.23 mio)	30-Sep-23	31-Dec-26	14 equal quarterly installments	6 month LIBOR + 1.25%	2,450.8	8,494.1	-	7,609.1
The Hong Kong and Shanghai Banking Corporation Limited GIFT City (Loan drawn USD 12.23 mio)	15-Jun-24	15-Sep-27	14 equal quarterly installments	3 month SOFR + 1.30%	22.2	10,041.6	-	-
ii) Term loan in Rupees								
Secured by a first pari passu charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablewadi, 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), Amrablewadi, Dist. Pune. The banker is:								
ICICI Bank (Loan drawn ₹ 300 mio)	03-Aug-21	03-Aug-23	03 annual installments	9.80%	2,400.5	-	300.0	2,400.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

19 BORROWINGS (CONTD..)

Particulars	Installment start date	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2023		As at 31 st March, 2022	
					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, IICI Bank Limited and State Bank of India 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 movable and immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage.	-	1-3 months	30 to 90 days	6.90% to 8.45%	6,974.7	-	11,168.7	-
b) UNSECURED i) Non convertible debentures 8.45% p.a unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis.	-	18-Jul-25	3 years	8.45%	589.0	9,888.0	-	-
ii) Working capital loans repayable on demand from banks / Loan repayable within 12 months The Bankers are HDFC Bank Limited	-	1-3 months	30 to 90 days	7.40%	5,026.0	-	14,169.8	-
					29,970.6	44,721.5	39,735.9	36,369.7
The bifurcation of total borrowings is as follows:								
Non-current borrowings		19			-	44,721.5	-	36,369.7
Current borrowings		19			12,589.7	-	25,338.5	-
Current maturities of non-current borrowings		19			17,380.9	-	14,397.4	-
					29,970.6	44,721.5	39,735.9	36,369.7

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2023

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

20 TRADE PAYABLES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current:		
Dues to micro enterprises and small enterprises; (refer note 41)	3,562.8	1,926.7
Dues to creditors other than micro enterprises and small enterprises	39,302.0	45,678.3
	42,864.8	47,605.0

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- For terms and conditions with related parties, refer note 48.

For the Company's credit risk management processes, refer note 49.

Following is the ageing schedule for trade payables

As at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	123.4	3,372.6	66.5	-	-	0.3	3,562.8
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	3,889.8	27,695.4	6,875.6	694.0	97.8	49.4	39,302.0
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	4,013.2	31,068.0	6,942.1	694.0	97.8	49.7	42,864.8

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	16.6	1,901.1	8.7	-	0.3	-	1,926.7
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	3,685.2	31,625.1	8,890.2	1,300.9	65.1	67.2	45,633.7
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	11.1	33.5	-	-	44.6
Total	3,701.8	33,526.2	8,910.0	1,334.4	65.4	67.2	47,605.0

* Unbilled represents accrual for expenses.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

21 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current:		
Security deposits	156.3	167.3
	156.3	167.3
(b) Current:		
Investor Education and Protection Fund (as and when due)		
Unclaimed dividend	394.1	360.4
Unpaid matured deposits including interest thereon (refer note 42)	20.4	20.4
Other payable to subsidiaries	725.4	-
Payable for capital goods *	933.6	1,642.1
Employee dues	1,908.2	2,275.5
Commission payable to directors	-	100.0
Other liabilities **	366.0	475.6
	4,347.7	4,874.0

* Includes amount payable to MSME parties amounting to ₹ 91.6 Lakhs as at 31st March, 2023 (Previous year: ₹ 12.1 Lakhs)

** Includes amount payable towards miscellaneous customer deposits.

22 DERIVATIVE INSTRUMENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current:		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	379.8	-
	379.8	-
(b) Current:		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	58.3	56.6
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	-	2.5
	58.3	59.1

Note: Refer note 52 for hedging activities and note 49 for foreign currency risk management.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

23 PROVISIONS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current		
Provision for employee benefits (refer note 40)		
Provision for pension	1,002.6	1,007.7
Provision for gratuity	885.6	758.5
Provision for compensated absences	691.7	708.2
	2,579.9	2,474.4
(b) Current		
Provision for employee benefits (refer note 40)		
Provision for pension	168.4	153.1
Provision for compensated absences	70.9	70.7
	239.3	223.8

24 OTHER LIABILITIES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current:		
Deferred government grant *	746.9	1,248.1
	746.9	1,248.1
(b) Current:		
Statutory dues	417.5	443.5
Deferred government grant *	247.6	88.2
Other liabilities including contract liabilities (advances from customers) **	455.8	133.5
	1,120.9	665.2

* Deferred government grant

The Company has availed import duty exemption under Export Promotion Capital Goods ("EPCG") scheme, EPCG scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. As per the scheme, the Company has undertaken export obligation amounting to 6 times of the amount saved on duty on the capital goods.

** Contract liabilities

The Company has received ₹ 442.8 Lakhs as at 31st March, 2023, (₹ 94.7 Lakhs as at 31st March, 2022) as contract liabilities (advance from customers), these liabilities are derecognised once the supply of goods are made.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

25 INCOME AND DEFERRED TAXES

The major components of income tax expense for the years ended 31st March, 2023 and 31st March, 2022 are :

Statement of profit and loss :

Profit and Loss Section	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Current income tax :		
Current income tax charge	-	3,237.4
Adjustment in respect of current income tax of previous year	(83.6)	-
Deferred tax :		
Relating to origination and reversal of temporary differences	725.3	470.8
Income tax expense reported in the statement of profit and loss	641.7	3,708.2

OCI section	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Deferred tax related to items recognised in OCI:		
Tax (charge)/ reversals on net movement on effective portion of cash flow hedges	(51.4)	(90.7)
Tax (charge)/ reversals on re-measurement of defined benefit plans	(11.2)	27.7
Income tax charged to OCI	(62.6)	(63.0)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31 st March, 2023 and 31 st March, 2022	Year ended	Year ended
	31 st March, 2023	31 st March, 2022
Accounting profit before tax from operations	3,782.7	13,745.8
Applicable income tax rate of 25.168% (31 st March, 2022: 25.168%)	952.1	3,459.8
Other disallowances (CSR, donations, etc.)	(226.7)	248.4
Adjustment in respect of reversal of income tax expense of earlier years	(83.6)	-
	641.7	3,708.2
Income tax expense reported in the Statement of Profit and Loss	641.7	3,708.2

Major components of deferred tax as at 31st March, 2023 and 31st March, 2022:

Deferred Tax Liability (Net)	Balance Sheet	
	As at	As at
	31 st March, 2023	31 st March, 2022
Deferred tax relates to the following:		
Deferred tax liability :		
Accelerated depreciation for tax purposes	6,562.2	5,480.0
Other deductible temporary differences	755.6	136.4
Deferred tax assets :		
Allowance for expected credit loss	(276.2)	(244.5)
Carried forwarded tax loss	(580.2)	-
Expenditure allowed on actual payment	(533.0)	(231.5)
Net deferred tax liabilities	5,928.4	5,140.4

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

25 INCOME AND DEFERRED TAXES (CONTD..)

Major components of deferred tax expenses for the year ended 31st March, 2023 and 31st March, 2022:

Deferred tax expense/ (income)	Statement of Profit and Loss	
	Year ended 31 st March 2023	Year ended 31 st March 2022
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	1,082.2	432.5
Other deductible temporary differences	619.2	24.3
Allowance for expected credit loss	(31.7)	(17.5)
Carried forwarded tax loss	(580.2)	-
Expenditure allowed on actual payment	(301.5)	31.5
Deferred tax expense	788.0	470.8

Reflected in the Balance Sheet as follows	As at 31 st March 2023	As at 31 st March, 2022
Deferred tax assets	(1,389.4)	(476.0)
Deferred tax liabilities	7,317.8	5,616.4
Deferred tax liabilities (net)	5,928.4	5,140.4

Reconciliation of deferred tax liabilities (net)	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Opening balance	5,140.4	4,669.6
Tax expense/(income) during the period recognised in the Statement of Profit and Loss	725.4	470.8
Tax expense/(income) during the period recognised in OCI	62.6	-
Closing balance	5,928.4	5,140.4

D During the previous year, the Ministry of Finance issued a press information bureau note ("PIB note") stating that Health and Education Cess is not an allowable expenditure for computation of business income. The Company had taken the allowance of this in the tax returns noting that some courts have allowed Health and Education Cess as business expenditure. The Company, based on the above PIB note, has made a provision of ₹ 111.6 Lakhs in books of accounts for the year ended 31st March, 2022.

E There is no such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

F INCOME TAX ASSETS / LIABILITIES (NET) (recoverable/ payable on account of open assessment of Income Tax)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current tax assets (net):		
Income tax assets	20,865.9	20,443.2
Income tax liabilities	18,390.9	18,474.8
Net income tax assets	2,475.0	1,968.4
(b) Current tax liabilities (net):		
Income tax liabilities	16,406.1	16,406.1
Income tax assets	16,293.0	16,285.0
Net income tax liabilities	113.1	121.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

26 REVENUE FROM OPERATIONS

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Sale of products	1,95,160.3	1,90,142.2
	1,95,160.3	1,90,142.2
Other operating revenues		
Government grants (export incentives)	1,512.5	961.9
Miscellaneous operating income #	937.7	787.0
	2,450.2	1,748.9
Total revenue from operations	1,97,610.5	1,91,891.1

Miscellaneous operating income includes sale of by products and sale of manufacturing scrap.

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The Company generates revenue primarily from the sale of pigments. Other sources of revenue include income from export incentives, sale of manufacturing scrap and by products etc.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Sale of products	1,95,160.3	1,90,142.2
Miscellaneous operating income	2,450.2	1,748.9
	1,97,610.5	1,91,891.1

(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.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Major product lines		
Sale of pigments	1,95,160.3	1,90,142.2
Total	1,95,160.3	1,90,142.2
Primary geographical market		
In India	1,04,566.1	1,02,526.3
Outside India	90,594.2	87,615.9
Total	1,95,160.3	1,90,142.2
Timing of revenue recognition		
Products transferred at point in time	1,96,098.0	1,90,909.2
Products transferred over a period of time	-	-
Total	1,96,098.0	1,90,909.2

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

26 REVENUE FROM OPERATIONS (CONTD..)

(c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Revenue from operations	1,97,610.5	1,91,891.1
Less: Adjustments		
Government grants (export incentives)	1,512.5	961.9
Revenue from contract with customers	1,96,098.0	1,90,929.2
Add: Adjustments (sales returns, discounts, etc.)	4,220.9	4,755.5
Revenue as per contracted price	2,00,318.9	1,95,684.7

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Trade receivables	42,188.5	46,407.9
Contract liabilities (advance from customers)	442.8	94.7

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,097.4 Lakhs (Previous year ₹ 971.4 Lakhs).

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Revenue recognised from amount included in contract liabilities at the beginning of the year	76.7	260.5
	76.7	260.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

27 OTHER INCOME

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Interest income		
On bank deposits and other deposits	18.3	20.4
Others (on refunds of taxes and on delayed payments from customers)	282.2	241.1
Liabilities no longer required, written back	11.2	39.5
Net gain on fair valuation on investments	38.8	38.8
Income on financial guarantees	18.2	37.6
Dividend from subsidiary	-	331.2
Gain on sale / disposal of property plant and equipments (net)	0.6	23.2
Miscellaneous income *	45.7	106.4
	415.0	838.2

* Miscellaneous income includes rental income and petty recoveries.

28 COST OF RAW MATERIALS CONSUMED

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Inventory at the beginning of the year	15,497.0	13,762.8
Add : Purchases	1,12,822.1	1,27,065.8
	1,28,319.1	1,40,828.6
Less: Inventory at the end of the year	11,931.6	15,497.0
Cost of raw materials consumed	1,16,387.5	1,25,331.6

29 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Inventory at the end of the year (refer note 10)		
Finished Goods	15,882.3	19,292.6
Work-in-progress	6,014.4	8,071.4
	21,896.7	27,364.0
Inventory at the beginning of the year (refer note 10)		
Finished Products	19,292.6	9,339.6
Work-in-progress	8,071.4	5,837.0
	27,364.0	15,176.6
	5,467.3	(12,187.4)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

30 EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Salaries, wages and bonus (including director remuneration)	11,023.4	11,177.6
Contribution to provident and other funds *	643.9	637.9
Gratuity expense (refer note 40)	210.1	190.6
Share based payments to employees (refer note 51)	108.4	102.7
Staff welfare expenses	709.5	816.6
	12,695.3	12,925.4

* Includes contribution towards Employee State Insurance Scheme, Superannuation and National Pension Scheme.

The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Compliance to Section 197 of the Companies Act, 2013.

The managerial remuneration paid / payable to Directors amounting to ₹ 500.8 Lakhs to Managing Director and ₹ 45.9 Lakhs to the Chairman and Non-Executive Director for the financial year ended 31st March 2023, which is lower than last year. The managerial remuneration paid/payable by the Company to the aforesaid directors for the year ended 31st March, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 Lakhs and ₹ 46.7 Lakhs respectively. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting in compliance with the applicable provisions of the Companies Act, 2013 and (Listing Obligations and Disclosure Requirements) Regulations, 2015.

However, the Chairman and Non-Executive Director of the Company has refunded ₹ 45.9 Lakhs to the Company subsequent to 31st March, 2023

31 FINANCE COSTS

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Interest expenses on bank facilities *	3,543.3	1,594.5
Interest expenses on lease liabilities (refer note 5)	10.2	6.4
Other borrowing costs **	115.4	130.2
	3,668.9	1,731.1

* Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 519.8 Lakhs (31st March 2022 : ₹ 681.9 Lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 2.60% to 5.40% per annum for the year ended 31st March 2023. (31st March 2022: 1.64% to 2.46% per annum)

** Includes charges for guarantees, loan processing etc.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

32 DEPRECIATION AND AMORTISATION

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Depreciation on property, plant and equipment (refer note 3)	10,374.6	8,164.2
Amortisation on intangible assets (refer note 4)	698.3	509.3
Depreciation on right to use assets (refer note 5)	37.8	16.0
	11,110.7	8,689.5

33 OTHER EXPENSES

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Consumption of stores and spares	2,482.9	2,841.3
Consumption of packing material	2,446.7	2,536.4
Power and fuel	15,638.4	13,242.2
Water charges	1,045.7	1,337.6
Contract labour charges	4,766.6	4,909.5
Rent (refer note 5)	134.3	225.8
Repairs and maintenance		
- Plant and machinery	2,806.2	2,882.8
- Buildings	527.3	729.4
- Others	131.2	80.0
Insurance	924.7	716.9
Rates and taxes (excluding taxes on income)	178.0	188.6
Advertisement	342.4	63.1
Auditors' Remuneration (refer note 34)	56.9	62.8
Provision for bad and doubtful debts/ advances (including ECL)	126.0	69.7
Bank charges	124.0	163.3
Commission to selling agents	1,081.1	1,777.2
Freight and forwarding expenses	1,702.0	2,082.3
Directors' sitting fees	17.4	23.1
Foreign exchange (gain) / loss (net) *	1,658.0	46.7
Consumables related to IT hardware	519.5	442.8
Legal, professional and consultancy charges	2,502.7	2,940.1
Printing, stationery and communication expenses	358.2	372.5
Travelling and conveyance	483.2	229.0
Cost recharge from subsidiaries	991.8	814.1
Expenditure towards Corporate Social Responsibility (refer note 37)	302.8	307.1
Directors' commission	-	100.0
Miscellaneous expenses **	3,565.1	3,309.0
	44,913.1	42,493.3

Includes mark to market (gain) / loss on derivatives amounting to (₹ 94.5) Lakhs, (previous year (₹ 1,000.9) Lakhs)

** Miscellaneous expenses mainly includes cost related to effluent treatment facilities, waste disposal expenses, incidental equipment hire charges.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

34 AUDITORS' REMUNERATION

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
As Auditor		
Audit fees	32.5	41.5
Limited review expenses	18.0	11.0
Other services (includes certification fee)	2.8	8.8
Reimbursement of expenses	3.6	1.5
	56.9	62.8

35 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16, Ind AS 38 and Ind AS 23, the Company has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Accordingly, expenses disclosed under the respective notes are net of amount capitalised by the Company. Expenses capitalised are as follows:

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Employee benefits expense	236.9	397.2
Finance costs	519.8	681.9
Other expenses*	691.8	2,772.8
	1,448.5	3,851.9

* Includes power & fuel and water expenses

36 RESEARCH AND DEVELOPMENT EXPENDITURE

This includes expenditure incurred by the Company on in-house research and development in respect of eligible facilities at Roha, Pune and Mahad approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Revenue Expenditure	2,734.6	2,254.4
Capital Expenditure	664.8	465.4
	3,399.4	2,719.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

37 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The Company is covered under Section 135 of the Companies Act 2013, and is required to contribute towards activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto. Company's CSR activities for ongoing projects are (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports (d) protection of national heritage and promotion and development of traditional arts (e) promotion of gender equality and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermi-culture, organic farming etc.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
a) Gross amount required to be spent by the Company during the year	311.6	308.4

b) An amount of ₹ 321.0 Lakhs was approved by the board towards CSR activities for the year ended 31st March, 2023.

c) Amount spent during the year ended on	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
- Construction/ acquisition of any asset	-	-
- On purposes other than (i) above	302.8	307.1

d) For details of CSR expenditure incurred toward related parties refer to note 42.

e) **Details of ongoing projects and other than ongoing projects**

Particulars		Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Opening balance (balance of excess amount spent from previous years)			
- with Company	(a)	11.3	12.6
- in separate unspent CSR account		-	-
Amount required to be spent during the year	(b)	300.3	295.8
(Net of previous year (short)/ excess)			
Amount spent during the year:			
- From Company's bank a/c	(c)	302.8	307.1
- From separate unspent CSR a/c		-	-
(Short) / excess CSR spend for the year	(d)	2.5	11.3
Closing balance			
- with Company		2.5	11.3
- in separate unspent CSR account		-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

38 EARNINGS PER SHARE

Particulars		Year Ended	Year Ended
		31 st March, 2023	31 st March, 2022
Profit for the year	(A)	3,141.0	10,037.6
Equity shares outstanding as at the end of the year			
Number of equity shares outstanding at the end of year		6,92,27,250	6,92,27,250
Weighted average equity shares outstanding as at the end of the year	(B)	6,92,27,250	6,92,27,250
Add: Dilutive impact of employee stock options		59,777	1,57,813
Number of equity shares used as denominator for calculating diluted earnings per share	(C)	6,92,87,027	6,93,85,063
Nominal value per equity share (in ₹)		2.0	2.0
Basic (in ₹)	(A/B)	4.5	14.5
Diluted (in ₹)	(A/C)	4.5	14.5

39 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

	For 31 st March, 2023		
	Cash flow hedge reserve	Retained Earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	(2,235.8)	-	(2,235.8)
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	33.4	33.4
	(2,235.8)	33.4	(2,202.4)

	For 31 st March, 2022		
	Cash flow hedge reserve	Retained Earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	269.6	-	269.6
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	(82.5)	(82.5)
	269.6	(82.5)	187.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

A Defined Contribution Plans

In accordance with the law, all employees of the Company are entitled to receive the benefits under the Provident Fund Act. 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 for employee who have opted, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation to the scheme beyond its annual contributions.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Employer's Contribution to Provident Fund and other funds	609.3	603.0
Employer's Contribution to Superannuation Fund	34.6	34.9
	643.9	637.9

B Defined Benefit Plans

I Gratuity

Funded Scheme :

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, as company take on uncertain long-term obligations to make future benefit payments.

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

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

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Current service cost	210.1	190.6
Net interest (income) / expense	44.9	33.3
Net expense	255.0	223.9

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Defined benefit obligation as at the beginning of the year	2,884.6	2,616.6
Interest cost	198.6	170.3
Current service cost	210.1	190.6
Benefit payments from plan assets	(242.4)	(153.5)
Others	-	-
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(93.6)	115.4
Actuarial (gain) / loss - Financial	(45.7)	(56.3)
Actuarial (gain) / loss - Demographic	-	1.4
Defined benefit obligation as at the end of the year	2,911.6	2,884.6

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Fair value of plan assets at the beginning of the year	2,126.1	2,009.3
Expected returns on plan assets	153.7	137.0
Employer contributions	9.2	135.1
Mortality charges and taxes	-	-
Benefits paid	(242.4)	(153.5)
Others	-	-
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(20.6)	(1.8)
Fair value of plan assets at the end of year	2,026.0	2,126.1

As at 31st March, 2023 and 31st March, 2022 plan assets were 100% invested in insurer managed funds.

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
(Gain) / loss on defined benefit obligation - Experience	(93.6)	115.4
(Gain) / loss on defined benefit obligation - Financial	(45.7)	(56.3)
(Gain) / loss on defined benefit obligation - Demographic	-	1.4
(Gain) / loss on plan assets - Experience	20.6	1.8
Amount recognised in the statement of OCI	(118.7)	62.4

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

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined Benefit Obligation	2,911.6	2,884.6
Fair value of plan assets	2,026.0	2,126.1
Closing net defined benefit liability / (asset)	885.6	758.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

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	As at	As at
	31 st March, 2023	31 st March, 2022
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31- 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Discount rate	7.5%	7.2%
Expected rate of increment in compensation levels	7% to 8%	7% to 8%

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2023		As at 31 st March, 2022	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(147.8)	163.6	(158.7)	176.2
Expected rate of increment in compensation levels	174.6	(160.5)	174.7	(160.4)

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

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes. The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points/ percentage by which the assumptions are stressed are same to that in the previous year

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

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Within the next 12 months	262.9	274.9
Between 2 and 5 years	1,773.7	1,469.6
Beyond 5 years	2,767.3	3,066.0

Expected Company contribution for the next year: ₹ 262.9 Lakhs. Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.9 years (Previous Year : 13.0 years).

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

II Pension

The Company provides for Pension, a defined benefit retirement plan covering eligible employees. Eligible employees are Company's employees beyond certain grade subject to approval of remuneration committee. The plan provides for monthly pension payments to such eligible employees or their family members till such period as stipulated in the Board approved policy. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

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

Net employee benefit expense on account of pension recognised in employee benefit expenses.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Current service cost	4.7	5.0
Net interest (income) / expense	78.4	74.8
Net expense	83.1	79.8

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

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined benefit obligation as at the beginning of the year	1,160.8	1,166.6
Interest cost	78.4	74.8
Current service cost	4.7	5.0
Benefit payments directly by employer	(146.9)	(133.4)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	104.8	92.0
Actuarial (gain) / loss - Financial	(30.8)	(44.2)
Actuarial (gain) / loss - Demographic	-	-
Defined benefit obligation as at the end of the year	1,171.0	1,160.8

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
(Gain) / loss on defined benefit obligation - Experience	104.8	92.0
(Gain) / loss on defined benefit obligation - Financial	(30.8)	(44.2)
(Gain) / loss on defined benefit obligation - Demographic	-	-
Amount recognised in the statement of OCI	74.0	47.8

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined Benefit Obligation	1,171.0	1,160.8
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,171.0	1,160.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

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	As at	As at
	31 st March, 2023	31 st March, 2022
Discount rate	7.5%	7.2%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2023		As at 31 st March, 2022	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(95.1)	113.3	(95.1)	113.6
Pension increase rate	21.8	(20.5)	22.4	(21.1)

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

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed.

There is no change in the method from the previous period and the points/ percentage by which the assumptions are stressed are same to that in the previous year

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

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Within the next 12 months	168.4	153.1
Between 2 and 5 years	859.6	781.4
Beyond 5 years	1,655.5	1,505.0

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

40 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Company's liability for sick leave, privilege leave and casual leave.

The amount of the provision settled within 12 months is presented as current, since the Company does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current leave obligations expected to be settled within the next 12 Months	70.9	70.7
Leave obligations expected to be settled beyond 12 months	691.7	708.2
	762.6	778.9

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

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

Demographic Assumptions

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

Particulars	31 st March, 2023	31 st March, 2022
Discount rate	7.5%	7.2%
Expected rate of increment in compensation levels	7% - 8%	7% - 8%
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31 - 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

41 DETAILS OF DUE TO MICRO AND SMALL ENTERPRISE AS DEFINED UNDER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	31 st March, 2023	31 st March, 2022
Principal amount due to suppliers under MSMED Act, 2006 *	3,654.4	1,938.8
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	30.6	20.5
Payment made to suppliers (other than interest) beyond the appointed day, during the year	14,795.0	14,002.1
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

41 DETAILS OF DUE TO MICRO AND SMALL ENTERPRISE AS DEFINED UNDER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006 (CONTD..)

Particulars	31 st March, 2023	31 st March, 2022
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	115.4	84.8

The identification of suppliers under “Micro and Small Enterprises Development Act, 2006” was done on the basis of the information to the extent provided by the suppliers to the Company.

* Includes dues to payable for purchase of capital goods ₹ 91.6 Lakhs as at 31st March, 2023 and ₹ 12.1 Lakhs as at 31st March, 2022.

42 DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Deposits with maturity less than 12 months	-	-
(b) Deposits with maturity more than 12 months	-	-
(c) Unclaimed matured deposits	20.4	20.4
	20.4	20.4

43 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 (Unsecured)

Name of the Company	Repayment Term	Given during the year	Maximum Outstanding	Repaid during the year	Rate of Interest	Purpose
Sudarshan Japan Limited	1 Year	161.8	356.9	195.1	7.35%	Working capital loans

Year Ended 31st March, 2022

Name of the Company	Repayment Term	Given during the year	Maximum Outstanding	Repaid during the year	Rate of Interest	Purpose
Sudarshan Japan Limited	On demand	-	502.8	286.8	4.00%	Working capital loans

(b) Corporate guarantee given to banks for loans availed by subsidiaries

Year Ended 31st March, 2022

Name of the Company	Foreign Currency	Opening Balance of Corporate Guarantees	Given during the year	Reduced during the year	Closing Balance of Corporate Guarantees	Purpose
Sudarshan North America Inc.*	USD 3 Mn	2,273.6	-	-	2,465.0	Working capital loans
Sudarshan Europe BV.*	EUR 6 Mn	5,052.0	5,365.4	5,052.0	5,365.4	
RIECO Industries Limited.	-	12,600.0	-	-	12,600.0	
Sudarshan (Shanghai) Trading Company Limited *	USD 1 Mn	757.9	-	-	821.7	

For further details of loans and guarantees given to related party refer note 48. For details of Investments made refer note 6.

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

44 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 50 of the Consolidated Financial Statements.

45 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

(a) CAPITAL COMMITMENT

The unexecuted value of capital purchase orders issued to vendors as at 31st March, 2023 are ₹ 325.3 Lakhs (31st March, 2022 : ₹ 3,288 Lakhs)

(b) CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Excise duty / Service tax demands - matters under dispute	475.0	255.8
VAT / CST demands - matters under dispute	-	20.7
Custom duty demands - matters under dispute	318.2	330.4
Electricity duty on Power Generation (refer note d)	2,371.1	2,043.7

- It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The 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 Government of Maharashtra revised electricity duty payable on captive power generation ("CPP") vide notification dated 13th April, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23rd April, 2015, the revised rates for CPP was revised to 120 paise per unit from 30 paise per unit. The rates for CPP increased by 4 times, which was very high, therefore the Captive Power Producers Association filed writ petition with Bombay High Court which has been admitted by H.C. vide case No. WP/4963/2015 and WP/906/2017. The High Court passed interim stay order, subsequently during the last hearing held on 24th January, 2020, the bench passed the order to continue the interim stay granted previously. The 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.

(c) OTHER LITIGATIONS

There are several other cases which has been determined as remote or has been provided in the books by the Company and hence not been disclosed above.

(d) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Company has given guarantees on behalf of Sudarshan Europe B.V., Sudarshan North America, Sudarshan (Shanghai) Trading Company Limited, and RIECO Industries Limited for working capital requirement of the subsidiary companies.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

45 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES (CONTD..)

The management has considered the probability for outflow of the same to be remote. The Company has reviewed the financials position along with consideration of other factors, of the entity to whom the guarantees are issued and we understand that the exposure of revocation of liability is remote. Hence these financial guarantee are not measured at fair value as per Ind AS 109 - Financial Instruments (Refer note 43). Other than this company has issued guarantees to Maharashtra Pollution Control Board, Maharashtra State Electricity Distribution Company Limited, Custom Authorities and other authorities amounting to ₹ 751.2 Lakhs.

46 OTHER STATUTORY INFORMATION AS REQUIRED BY NOTIFICATION ISSUED BY MINISTRY OF CORPORATE AFFAIRS DATED 24TH MARCH, 2021 ON AMENDMENTS ON SCHEDULE III

- (a) There are no Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person.
- (b) The Company does not hold any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (c) Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956:

Closing balances and nature of transactions

Name of struck off Company	Nature of transactions with struck-off Company	Balance Outstanding		Relationship with the Struck off company
		As at 31 st March, 2023	As at 31 st March, 2022	
Aspen Systems Private Limited	Trade payables	0.1	-	None
Graphite India Limited	Trade payables	0.4	-	None
NTB Hitech Ceramics	Trade payables	-	-	None

Transaction amount

Name of struck off Company	Transaction Amount	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
NTB Hitech Ceramics (purchase of goods)	3.3	0.7

- (d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (e) (A) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (B) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2023

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

47 RATIOS BASED ON STANDALONE FINANCIAL STATEMENTS AND ADDITIONAL DISCLOSURES AS PER CLAUSE 52 (4) AND CLAUSE 52 (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ARE AS UNDER:

	Times/ Percentage	As at 31 st March, 2023	As at 31 st March, 2022	% Change	Comments where variance exceeds 25%
a) Current Ratio [Current Assets / Current Liabilities]	Times	1.11	1.11	0%	
b) Debt-Equity Ratio [(Non-Current Borrowings + Current Borrowings) / Equity (Share capital + Reserves)]	Times	0.92	0.91	1%	
c) Debt Service Coverage Ratio [(Net income / Debt obligations) (Net income is Profit after tax + Interest + Depreciation) (Debt obligations is maturity of long-term debts and interest payment for the period upto three / six months for quarter / half year ended ratios and upto twelve months for year ended ratios)]	Times	0.98	1.27	-23%	This is on account of 1) Lower Net Income 2) Increase in Repayment of Debt Obligations and interest cost
d) Interest Service Coverage Ratio [(Earnings before interest, taxes, depreciation and amortization - Interest Income) / Finance Cost]	Times	4.36	9.94	-56%	This has decline due to 1) Lower net income 2) Increase in interest cost
e) Return on Equity Ratio (Profit after tax / Average Shareholder's Equity)	Percentage	3.83%	12.53%	-69%	This has declined due to Lower Net Income on account of higher Raw Material, Energy and Logistic cost.
f) Inventory Turnover Ratio [(Cost of good sold / Average inventory)]	Times	2.86	2.83	1%	
g) Trade Receivables Turnover Ratio [(Sales of Goods / Average Trade Receivable)]	Times	4.41	3.98	11%	
h) Trade Payables Turnover Ratio (Purchase of goods / Average Trade payables)	Times	2.49	2.84	-12%	
i) Net capital turnover ratio (Sale of goods / Working capital) (Working capital is current assets minus current liabilities)	Times	21.54	18.54	16%	

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2023

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

47 RATIOS BASED ON STANDALONE FINANCIAL STATEMENTS AND ADDITIONAL DISCLOSURES AS PER CLAUSE 52 (4) AND CLAUSE 52 (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ARE AS UNDER: (CONTD..)

	Times/ Percentage	As at 31 st March, 2023	As at 31 st March, 2022	% Change	Comments where variance exceeds 25%
j) Net profit ratio [(Net Profit for the period / Sales of goods)]	Percentage	1.61%	5.28%	-70%	This has declined due to higher Raw Material, Energy and Logistic cost.
k) Return on Capital employed (Earning before interest and taxes "EBIT" / Capital Employed) (Capital Employed is Tangible Net Worth + Total Debt + Deferred Tax Liability)	Percentage	4.74%	9.64%	-51%	This has declined due to Lower Net Income on account of higher Raw Material, Energy and Logistic cost.
l) Long term Debt to Working Capital [(Non-current Borrowings + Current Maturities of long-term debt) / Net Working Capital (Current Assets-Current Liabilities excl. Current maturities of long-term debt)]	Times	2.35	2.06	14%	
m) Total Debts to Total Assets ratio [(Non-current Borrowings + Current Borrowings) / Total Assets]	Percentage	34.8%	34.3%	1%	
n) Bad debts to Account receivable ratio [Bad Debts/Average Trade Receivable]	Percentage	-	-	-	
o) Current liability ratio [Current Liabilities / Total Liabilities]	Percentage	58.9%	67.3%	-12%	
p) Operating Margin [(Profit before Tax + Depreciation and Amortisation expense + Finance Costs (-) Other Income) / Revenue from Operations]	Percentage	9.2%	12.2%	-24%	This has declined due to higher Raw Material, Energy and Logistic cost.
q) Asset Coverage Ratio on Secured Non - Convertible Debentures (NCDs) [Total Assets pledged for secured NCDs / Outstanding Balance of secured NCDs]	Percentage	Not Applicable	Not Applicable		
r) Debenture Redemption Reserve	₹ in Lakhs	Not Applicable	Not Applicable		
s) Net Worth	₹ in Lakhs	80,810.8	83,225.2	-3%	

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

48 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. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. D. N. Damania	Non-Executive - Independent Director
- Mr. S. Padmanabhan	Non-Executive - Independent Director
- Mr. S. K. Asher	Non-Executive - Independent Director
- Mrs. R. F. Forbes	Non-Executive - Independent Director
- Mr. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director
- Mr. Nilkanth Natu	Chief Financial Officer
- Mr. Mandar Velankar	Company Secretary

(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. Jayashree Mantri	Sister of Mr. P. R. Rathi
- Mrs. K. B. Rathi	Mother of Mr. R. B. Rathi
- Mr. A. B. Rathi	Brother of Mr. R. B. Rathi
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- 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
- Mrs. Rachna Biyani	Sister of A.N. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

(c) Subsidiary Companies and others

- 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. The main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company.)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

48 RELATED PARTY TRANSACTION (AS PER INDAS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013) (CONTD..)

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

- Balkrishna Rathi Finance Private Limited
- PRR Finance Private Limited
- Marathwada Chemical Industries Private Limited
- Rathi Vessels and Systems LLP
- NJR Finance Private Limited
- Rathi Brothers Private Limited
- Rathi Enterprises Private Limited
- Forbes Marshall Private Limited
- Aquapharm Chemicals Private Limited
- Centre For Advancement Of Philanthropy
- STRR Consulting LLP
- Matrix Life Science Private Limited
- Cosmetictree India LLP
- Rathi Engineering LLP
- Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme
- Rabro Speciality Chemicals Private Limited
- Mr. Anuj N. Rathi HUF
- Mr. R. B. Rathi HUF
- Rathi Mixers Private Limited
- Breakthrough Management Group India Private Limited
- Shri Jagannath Rathi Charity Trust
- Crawford Bayley & Co
- Krohne Marshall Private Limited
- Phytomyco Research Private Limited
- Gazelle Enterprises
- Centre for Technology Innovation and Economic Research
- Arihma Enterprises
- Oxchem Solutions (India) Private Limited
- Pigment Manufacturers Association of India

The above is a detailed listing and includes Companies / parties with whom the Company has entered into the transactions during the course of the year.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

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

B Transactions with Related Parties

Nature of Transaction	For the year ended 31 st March 2023				For the year ended 31 st March 2022					
	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. :	864.8	88.4	-	-	953.2	1,024.1	111.5	-	-	1,135.6
Mr. R.B.Rathi	500.8	-	-	-	500.8	683.4	-	-	-	683.4
Mr. AVij	184.8	-	-	-	184.8	179.9	-	-	-	179.9
Mr. Nilkanth Natu	76.8	-	-	-	76.8	65.3	-	-	-	65.3
Mr. Mandar Velankar	56.5	-	-	-	56.5	54.3	-	-	-	54.3
Mr. P. R. Rathi	45.9	-	-	-	45.9	41.2	-	-	-	41.2
Others	-	88.4	-	-	88.4	-	111.5	-	-	111.5
b Commission (Subject to Shareholders' approval) :	-	-	-	-	-	-	100.0	-	-	100.0
Mrs. S. A. Panse	-	-	-	-	-	15.0	-	-	-	15.0
Mr. D. N. Damania	-	-	-	-	-	15.0	-	-	-	15.0
Dr. Deepak Parikh	-	-	-	-	-	10.0	-	-	-	10.0
Mr. P.R.Rathi	-	-	-	-	-	10.0	-	-	-	10.0
Mr. S. Padmanabhan	-	-	-	-	-	10.0	-	-	-	10.0
Mr. S. K. Asher	-	-	-	-	-	10.0	-	-	-	10.0
Mr. N. Raisinghani	-	-	-	-	-	10.0	-	-	-	10.0
Mrs. R. F. Forbes	-	-	-	-	-	10.0	-	-	-	10.0
Mr. A. N. Rathi	-	-	-	-	-	10.0	-	-	-	10.0
c Sitting fees :	17.4	-	-	-	17.4	22.2	-	-	-	22.2
Mrs.S.A.Panse	2.8	-	-	-	2.8	3.4	-	-	-	3.4
Mr.S.K.Asher	2.6	-	-	-	2.6	3.8	-	-	-	3.8
Mr.D.N.Damania	2.6	-	-	-	2.6	3.8	-	-	-	3.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

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

Nature of Transaction	For the year ended 31 st March 2023				For the year ended 31 st March 2022					
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
Mr. P.R.Rathi	2.2	-	-	-	2.2	2.6	-	-	-	2.6
Mr. S. Padmanabhan	1.8	-	-	-	1.8	2.0	-	-	-	2.0
Mr. N. Raisinghani	1.6	-	-	-	1.6	2.4	-	-	-	2.4
Dr. Deepak Parikh	1.4	-	-	-	1.4	1.0	-	-	-	1.0
Mrs. R.F. Forbes	1.4	-	-	-	1.4	2.0	-	-	-	2.0
Mr. A. N. Rathi	1.0	-	-	-	1.0	1.2	-	-	-	1.2
d Sale of Property Plant and Equipment :	-	-	-	-	-	-	36.1	-	-	36.1
Mr. R. P. Rathi	-	-	-	-	-	-	12.4	-	-	12.4
Mr. N.J. Rathi	-	-	-	-	-	-	23.7	-	-	23.7
e Sale of Goods (Incl. Taxes):	-	-	36,071.1	36.1	36,107.2	-	-	35,335.1	17.2	35,352.2
Sudarshan Europe B.V.	-	-	21,257.2	-	21,257.2	-	-	23,710.1	-	23,710.1
Sudarshan North America, Inc.	-	-	10,279.0	-	10,279.0	-	-	7,894.3	-	7,894.3
Sudarshan Mexico S. de R.L. de C.V.	-	-	4,380.2	-	4,380.2	-	-	3,531.3	-	3,531.3
Others	-	-	154.7	36.1	190.8	-	-	199.4	17.2	216.6
f Recovery of insurance and freight with sales:	-	-	1,696.9	-	1,696.9	-	-	1,740.6	-	1,740.6
Sudarshan Europe B.V.	-	-	684.0	-	684.0	-	-	903.2	-	903.2
Sudarshan North America, Inc.	-	-	760.5	-	760.5	-	-	584.0	-	584.0
Sudarshan Mexico S. de R.L. de C.V.	-	-	252.1	-	252.1	-	-	252.6	-	252.6
Others	-	-	0.3	-	0.3	-	-	0.8	-	0.8
g Purchase of Goods / Services / Property Plant and Equipments :	-	-	729.6	5.0	734.6	-	-	647.1	35.6	682.8
Sudarshan Europe B. V.	-	-	322.4	-	322.4	-	-	258.7	-	258.7
Sudarshan North America Inc.	-	-	316.5	-	316.5	-	-	-	-	-
RIECO Industries Ltd.	-	-	90.7	-	90.7	-	-	386.4	-	386.4
Others	-	-	-	5.0	5.0	-	-	1.9	35.6	37.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

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

Nature of Transaction	For the year ended 31 st March 2023				For the year ended 31 st March 2022					
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
h Legal and Professional Fees Paid (Incl. Taxes):	-	-	-	64.2	64.2	-	-	-	50.1	50.1
Breakthrough Management Group	-	-	-	28.6	28.6	-	-	-	49.6	49.6
Crawford Bayley & Co.	-	-	-	35.0	35.0	-	-	-	-	-
Others	-	-	-	0.6	0.6	-	-	-	0.5	0.5
i Dividend received	-	-	-	-	-	-	-	331.2	-	331.2
Sudarshan Europe B.V.	-	-	-	-	-	-	-	331.2	-	331.2
j Unsecured Loans given :	-	-	161.8	-	161.8	-	-	-	-	-
Sudarshan Japan Limited	-	-	161.8	-	161.8	-	-	-	-	-
k Unsecured Loans repayments received :	-	-	195.1	-	195.1	-	-	286.8	-	286.8
Sudarshan Japan Limited	-	-	195.1	-	195.1	-	-	286.8	-	286.8
l Interest received / accrued :	-	-	12.8	-	12.8	-	-	10.3	-	10.3
Sudarshan Japan Limited	-	-	12.8	-	12.8	-	-	10.3	-	10.3
m Commission on Sales (Incl. Taxes):	-	-	-	694.9	694.9	-	-	-	1,415.5	1,415.5
Rabro Speciality Chemicals Pvt Ltd	-	-	-	694.9	694.9	-	-	-	1,415.5	1,415.5
n Rent received (Incl. Taxes) :	-	-	-	25.2	25.2	-	-	-	10.4	10.4
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	21.7	21.7	-	-	-	5.8	5.8
Balkrishna Rathii Finance Private Limited	-	-	-	0.7	0.7	-	-	-	0.5	0.5
NJR Finance Private Limited	-	-	-	0.7	0.7	-	-	-	0.5	0.5
Others	-	-	-	2.1	2.1	-	-	-	3.6	3.6
o Rent paid (Incl. Taxes) :	-	-	-	10.2	10.2	-	-	30.8	-	30.8
RIECO Industries Ltd.	-	-	-	-	-	-	-	30.8	-	30.8
Rabro Speciality Chemicals Pvt. Ltd.	-	-	-	10.2	10.2	-	-	-	-	-
p Donation Paid :	-	-	197.0	-	197.0	-	-	201.0	-	201.0
Sudarshan CSR Foundation	-	-	197.0	-	197.0	-	-	201.0	-	201.0
q Reimbursement (Net) / Cross Charges from subsidiaries :	-	-	1,263.3	(3.9)	1,259.4	-	-	950.8	(1.5)	949.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

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

Nature of Transaction	For the year ended 31 st March 2023				For the year ended 31 st March 2022					
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
Sudarshan Japan Limited	-	-	633.6	-	633.6	-	-	560.7	-	560.7
Sudarshan Europe B.V.	-	-	554.5	-	554.5	-	-	357.6	-	357.6
Sudarshan (Shanghai) Trading Co. Ltd	-	-	95.6	-	95.6	-	-	86.3	-	86.3
RIECO Industries Ltd.	-	-	(50.6)	-	(50.6)	-	-	(50.1)	-	(50.1)
Others	-	-	30.2	(3.9)	26.3	-	-	(3.7)	(1.5)	(5.2)
r Interest on corporate guarantee received:	-	-	35.0	-	35.0	-	-	40.1	-	40.1
Sudarshan Europe B.V.	-	-	18.2	-	18.2	-	-	21.7	-	21.7
RIECO Industries Ltd.	-	-	16.6	-	16.6	-	-	16.4	-	16.4
Others	-	-	0.2	-	0.2	-	-	2.0	-	2.0
s Subscription paid	-	-	-	1.1	1.1	-	-	-	-	-
Pigment Manufacturers Association	-	-	-	1.1	1.1	-	-	-	-	-
t Car Deposit Repayment	-	-	-	-	-	-	50.8	-	-	50.8
Mr. R. P. Rathi	-	-	-	-	-	-	21.9	-	-	21.9
Mr. N. J. Rathi	-	-	-	-	-	-	28.9	-	-	28.9
u Corporate guarantee given	-	-	5,365.4	-	5,365.4	-	-	-	-	-
Sudarshan Europe B.V.	-	-	5,365.4	-	5,365.4	-	-	-	-	-

- 1 Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended 31st March, 2023, the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (31st March, 2022 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.
- 2 All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

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

C Balances due from / to related parties :

Nature of Transaction	As at 31 st March 2023				As at 31 st March 2022					
	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 Trade Receivable	-	-	9,292.9	12.0	9,304.9	-	-	12,276.3	3.7	12,280.0
Sudarshan North America, Inc.	-	-	3,277.2	-	3,277.2	-	-	3,503.0	-	3,503.0
Sudarshan Mexico S. de R.L. de C.V.	-	-	3,044.5	-	3,044.5	-	-	3,483.9	-	3,483.9
Sudarshan Europe B.V.	-	-	2,905.2	-	2,905.2	-	-	5,246.4	-	5,246.4
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	66.0	-	66.0	-	-	43.0	-	43.0
Others	-	-	-	12.0	12.0	-	-	-	3.7	3.7
b Trade Payable	-	-	840.5	54.1	894.6	-	-	144.1	135.3	279.4
Sudarshan Europe B.V.	-	-	522.1	-	522.1	-	-	8.3	-	8.3
Sudarshan North America, Inc.	-	-	318.4	-	318.4	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	-	-	-	-	-	71.8	-	71.8
Others	-	-	-	54.1	54.1	-	-	64.0	135.3	199.3
c Other Receivable	-	-	437.7	44.4	482.1	-	-	174.0	98.9	272.9
Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme	-	-	-	39.7	39.7	-	-	-	98.9	98.9
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	427.5	-	427.5	-	-	84.8	-	84.8
Sudarshan Mexico S. de R.L. de C.V.	-	-	2.5	-	2.5	-	-	2.3	-	2.3
Sudarshan Japan Limited	-	-	-	-	-	-	-	6.5	-	6.5
Sudarshan Europe B.V.	-	-	-	-	-	-	-	1.8	-	1.8
Others	-	-	7.7	4.7	12.4	-	-	78.6	-	78.6
d Other Payable	-	-	725.4	3.9	729.3	-	-	883.9	22.9	906.8
Sudarshan (Shanghai) Trading Co. Ltd.	-	-	199.7	-	199.7	-	-	295.5	-	295.5
Sudarshan Europe B.V.	-	-	365.1	-	365.1	-	-	354.8	-	354.8
Sudarshan Japan Limited	-	-	160.4	-	160.4	-	-	129.3	-	129.3
Sudarshan North America, Inc.	-	-	0.2	-	0.2	-	-	101.3	-	101.3
Marathwada Chemical Industries Private Limited	-	-	-	3.5	3.5	-	-	-	-	-
Others	-	-	-	0.4	0.4	-	-	3.0	22.9	25.9
e Loan outstanding	-	-	169.4	-	169.4	-	-	206.9	-	206.9
Sudarshan Japan Limited	-	-	169.4	-	169.4	-	-	206.9	-	206.9
f Corporate guarantee given	-	-	21,252.1	-	21,252.1	-	-	20,683.5	-	20,683.5
Sudarshan North America Inc. (in USD)	-	-	30.0	-	30.0	-	-	30.0	-	30.0

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

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

Nature of Transaction	As at 31 st March 2023				As at 31 st March 2022					
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
Sudarshan North America Inc. (in ₹)	-	-	2,465.0	-	2,465.0	-	-	2,273.6	-	2,273.6
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	60.0	-	-	60.0	-	60.0
Sudarshan Europe B.V. (in ₹)	-	-	5,365.4	-	5,365.4	-	-	5,052.0	-	5,052.0
RIECO Industries Ltd.	-	-	12,600.0	-	12,600.0	-	-	12,600.0	-	12,600.0
Sudarshan (Shanghai) Trading Co. Ltd. (in USD)	-	-	10.0	-	10.0	-	-	10.0	-	10.0
Sudarshan (Shanghai) Trading Co. Ltd. (in ₹)	-	-	821.7	-	821.7	-	-	757.9	-	757.9
g Commission Payable	-	-	-	-	-	105.0	-	-	-	105.0
Mrs. S. A. Panse	-	-	-	-	-	15.0	-	-	-	15.0
Mr. D. N. Damania	-	-	-	-	-	15.0	-	-	-	15.0
Dr. Deepak Parikh	-	-	-	-	-	10.0	-	-	-	10.0
Mr. D. N. Damania	-	-	-	-	-	15.0	-	-	-	15.0
Mr. S. Padmanabhan	-	-	-	-	-	10.0	-	-	-	10.0
Mr. S. K. Asher	-	-	-	-	-	10.0	-	-	-	10.0
Mr. N. Raisinghani	-	-	-	-	-	10.0	-	-	-	10.0
Mrs. R. F. Forbes	-	-	-	-	-	10.0	-	-	-	10.0
Mr. A. N. Rathi	-	-	-	-	-	10.0	-	-	-	10.0
h Salary / Pension Payable *	49.2	4.3	-	-	53.5	-	-	-	-	-
Mr. R.B. Rathi	31.2	-	-	-	31.2	-	-	-	-	-
Mr. A.Vij	7.8	-	-	-	7.8	-	-	-	-	-
Mr. Nilkanth Natu	4.8	-	-	-	4.8	-	-	-	-	-
Mr. Mandar Velankar	3.5	-	-	-	3.5	-	-	-	-	-
Mr. P.R. Rathi	1.9	-	-	-	1.9	-	-	-	-	-
Mr. N. J. Rathi	-	2.0	-	-	2.0	-	-	-	-	-
Mrs. K. B. Rathi	-	1.5	-	-	1.5	-	-	-	-	-
Others	-	0.8	-	-	0.8	-	-	-	-	-
i Car deposit payable	67.9	-	-	-	67.9	67.9	-	-	-	67.9
Mr. P.R. Rathi	49.0	-	-	-	49.0	49.0	-	-	-	49.0
Mr. R.B. Rathi	18.9	-	-	-	18.9	18.9	-	-	-	18.9

* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. All transactions were made on normal commercial terms and conditions and are at market rates.

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49 RISK MANAGEMENT AND CAPITAL MANAGEMENT

A Financial instruments risk management objectives and policies

The Company's principal financial liabilities other than derivatives, 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, loans 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 analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
The 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 ₹ 186.7 Lakhs and (2021-22: ₹ 190.3 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	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	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

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49 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD..)

Potential impact of risk	Management policy	Sensitivity to risk
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 natural hedge. The same is within the guidelines laid down by Company's Risk Management policy.	to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional loss of ₹ 912.2 Lakhs. (2021-22: loss of ₹ 1,016.6 Lakhs). A 2% decrease would have led to an increase in additional gain of ₹ 912.2 Lakhs. (2021-22: gain of ₹ 1,016.6 Lakhs).

Foreign currency exposure and sensitivity	As at 31 st March, 2023		As at 31 st March, 2022	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivables	20,747.6	3,255.7	19,809.0	6,179.4
Forward contracts for trade receivables	(30,650.1)	(7,534.0)	(26,337.4)	(5,737.1)
Foreign currency borrowings	(49,848.0)	-	(48,720.9)	(4,159.3)
Trade payables	(6,718.1)	(784.1)	(8,774.9)	(550.8)
Forward contracts for trade payable	11,723.3	-	2,911.5	-
Forward contracts for borrowings	12,119.3	-	13,077.9	1,473.5
Total	(42,626.0)	(5,062.4)	(48,034.8)	(2,794.3)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Balance at beginning of the year	(346.5)	(706.8)
Changes in the fair value of effective portion of derivatives – gain / (loss)	(3,506.6)	882.4
Net Gain / (Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	1,322.2	(522.1)
Balance at end of the year	(2,530.9)	(346.5)
Tax impact	121.2	172.6

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.

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as at and for the year ended 31st March, 2023

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

49 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD..)

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 Company 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.

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.

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

49 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 ₹ 42,188.5 Lakhs and ₹ 46,407.9 Lakhs for 31 st March 2023 and 31 st March 2022 respectively. Against these receivables, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss	
Balance as at 1st April, 2021	901.7
Provision (reversed) / recognised for expected credit loss	69.7
Balance as at 31st March, 2022	971.4
Provision (reversed) / recognised for expected credit loss	126.0
Balance as at 31st March, 2023	1,097.4

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

49 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. 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. 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 Company's financial liabilities based on contractual undiscounted payments:

Particulars	Note	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
As at 31st March, 2023						
Borrowings - Current	19	22,182.8	7,787.8	-	-	29,970.6
Borrowings - Non-current	19	-	-	44,721.5	-	44,721.5
Other financial liabilities	21	4,347.7	-	156.3	-	4,504.0
Lease liabilities	5	121.7	121.7	507.3	-	750.7
Trade payables	20	42,864.8	-	-	-	42,864.8
Derivatives instruments	22	58.3	-	379.8	-	438.1
	Total	69,575.3	7,909.5	45,764.9	-	1,23,249.7
As at 31st March, 2022						
Borrowings - Current	19	32,771.6	6,964.3	-	-	39,735.9
Borrowings - Non-current	19	-	-	36,369.7	-	36,369.7
Other financial liabilities	21	4,874.0	-	167.3	-	5,041.3
Lease liabilities	5	9.5	9.5	23.6	-	42.6
Trade payables	20	47,605.0	-	-	-	47,605.0
Derivatives instruments	22	59.1	-	-	-	59.1
	Total	85,319.2	6,973.8	36,560.6	-	1,28,853.6

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

49 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.

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Total Debt	74,692.1	76,105.6
Total Equity (Share Capital + Reserves)	80,810.8	83,225.2
Debt - Equity ratio	0.92	0.91

50 ASSETS HELD FOR SALE :

(a) Description

Sale of Freehold Land

The Board of Directors at its meeting held on Thursday, 9th February, 2023, accorded its in-principle approval for sale of freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune - 411 001, Maharashtra, India, subject to necessary due diligence, approvals, consents, permissions from the concerned authorities to one or more parties in part, piecemeal or in full. Subsequently, the Company entered into an agreement dated 6th April, 2023 for transfer of aforesaid land along with the structures standing thereon. The transaction was completed on 6th April, 2023. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this has been classified as "assets held for sale."

(b) The assets of disposal group classified as held for sale as on 31st March, 2023 are as under:

Particulars	As at
	31 st March, 2023
Assets	
Property, plant and equipment	
Freehold Land	2,327.9
Buildings	288.3
Furniture and Fixtures	216.3
Office Equipments	13.0
Total assets	2,845.5

There are no associated liabilities of the disposal group classified as held for sale as on 31st March, 2023.

The fair value measurement of the disposal group has been categorised as level 3 fair value hierarchy based on inputs involved in the valuation technique used. The fair value has been determined using the independent and external valuer report.

Notes to the Standalone Financial Statements

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51 SHARE BASED PAYMENTS

During the financial year 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 previous 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	3,94,220
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	Date of grant	1 st April, 2020
g	Settlement mode	Equity share
h	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted is ₹ 169.2 /-. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 – 10 years.

Inputs into the model were as follows:

a	Grant date share price	₹ 349.35
b	Exercise Price	₹ 349.35
c	Expected Volatility	45.64% – 47.51%
d	Expected life	6.5 to 9.5 years
e	Dividend yield	1.90% - 2.20%
f	Risk free interest rate	6.45% to 6.68%

Reconciliation of outstanding share options is as follows:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April, 2021	3,94,220	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(34,790)	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2022	3,59,430	169.2
Exercisable as at 31 st March, 2022	-	-
Outstanding as at 1 st April, 2022	3,59,430	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(26,780)	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2023	3,32,650	169.2
Exercisable as at 31 st March, 2023	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2023

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

51 SHARE BASED PAYMENTS (CONTD..)

There are no options vested during the year ended 31st March 2023 and 31st March 2022.

There is no realisation of money by exercise of option during the year ended 31st March 2023 and 31st March 2022.

The options outstanding at 31st March, 2023 have an exercise price of ₹ 349.35 (31st March, 2022: ₹ 349.35) and a weighted average remaining contractual life of 7.2 years (31st March, 2022: 8.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2022-23 is not disclosed as no shares were exercised during this year and previous year.

Expense recognised in Statement of Profit and Loss

The Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31st March, 2023 is ₹ 108.4 Lakhs (previous year: ₹ 102.7.1 Lakhs)

52 HEDGING ACTIVITIES

Cash flow hedges

The Company enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.

These instruments are measured at fair values at each reporting period resulting in derivative financial assets and derivative financial liabilities. The gain / loss on maturity/ termination of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item.

The cash flow hedges of the expected future sales during the year ended 31st March, 2023 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ (2184.4) Lakhs (31st March, 2022: ₹ 360.3 Lakhs) is included in OCI.

The amounts retained in OCI at 31st March, 2023 are expected to be realised in the statement of profit and loss till the year ended 31st March, 2028.

The following are the details of of outstanding derivative and non derivative instruments (Foreign Currency Loans) entered into by the Company which have been designated as Cash Flow Hedges:

As at 31st March, 2023

Type of Cover	Amount outstanding in Foreign currency in Lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	606.7	USD	(2,388.6)	(135.2)
Derivative contracts - IRS and CCIRS	482.8	USD	204.2	-
			(2,184.4)	(135.2)

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

52 HEDGING ACTIVITIES (CONTD..)

As at 31st March, 2022

Type of Cover	Amount outstanding in Foreign currency in Lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	17.5	EUR	207.3	(28.9)
	616.9	USD	(1,072.0)	(27.6)
Derivative contracts - IRS and CCIRS	17.5	EUR	16.0	-
	503.9	USD	1,209.0	-
			360.3	(56.4)

For qualitative details w.r.t hedging strategy followed by the company Refer Note 49A Risk and Capital Management

Derivatives not designated as hedging instruments:

The Company has used foreign exchange forward contracts to manage its import payments and realisation from export customers. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the payments against import purchases and realisation from export customers.

53 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as of 31st March, 2023.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.1	204.2	-	205.3
Loans	169.4	-	-	169.4
Trade receivables	42,188.5	-	-	42,188.5
Cash and cash equivalents	578.5	-	-	578.5
Bank balances other than cash and cash equivalents	493.1	-	-	493.1
Derivatives - Forward Contracts Receivable	-	124.7	-	124.7
Interest rate / currency swap contracts	-	-	1,566.5	1,566.5
Other financial assets	1,788.0	-	-	1,788.0
Total	45,218.6	328.9	1,566.5	47,114.0
Financial liabilities				
Borrowings	74,692.1	-	-	74,692.1
Lease liability	750.7	-	-	750.7
Trade payables	42,864.8	-	-	42,864.8
Derivative - Forward Contracts Payable	-	58.3	-	58.3
Interest rate / currency swap contracts	-	-	379.8	379.8
Other financial liabilities	4,504.0	-	-	4,504.0
Total	1,22,811.6	58.3	379.8	1,23,249.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

53 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, 2022.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	165.6	-	166.6
Loans	206.9	-	-	206.9
Trade receivables	46,407.9	-	-	46,407.9
Cash and cash equivalents	1,455.3	-	-	1,455.3
Bank balances other than cash and cash equivalents	451.4	-	-	451.4
Derivatives - Forward Contracts Receivable	-	233.1	-	233.1
Interest rate / currency swap contracts	-	-	985.0	985.0
Other financial assets	1,761.0	-	-	1,761.0
Total	50,283.5	398.7	985.0	51,667.2
Financial liabilities				
Borrowings	76,105.6	-	-	76,105.6
Lease liability	42.6	-	-	42.6
Trade payables	47,605.0	-	-	47,605.0
Derivative - Forward Contracts Payable	-	59.1	-	59.1
Other financial liabilities	5,041.3	-	-	5,041.3
Total	1,28,794.5	59.1	-	1,28,853.6

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair value of unquoted instruments, loans from banks, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The Company enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

53 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD..)

(iv) 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.

54 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, 2023 and 31st March, 2022.

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss / OCI					
Foreign exchange forward contracts					
As at 31 st March, 2023	31 st March, 2023	124.7	-	124.7	-
As at 31 st March, 2022	31 st March, 2022	233.1	-	233.1	-
Interest Rate Swap Contracts					
As at 31 st March, 2023	31 st March, 2023	1,566.5	-	1,566.5	-
As at 31 st March, 2022	31 st March, 2022	985.0	-	985.0	-
Investment in others*					
As at 31 st March, 2023	31 st March, 2023	204.2	-	-	204.2
As at 31 st March, 2022	31 st March, 2022	165.5	-	-	165.5
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2023	31 st March, 2023	58.3	-	58.3	-
As at 31 st March, 2022	31 st March, 2022	56.6	-	56.6	-
Interest Rate Swap Contracts					
As at 31 st March, 2023	31 st March, 2023	379.8	-	379.8	-
As at 31 st March, 2022	31 st March, 2022	2.5	-	2.5	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

54 FAIR VALUE HIERARCHY (CONTD..)

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

* Movement in the value is on account of change in fair value of investment.

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating - rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March, 2023

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

55 Additional Regulatory Information/disclosures as required by General Instructions to Division II of Schedule III to the Companies Act, 2013 are furnished to the extent applicable to the Company.

56 MCA has amended Rule 3 of the Companies (Accounts) Rules, 2014 (the "Accounts Rules") relating to the mode of keeping books of account and other books and papers in electronic mode through an amendment on August 5, 2022. In compliance with the requirements of the amendment, the books of accounts and other relevant books and records are accessible in India at all times. Further, backup of books of account maintained in electronic form is kept in servers physically located in India on a daily basis.

57 Previous year figures have been regrouped/ reclassified as considered necessary to conform with current period presentation wherever applicable.

As per our report of even date attached For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

per **Huzefa Ginwala**
Partner
Membership No.:111757

Place: Pune
Date : 23rd May, 2023

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

Place: Pune
Date : 23rd May, 2023

P.R.RATHI
Chairman
DIN No. 00018577

R.B.RATHI
Managing Director
DIN No. 00018628

NILKANTH NATU
Chief Financial Officer
ICAI Membership No.:108532

MANDAR VELANKAR
Company Secretary
CSI Membership No.:14469

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Report on the audit of the consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in

accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter – Managerial Remuneration

We draw attention to note 29 to the consolidated Ind AS financial statements which describes that the managerial remuneration paid/payable by the Holding Company to the directors for the year ended March 31, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 lakhs and ₹ 46.7 lakhs respectively. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Holding Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Key audit matters	How our audit addressed the key audit matter
<p>Timing of recognition of revenue (as described in note 2.3(e) (Summary of significant accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)</p> <p>The Group manufactures and sells a wide range of goods such as organic, inorganic and effect pigments. Revenue from sale of goods is recognised net of discounts, rebates, sales return and taxes when control of the goods are transferred to the customer.</p> <p>Determination of point in time when control of the goods is transferred to the customer involves establishing the present right to receive payment for the products, delivery specifications, shipping terms, timing of transfer of legal title of the goods and determination of the point of acceptance of goods by the customers. These considerations require exercise of significant judgements by the management.</p> <p>Considering the multitude and variety of contractual terms and significant judgments involved, determination of point in time of transfer of control of goods, has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We obtained understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls.</p> <p>We read the Group's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from contracts with customers.</p> <p>We obtained and read the terms of customer contracts on a sample basis to assess various performance obligations in the contract, the point in time of transfer of control of goods to customers and pricing terms.</p> <p>We tested on a sample basis sales invoice for identification of point in time for transfer of control and terms of contract with customers. Further, we performed procedures to test on a sample basis whether revenue was recognized in the appropriate period (including at year end) by testing underlying sales orders, sales invoice copies, lorry receipts, shipping records, customer acceptances etc. and tested the management assessment involved in the process, wherever applicable.</p> <p>We performed various analytical procedures to identify any unusual sales trends for further testing.</p> <p>We also assessed the disclosure relating to revenue in accordance with applicable accounting standards in the consolidated Ind AS financial statements of the Group.</p>
<p>Hedge accounting including valuations thereof (as described in note 2.3(s)(Summary of significant accounting policies) and note 15 and note 51 of notes forming part of the consolidated Ind AS financial statements)</p> <p>The Group enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.</p> <p>These instruments are measured at fair values at each reporting period resulting in derivative financial assets and derivative financial liabilities. The gain / loss on maturity/ termination of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item.</p>	<p>Our audit procedures included the following:</p> <p>We obtained understanding of the Group's overall hedge accounting strategy, derivative instrument valuation and hedge accounting process from initiation to settlement of derivative instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls.</p> <p>We read the Group's accounting policy for hedge accounting in accordance with relevant accounting standards.</p> <p>We tested the existence of derivative instruments by tracing to the independent confirmations obtained from respective banks.</p> <p>We also tested management's hedge documentation and contracts, on a sample basis.</p> <p>We tested on a sample basis the fair values of derivative instruments recorded by the Group with the independent balance confirmations obtained from banks.</p>

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Key audit matters	How our audit addressed the key audit matter
<p>Considering the significant complexities and judgements involved in estimating highly probable forecasted sales transactions, future foreign exchange rates, determination of effectiveness of hedge and the fact that these transactions have a significant financial effect and extensive accounting and disclosure requirements, hedge accounting has been identified as a key audit matter.</p>	<p>We involved valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative instruments on a sample basis and compared these valuations with those recorded by the Group and assessed the valuation methodology and key assumptions used therein.</p> <p>We also assessed the disclosure is in accordance with applicable accounting standards in the consolidated Ind AS financial statements of the Group.</p>
<p><i>Impairment assessment of goodwill (as described in note 2.3(a) (Summary of significant accounting policies) and note 4 of notes forming part of the consolidated Ind AS financial statements</i></p>	
<p>As at March 31, 2023 the consolidated Ind AS financial statements includes goodwill of ₹ 684.4 lakhs pertaining to acquisition of a subsidiary company in earlier years.</p> <p>In accordance with Ind AS 36, the management has allocated goodwill to the underlying cash generating unit (CGU) and tested these for annual impairment using a discounted cash flow model.</p> <p>Considering assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, the annual impairment assessment of goodwill has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We obtained an understanding of the Group's policy on assessment of impairment of goodwill and assumptions used by the management including design and implementation of relevant controls. We have tested the design and operating effectiveness of these controls.</p> <p>We compared the carrying values of the CGU to which goodwill is allocated with their respective net worth as per audited financial statements.</p> <p>We have evaluated the valuation model used by the Group's management / valuation experts of the management. We also assessed the competencies, capabilities and objectivity of the management's expert.</p> <p>We assessed the recoverable value by performing sensitivity testing of key assumptions used, analysed and examined the business plans approved along with assumptions and estimates used by management and tested the arithmetical accuracy of these models.</p> <p>We involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We considered potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate. We also assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used.</p> <p>We also assessed the disclosure is in accordance with applicable accounting standards in the consolidated Ind AS financial statements of the Group.</p>

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for

ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the

consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the Ind AS financial statements and other financial information, in respect of five subsidiaries, whose financial statements include total assets of ₹ 25,800.6 lakhs as at March 31, 2023, and total revenues of ₹ 48,239.8 lakhs and net cash (inflows) of ₹ 691.2 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

- (b) The consolidated Ind AS financial statements of the Company for the year ended 31st March, 2022, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 26, 2022.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the consolidated Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit of the subsidiary company, incorporated in India, there are no qualifications or adverse remarks in the CARO report of this subsidiary included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.
2. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group's companies, incorporated in India, are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
 - (g) As stated in Emphasis of Matter paragraph above and note 29 to the consolidated Ind AS financial statements which describes that the managerial remuneration paid/payable by the Holding Company to the directors for the year ended March 31, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto, by ₹ 277.3 lakhs. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Holding Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 43(b) to the consolidated Ind AS financial statements;
- ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 13 and Note 20 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023.
- iv. a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 44(e) to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or

kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, other than as disclosed in the note 44(e) to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

Independent Auditor's Report

To the Members of Sudarshan Chemical Industries Limited

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 16 to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend; and,

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiary incorporated in India, hence reporting under this clause is not applicable.

For **SRBC & COLLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 23111757BGYQKC1870

Place of Signature: Pune

Date: May 23, 2023

Annexure 1 to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of Sudarshan Chemical Industries Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

Meaning of Internal Financial Controls with Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

Annexure 1

to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of Sudarshan Chemical Industries Limited

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

Inherent limitations of Internal Financial Controls with Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 23111757BGYQKC1870

Place of Signature: Pune

Date: May 23, 2023

Consolidated Balance Sheet

as at 31st March, 2023

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

(₹ in Lakhs)

Particulars	Notes	As at 31 st March, 2023	As at 31 st March, 2022
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	1,07,331.5	79,150.6
(b) Capital work-in-progress	3	4,426.8	27,322.6
(c) Goodwill	4	684.4	684.4
(d) Intangible assets	4	3,405.0	2,876.2
(e) Intangible assets under development	4	22.0	1,144.1
(f) Right to use assets	5	1,194.1	452.2
(g) Financial assets			
i Investments	6	205.3	166.6
ii Derivative instruments	13	353.0	-
iii Other financial assets	7	790.9	593.0
(h) Income tax assets (net)	23	2,698.8	2,186.0
(i) Deferred tax assets	23	928.7	765.5
(j) Other non-current assets	8	671.0	1,017.2
		1,22,711.5	1,16,358.4
II Current assets			
(a) Inventories	9	49,407.9	56,598.4
(b) Financial assets			
i Trade receivables	10	48,614.6	50,065.6
ii Cash and cash equivalents	11	2,039.2	2,531.6
iii Bank balances other than (ii) above	12	902.1	997.8
iv Derivative instruments	13	1,338.2	1,218.1
v Other financial assets	7	778.6	1,334.9
(c) Other current assets	8	10,560.9	7,766.2
		1,13,641.5	1,20,512.6
III Assets held for sale			
	48	2,845.5	-
		Total assets	2,39,198.5
			2,36,871.0
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	14	1,384.5	1,384.5
(b) Other equity	15	81,437.9	81,934.4
		Total equity	82,822.4
			83,318.9
B Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
i Borrowings	17	44,920.6	36,857.6
ii Lease liabilities	5	855.6	333.1
iii Other financial liabilities	19	156.3	167.3
iv Derivative instruments	20	379.8	-
(b) Provisions	21	2,822.7	2,635.3
(c) Deferred tax liabilities (net)	23	7,164.5	5,952.9
(d) Other non-current liabilities	22	746.9	1,248.1
		57,046.4	47,194.3
II Current liabilities			
(a) Financial liabilities			
i Borrowings	17	36,828.9	45,016.4
ii Lease liabilities	5	300.1	51.3
iii Trade payables			
Dues to micro enterprises and small enterprises	18	6,453.7	2,679.0
Dues to other than micro enterprises and small enterprises	18	44,419.2	49,497.0
iv Derivative instruments	20	58.3	59.1
v Other financial liabilities	19	4,194.4	5,284.5
(b) Provisions	21	270.5	246.9
(c) Other current liabilities	22	6,600.8	3,219.5
(d) Current tax liabilities (net)	23	203.8	304.1
		99,329.7	1,06,357.8
		Total liabilities	1,56,376.1
			1,53,552.1
		Total equity and liabilities	2,39,198.5
			2,36,871.0

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI

Chairman
DIN No. 00018577

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

per **Huzefa Ginwala**

Partner
Membership No.:111757

R.B.RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary
ICSI Membership No.:14469

Place: Pune

Date : 23rd May, 2023

Place: Pune

Date : 23rd May, 2023

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2023

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

(₹ in Lakhs)

Particulars	Notes	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Income			
Revenue from operations	24	2,30,173.2	2,20,080.6
Other income	25	479.0	500.2
Total income		2,30,652.2	2,20,580.8
Expenses			
Cost of materials consumed	26	1,31,352.1	1,37,397.6
Purchase of stock in trade	27	1,317.2	1,276.8
Changes in inventories of finished goods and work-in-progress	28	4,158.6	(11,634.0)
Employee benefits expense	29	18,395.4	18,397.0
Finance costs	30	4,147.1	1,942.3
Depreciation and amortisation expense	31	11,422.7	8,925.9
Other expenses	32	53,885.2	47,163.0
Total expenses		2,24,678.3	2,03,468.6
Profit before tax		5,973.9	17,112.2
Tax expense	23		
Current tax		588.1	3,828.3
Adjustment of tax related to earlier periods (net)		(83.6)	-
Deferred tax		992.5	287.3
Total tax expense		1,497.0	4,115.6
Profit for the year		4,476.9	12,996.6
Other comprehensive income (OCI)	38		
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		17.7	(106.0)
Income tax effect		(4.5)	26.6
		13.2	(79.4)
(b) Items that will be reclassified to profit or loss			
Net movement on effective portion of cash flow hedges		(2,184.4)	360.3
Income tax effect		(51.4)	(90.7)
Gain / (Loss) on translation of foreign operations		602.2	(174.6)
		(1,633.6)	95.0
Other comprehensive income for the year (net of taxes)		(1,620.4)	15.6
Total comprehensive income for the year (net of taxes)		2,856.5	13,012.2
Earnings per equity share	37		
[Nominal value per share ₹ 2 (31st March 2022 - ₹ 2)]			
Basic (in ₹)		6.5	18.8
Diluted (in ₹)		6.5	18.7

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI

Chairman
DIN No. 00018577

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

per **Huzefa Ginwala**

Partner
Membership No.:111757

R.B.RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary
ICSI Membership No.:14469

Place: Pune

Date : 23rd May, 2023

Place: Pune

Date : 23rd May, 2023

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

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

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash flow from operating activities		
Profit before tax from operations	5,973.9	17,112.2
Adjustment to reconcile profit before tax to net cash flow		
Depreciation and amortisation expense	11,422.7	8,925.9
Loss/ (gain) on sale / disposal of fixed assets (net)	6.4	(23.2)
Net gain on fair valuation on investments	(38.8)	(38.8)
Liabilities no longer required, written back	(14.7)	(39.5)
Share based payment expenses	108.4	102.7
Unrealized foreign exchange Loss / (Gain)	105.7	825.0
(Reversal) / provision for inventory obsolescence	211.3	(304.5)
Fair value gain on derivatives	(94.5)	(1,000.9)
Provision for bad and doubtful debts/ advances (including ECL)	84.1	175.0
Finance costs	4,147.1	1,942.3
Interest income	(133.0)	(154.4)
Operating profit before working capital changes	21,778.6	27,521.8
Working capital adjustments :		
Increase/ (decrease) in trade payables	(1,384.0)	7,993.3
Increase/ (decrease) in provisions	228.7	154.6
Increase/ (decrease) in other liabilities	2,751.4	536.0
Increase/ (decrease) in other financial liabilities	(494.2)	(404.9)
(Increase)/ decrease in trade receivables	1,792.7	(1,534.9)
(Increase)/ decrease in inventories	7,280.3	(15,136.9)
(Increase)/ decrease in other assets	(2,763.4)	1,992.2
(Increase)/ decrease in other financial assets	536.5	852.9
(Increase)/ decrease in other bank balances	95.7	(211.2)
Cash generated from operations	29,822.3	21,762.9
Income taxes paid (net of refunds)	(1,117.6)	(3,805.5)
Net cash flow from operating activities (A)	28,704.7	17,957.4
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in capital work in progress, capital advances and payable for capital goods)	(19,240.1)	(31,020.7)
Proceeds from sale of property, plant and equipment and intangible assets	180.0	106.3
Interest received	133.0	115.4
Net cash flow (used in) investing activities (B)	(18,927.1)	(30,799.0)
Cash flows from financing activities :		
Proceeds from long-term borrowings	22,319.1	19,225.3
Repayment of long-term borrowings	(14,534.8)	(13,730.1)
Dividend paid on equity shares and tax thereon	(3,427.7)	(4,112.3)
Proceeds from short-term borrowings	1,00,017.8	1,17,033.2
(Repayments of) short-term borrowings	(1,11,077.3)	(1,02,613.0)
Finance costs paid	(3,466.4)	(1,942.3)
Payment of lease liabilities	(100.7)	(85.3)
Net cash flow from financing activities (C)	(10,270.0)	13,775.5
Net increase in cash and cash equivalents (A + B + C)	(492.4)	933.9

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

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

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash and cash equivalents at the beginning of the year	2,531.6	1,597.7
Cash and cash equivalents at the end of the year (excluding earmarked balances)	2,039.2	2,531.6
Cash and cash equivalents		
Cash on hand	9.0	8.4
Balance with Banks (On current account)	2,030.2	2,523.2
Total	2,039.2	2,531.6

Reconciliation of borrowings	Notes	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Balance at the beginning of year			
Non-current borrowings	note 17	36,857.6	30,813.9
Current borrowings	note 17	30,330.2	17,902.5
Current maturities of non-current borrowings	note 17	14,686.2	12,693.7
Proceeds from borrowings		1,22,336.9	1,36,258.5
Repayment of borrowings		(1,25,612.1)	(1,16,343.1)
Unrealised foreign exchange gain / (loss) (net)		3,150.7	548.5
Balance at the end of year			
Non-current borrowings	note 17	44,920.6	36,857.6
Current borrowings	note 17	19,248.9	30,330.2
Current maturities of non-current borrowings	note 17	17,580.0	14,686.2

Notes :

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

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

per **Huzefa Ginwala**
Partner
Membership No.:111757

Place: Pune
Date : 23rd May, 2023

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

Place: Pune
Date : 23rd May, 2023

P.R.RATHI

Chairman
DIN No. 00018577

R.B.RATHI
Managing Director
DIN No. 00018628

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

MANDAR VELANKAR
Company Secretary
ICSI Membership No.:14469

Consolidated Statement of Changes in Equity

For the year ended 31st March 2023

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

A. Equity Share Capital

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

Particulars	As at 31 st March, 2023			
	Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Balance at the end of the current reporting period
Share capital Amount (in ₹ Lakhs)	1,384.5	-	-	1,384.5
Number of shares	6,92,27,250	-	-	6,92,27,250

Particulars	As at 31 st March, 2022			
	Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Balance at the end of the previous reporting period
Share capital Amount (in ₹ Lakhs)	1,384.5	-	-	1,384.5
Number of shares	6,92,27,250	-	-	6,92,27,250

B. Other Equity

	Reserves and Surplus							Share options (ESOP) outstanding reserve	Total
	Securities premium	Capital reserve	Capital redemption reserve	General reserve	Retained earnings*	Foreign currency translation reserve	Effective portion of cash flow hedge		
Balance as at 1st April, 2021	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1
Profit for the year	-	-	-	-	12,996.6	-	-	-	12,996.6
Other Comprehensive Income (net of tax)	-	-	-	-	(79.4)	(174.6)	269.6	-	15.6
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	-	-	102.7	102.7
Total comprehensive income for the year ended 31st March 2022	-	-	-	-	12,917.2	(174.6)	269.6	102.7	13,114.9
Transactions with owners, recorded directly in equity									
Equity Dividend	-	-	-	-	(4,153.6)	-	-	-	(4,153.6)
Total distributions to owners	-	-	-	-	(4,153.6)	-	-	-	(4,153.6)
Balance as at 31st March, 2022	1,321.2	0.4	410.0	21,340.5	58,470.7	336.8	(173.9)	228.7	81,934.4

Consolidated Statement of Changes in Equity

For the year ended 31st March 2023

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

B. Other Equity (Contd..)

	Reserves and Surplus				Foreign currency translation reserve	Effective portion of cash flow hedge	Share options (ESOP) outstanding reserve	Total
	Securities premium	Capital reserve	Capital redemption reserve	General reserve				
Profit for the year	-	-	-	4,476.9	-	-	-	4,476.9
Other Comprehensive Income (net of tax)	-	-	-	13.2	602.2	(2,235.8)	-	(1,620.4)
Amortized amount of share based payments (ESOPs) to employees	-	-	-	-	-	-	108.4	108.4
Total comprehensive income for the year ended 31st March 2023	-	-	-	4,490.1	602.2	(2,235.8)	108.4	2,964.9
Transactions with owners, recorded directly in equity								
Equity Dividend	-	-	-	(3,461.4)	-	-	-	(3,461.4)
Total distributions to owners	-	-	-	(3,461.4)	-	-	-	(3,461.4)
Balance as at 31st March, 2023	1,321.2	0.4	410.0	21,340.5	939.0	(2,409.7)	337.1	81,437.9

* includes re-measurement of defined employee benefit plans.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

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

P.R.RATHI
Chairman
DIN No. 00018577

MILKANTH NATU
Chief Financial Officer
ICAI Membership No.:108532

per **Huzefa Ginwala**
Partner
Membership No.:111757

R.B.RATHI
Managing Director
DIN No. 00018628

MANDAR VELANKAR
Company Secretary
ICSI Membership No.:14469

Place: Pune
Date : 23rd May, 2023

Place: Pune
Date : 23rd May, 2023

For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

1. Background:

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

The CIN number of the Holding Company is L24119PN1951PLC008409. The Holding Company’s Equity Shares are listed on the Bombay Stock Exchange Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’). The registered office of the Holding Company is located at “7th Floor, Eleven West Panchshil, Survey No. 25, Near PAN Card Club Road, Baner, Pune – 411 045, Maharashtra, India.

The Group manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments. The Group also manufactures Pollution Control Equipment, Size Reduction Equipment and Grinding Equipment for industrial applications.

The Consolidated Financial Statements comprise of financial statement of the Holding Company and its subsidiaries (collectively, the Group) for the year ended 31st March, 2023.

The consolidated financial statements of the Group for the year ended 31st March 2023 were authorised for issue in accordance with a resolution of the Board of directors on 23rd May 2023.

2. Significant accounting policy:

2.1. Basis of preparation:

These consolidated financial statements (“CFS”) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

The CFS have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (₹ 00,000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2. Basis of consolidation:

The CFS comprise the financial statements of the Holding Company and its subsidiaries as at 31st March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31st March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the

assets and liabilities recognised in the consolidated financial statements at the acquisition date.

- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received

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- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

2.3. Significant accounting policies:

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective

of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured

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at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading

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- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

(c) Foreign Currency Translation:

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the indirect method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

Transactions and balances:

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for differences pertaining to long term foreign currency monetary items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or consolidated statement of profit and loss are also recognised in OCI or consolidated statement of profit and loss, respectively).

Further, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for

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consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1st April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1st April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1st April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

(d) Fair value measurement:

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received on sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted

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financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- disclosures for valuation methods, significant estimates and assumptions (note 2.2 (z))
- quantitative disclosures of fair value measurement hierarchy (note 53)
- investment in unquoted equity shares (note 6)
- financial instruments (including those carried at amortized cost) (note 52)

(e) Revenue:

Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2 (z).

Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for sales. The normal credit term is 0 to 180 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Revenue from projects:

The Group earns revenue primarily from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment are customised based on specific customer requirements. Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. In respect of customised products based on specific customer requirement, each equipment/ system is considered as a separate performance obligation.

The Group may promise to provide distinct goods or services within a contract, in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Group uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

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The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

- The customer simultaneously consumes the benefits as the Group performs, or
- The customer controls the work-in-progress, or
- The Group's performance does not create an asset with alternative use to the Company and the Group has right to payment for performance completed till date.

The Group recognizes revenue over time as the Group's performance does not create an asset with alternative use to the Group and the Group has right to payment got the performance completed till date.

The Group uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated profits, are recorded proportionally as costs are incurred.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Group recognizes the expected losses from onerous contract as an expense immediately.

Revenue from services:

Revenue in respect of operation and maintenance contract, awarded on a basis or included in long term contracts and identified as a separate performance obligation, is recognized on a time proportion basis under the contracts.

Export Incentive (Government Grant):

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Interest Income:

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

Dividend Income:

Dividend income is recognised when the Group's right to receive the payment is established.

Other Income:

Insurance claims are accounted on the basis of claims admitted/ expected to be admitted and to the extent that there is no uncertainty in receiving the claims. Other revenue is recognised when it is received or when the right to receive payment is established.

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing.

Trade Receivables:

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2: Financial instruments – initial recognition and subsequent measurement.

Contract Liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is

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made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligation as per the contract. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

(f) Government Grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to consolidated statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(g) Taxes:

Current Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the consolidated statement of profit

and loss is recognised outside the consolidated statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of

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the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the consolidated statement of profit and loss is recognised outside the consolidated statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

(h) Asset held for sale:

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset.
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),

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- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

Additional disclosures are provided in Note 48. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(i) Property, Plant and Equipment:

(i) Recognition and measurement:

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

Items of property, plant and equipment are stated at cost and include interest on borrowings directly attributable to the acquisition, construction, or production of the qualifying asset. A qualifying asset is necessarily an asset which takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly

attributable costs are added to the cost of these assets until such time as the assets are ready for their intended use or sale, which coincides with the commission date of those assets. Assets are presented less accumulated depreciation and accumulated impairment losses, if any.

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

- (1) Depreciation on items of property, plant and equipment (except freehold land)

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

Asset Class	Useful Life Adopted	Useful Life as per Schedule - II
Plant and Machinery - Other than below	5/9.2/ 10	7.5*/ 15
Plant and Machinery - SS Vessels / SS Equipments	15.0	7.5*
Plant and Machinery - Other than SS Components	7.7	7.5*
Vehicles	6.0	8.0*

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

- (2) The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
- (3) Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible Assets and Intangible under development:

(i) Intangible assets:

Intangible assets are measured on initial recognition at cost and subsequently are

carried at cost less accumulated amortization and accumulated impairment losses, if any.

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

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

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

(ii) Amortisation:

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

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The details of estimated useful life is as follows:

Asset Class	Years
Registrations	10
Computer Software	3-10
Technical Know-How	3-9
Right to Use	5-10

- (4) Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.
- (5) Gains or losses arising from retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income/ expense in the consolidated statement of profit and loss.

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

- (1) Projects under commissioning and other CWIP items are carried at cost, comprising direct costs, related incidental expenses and eligible borrowing costs, if any.
- (2) Intangible assets under development are carried at cost, comprising direct costs, directly attributable incidental expenses and eligible borrowing costs, if any.
- (3) Advances given to acquire property, plant and equipment are recorded as non-current assets and subsequently transferred to CWIP on acquisition of related assets.

(k) Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) 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.

(l) Leases:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets:

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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Type of Asset	Useful Life estimated by management (years)
Leasehold Land	60 to 95 years
Leasehold Building	5 to 9 years
Plant & Machinery	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets

(ii) Lease liabilities:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of

lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets:

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor:

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(m) Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, stores and spares and packing material: cost includes cost of purchase and

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other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(n) Impairment of Non-Financial Assets:

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally

cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For the assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss.

Goodwill is tested for impairment annually as at 31st March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the

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CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

(o) Provisions and Contingent Liabilities:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(p) Employee Benefits:

(i) Short-Term Employee Benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's

entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Post-Employment Benefits:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

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

Re-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

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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:

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

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

(q) Share based payments:

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 49.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial

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to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets:

(1) Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) Subsequent measurement:

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments):

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments):

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as

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well as at each reporting date at fair value. For debt instruments, at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

The Group's debt instruments at fair value through other comprehensive income includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through other comprehensive income (equity instruments):

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under Ind AS 32 Financial Instruments - Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity

instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

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

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

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

(3) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither

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transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(4) Impairment of Financial Assets:

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on following financial asset and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are measured at FVTOCI
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from

transactions that are within the scope of Ind AS 115.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- all contractual terms of the financial instrument (including prepayment, extension, call and similar options)

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over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines

financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase / origination.

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

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

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

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

(2) Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss (FVTPL):

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at

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fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that

are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 52.

Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

(3) Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iii) Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable

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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.

(s) Derivative financial instruments and hedge accounting:

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge

relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair Value Hedge:

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately

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in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges:

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

The Group designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to statement of profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature.

(t) Cash and Cash Equivalents:

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

(u) Dividends:

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(v) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period 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

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number of equity shares outstanding, without a corresponding change in resources.

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

(w) Segment reporting:

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

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

(x) Rounding-off of amounts:

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

(y) Recent Accounting Pronouncements:

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March, 2023 to amend the following Ind AS which are effective from 01st April, 2023.

i. Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Group's financial statements.

ii. Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

iii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12:

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Group is currently assessing the impact of the amendments.

(z) Significant accounting judgements, estimates and assumptions:

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial risk management objectives and policies Note 47(A).
- Sensitivity analyses disclosures Notes 39, 47(A) and 52.
- Capital management Note 47(B).

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

i. Determining the lease term of contracts with renewal and termination options – Group as lessee:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer Note 5 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Estimates and Assumption:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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i. Estimating the incremental borrowing rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

ii. Useful life of Property, plant and equipment and intangible assets:

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's property, plant and equipment and intangible assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes 2.2 (i) and 2.2 (j).

iii. Recognition of deferred tax assets

Deferred tax is recorded on temporary differences between the tax bases of assets

and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. The policy for the same has been explained under Note 2.2 (g).

iv. Defined benefit obligation:

The cost of the defined benefit gratuity plan, other defined benefit plan and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount

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rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in Note 2.2 (p).

v. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible assets including intangible assets under development:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. The policy for the same has been explained under Note 2.2 (n).

vi. Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as

well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets. The policy for the same has been explained in Note 2.2 (r).

vii. Provision for inventory obsolescence:

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

viii. Share based payment:

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a black & scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 49.

ix. Litigation:

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Group's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates

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of legal expense to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations the Group foresees a remote risk of any material claim arising from claims against the Group. The Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Group.

x. Determination of timing of satisfaction of performance obligation:

Revenue from sale of goods:

The Group concluded that sale of goods is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Group has applied judgement in determining the point in time when the control of the goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices. The goods manufactured by the Group are on the basis of the open purchase order

as on date and the order expected to be received. Further, the dispatch of goods are dispatch as per the terms mentioned in the purchase order.

Revenue from projects:

At each reporting date, the Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in progress, billings in excess of costs, estimated earnings and accrued contract expenses.

xi. Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 52 and 53 for further disclosures.

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

A. Reconciliation of carrying amount

Particulars	Other than Research and Development				Research and Development				Total	Capital Work-in-Progress				
	Freehold Land	Buildings	Leasehold Improvements	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings			Plant and Machinery	Furniture and Fixtures	Office Equipments	
Cost														
As at 1st April, 2021	1,424.1	10,496.4	-	71,145.2	735.6	764.7	178.9	1,155.0	2,242.6	917.2	38.0	89,097.7	26,857.6	
Additions	39.0	3,667.0	-	24,698.2	195.6	238.8	55.4	95.8	367.1	-	-	29,356.9	20,199.1	
Disposals	-	-	-	23.0	63.2	60.8	67.5	-	-	5.7	-	220.2	-	
Transfers to Property, plant and equipment/intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	19,734.1	
Other adjustments:														
Borrowing cost capitalised (Refer note F)	-	22.2	-	400.9	-	1.6	-	2.5	-	-	-	427.2	-	
As at 31st March, 2022	1,463.1	14,185.6	-	96,221.3	868.0	944.3	166.8	1,253.3	2,609.7	911.5	38.0	1,18,661.6	27,322.6	
Accumulated depreciation as at 1st April, 2021	-	1,217.0	-	28,037.8	476.9	237.7	89.3	86.4	939.8	301.4	28.9	31,415.2	-	
Depreciation for the year	-	392.5	-	7,355.4	103.9	78.9	28.6	20.8	229.0	86.3	7.1	8,302.5	-	
Disposals	-	-	-	17.1	62.1	56.9	65.3	-	-	5.4	-	206.8	-	
Accumulated depreciation as at 31st March, 2022	-	1,609.5	-	35,376.1	518.7	259.7	52.6	107.2	1,168.8	382.3	36.0	39,510.9	-	
Net amount as at 31st March, 2022	1,463.1	12,576.1	-	60,845.2	349.3	684.6	114.2	1,146.1	1,440.9	529.2	2.0	79,150.7	27,322.6	

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

Particulars	Other than Research and Development				Research and Development				Total	Capital Work-in-Progress				
	Freehold Land	Buildings	Leasehold Improvements	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings			Plant and Machinery	Furniture and Fixtures	Office Equipments	
Cost														
As at 1 st April, 2022	1,463.1	14,185.6	-	96,221.3	868.0	944.3	166.8	1,253.3	2,609.7	911.5	38.0	1,18,661.6	27,322.6	
Additions	1,794.2	1,997.8	44.0	35,994.0	50.1	64.9	195.2	32.7	611.9	7.0	3.5	40,795.3	15,115.2	
Disposals	-	2.4	-	357.1	54.9	-	6.9	-	0.9	-	-	422.2	-	
Transfers to Property, plant and equipment/ intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	38,011.0	
Other adjustments:														
Borrowing cost capitalised (Refer note F)	-	14.6	-	902.6	-	-	2.8	0.2	9.5	-	-	-	929.7	
Assets transferred to assets held for sale (refer note 48)	2,327.9	311.2	-	-	-	456.9	63.1	-	-	-	-	3,159.1	-	
As at 31 st March, 2023	929.4	15,884.4	44.0	1,32,760.8	863.2	552.3	294.8	1,286.2	3,230.2	918.5	41.5	1,56,805.3	4,426.8	
Accumulated depreciation as at 1 st April, 2022	-	1,609.5	-	35,376.1	518.7	259.7	52.6	107.2	1,168.8	382.3	36.0	39,511.0	-	
Depreciation for the year	-	459.8	0.9	9,496.0	111.4	87.4	40.1	22.7	254.3	86.5	0.1	10,559.2	-	
Disposals	-	0.9	-	222.9	52.6	-	6.3	-	-	-	-	282.7	-	
Other adjustments:														
Assets transferred to assets held for sale (refer note 48)	-	22.9	-	-	-	240.6	50.1	-	-	-	-	313.6	-	
Accumulated depreciation as at 31 st March, 2023	-	2,045.5	0.9	44,649.2	577.5	106.5	36.3	129.9	1,423.1	468.8	36.1	49,473.8	-	
Assets transferred to assets held for sale - Net Amount (refer note 48)	2,327.9	288.3	-	-	-	216.3	13.0	-	-	-	-	2,845.5	-	
Net amount as at 31st March, 2023	929.4	13,838.9	43.1	88,111.6	285.8	445.8	258.5	1,156.3	1,807.1	449.7	5.4	1,07,331.5	4,426.8	

B. The Group has pledged certain property plant and equipments against borrowings, the details of which have been given in the note 17.

C. The title deeds of all the immovable properties are held in the name of the Holding Company & its subsidiary.

D. The Group has not revalued its property, plant and equipment during financial year ended 31st March, 2023 and 31st March, 2022

E. Assets include assets lying with third parties amounting to ₹ 25.6 lakhs (31st March 2022: ₹ 24.4 lakhs)

F. Capitalised borrowing costs : The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended 31st March, 2023 was ₹ 519.8 lakhs (31st March, 2022: ₹ 681.9 lakhs).

G. As at 31st March, 2023, the Group has classified certain assets as assets held for sale. Above depreciation is inclusive of depreciation on assets held for sale. Refer note 48.

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

H. Following is the ageing schedule for Capital-work-in progress ("CWIP").

As at 31st March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	3,378.9	1,026.3	21.6	-	4,426.8
Projects temporarily suspended	-	-	-	-	-
	3,378.9	1,026.3	21.6	-	4,426.8

As at 31st March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	14,163.2	10,455.4	2,704.0	-	27,322.6
Projects temporarily suspended	-	-	-	-	-
	14,163.2	10,455.4	2,704.0	-	27,322.6

I. There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Goodwill on acquisition of Business (refer note (D))	Intangible Assets under development "IAUD"
Cost								
As at 1st April, 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	684.4	977.3
Additions	155.7	28.0	285.9	113.0	317.0	899.6	-	479.3
Disposals / Transfer	-	-	-	133.9	-	133.9	-	312.5
As at 31st March, 2022	2,069.0	275.2	1,067.3	976.4	467.0	4,854.9	684.4	1,144.1
Accumulated amortisation as at 1st April, 2021								
Amortisation for the year	251.7	19.7	169.2	96.2	19.3	556.1	-	-
Disposals	-	-	-	65.3	-	65.3	-	-
Accumulated amortisation as at 31st March, 2022	883.6	205.7	388.9	420.9	79.6	1,978.7	-	-
Net amount as at 31st March, 2022	1,185.4	69.5	678.4	555.5	387.4	2,876.2	684.4	1,144.1
As at 1st April, 2022	2,069.0	275.2	1,067.3	976.4	467.0	4,854.9	684.4	1,144.1

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

Particulars	Computer Software	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Goodwill on acquisition of Business (refer note (D))	Intangible Assets under development "IAUD"
Additions	147.0	-	1,127.9	60.9	0.3	1,336.1	-	-
Disposals / Transfer	80.5	-	-	32.0	-	112.5	-	1,122.1
As at 31st March, 2023	2,135.5	275.2	2,195.2	1,005.3	467.3	6,078.5	684.4	22.0
Accumulated amortisation as at 1st April, 2022	883.6	205.7	388.9	420.9	79.6	1,978.7	-	-
Amortisation for the year	286.3	-	256.1	105.3	112.7	760.4	-	-
Disposals	61.8	-	-	3.8	-	65.6	-	-
Accumulated amortisation as at 31st March, 2023	1,108.1	205.7	645.0	522.4	192.3	2,673.5	-	-
Net amount as at 31st March, 2023	1,027.4	69.5	1,550.2	482.9	275.0	3,405.0	684.4	22.0

- B. The Group has not revalued its intangible assets during the financial year ended 31st March, 2023 and 31st March, 2022
- C. Following are the aging schedule for the Intangible Assets under Development ("IAUD") as at 31st March, 2023 and 31st March, 2022.

Ageing schedule IAUD as at 31st March, 2023

Particulars	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	22.0	-	-	22.0
Projects temporarily suspended	-	-	-	-	-
	-	22.0	-	-	22.0

Ageing schedule IAUD as at 31st March, 2022

Particulars	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	479.3	555.0	109.8	-	1,144.1
Projects temporarily suspended	-	-	-	-	-
	479.3	555.0	109.8	-	1,144.1

- D. Goodwill on acquisition of business -

Goodwill of ₹ 684.4 lakhs (Previous year: ₹ 684.4 lakhs) relates to the CGU - Engineering Equipments Business (refer note 50). The estimated value in use of the CGU is based on future cash flows assuming an annual terminal growth rate of 5% for the period subsequent to the forecast period of 5 years and a discount rate of 20% which considers the operating and macroeconomic environment in which the entity operates. An analysis of the sensitivity of the change in key parameters (operating margin, discount rates and long term average growth rate) based on reasonably probable assumptions, did not result in any probable scenario in which the recoverable amount of the CGU would decrease below the carrying amount.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

5 RIGHT TO USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various items of building, land and plant & machinery (IT Equipment) used in its operations. Leases of building generally have lease terms between 3 and 10 years, leasehold land have longer lease terms upto 99 years and certain office equipments have lease term of 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for such leases.

A. Reconciliation of carrying amount

Right to use assets	Leasehold Land	Plant & Machinery (IT Equipment)	Buildings	Total
As at 1st April, 2021	136.3	-	443.2	579.5
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2022	136.3	-	443.2	579.5
Accumulated depreciation as at 1st April, 2021	9.2	-	53.2	62.4
Depreciation for the year	1.8	-	65.4	67.2
Disposals	-	-	2.3	2.3
Accumulated depreciation as at 31st March, 2022	11.0	-	116.3	127.3
Net carrying amount as at 31st March, 2022	125.3	-	326.9	452.2
As at 1st April, 2022	136.3	-	443.2	579.5
Additions	-	187.0	658.0	845.0
Disposals	-	-	-	-
As at 31st March, 2023	136.3	187.0	1,101.2	1,424.5
Accumulated depreciation as at 1st April, 2022	11.0	-	116.3	127.3
Depreciation for the year	1.8	6.1	95.2	103.1
Disposals	-	-	-	-
Accumulated depreciation as at 31st March, 2023	12.8	6.1	211.5	230.4
Net carrying amount as at 31st March, 2023	123.5	180.9	889.7	1,194.1

B. Lease Liabilities

Particulars	
As at 1st April 2021	423.9
Add: Addition during the year	-
Add: Interest accrued on lease liability	45.8
Less: Cash outflows for leases	(85.3)
As at 31st March 2022	384.4
As at 1st April 2022	384.4
Add: Addition during the year	818.5
Add: Interest accrued on lease liability	53.5
Less: Cash outflows for leases	(100.7)
As at 31st March 2023	1,155.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

5 RIGHT TO USE ASSETS AND LEASE LIABILITIES (CONTD..)

Bifurcation of liabilities

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Current	300.1	51.3
Non-current	855.6	333.1
	1,155.7	384.4

C. Amount recognised in the statement of profit and loss.

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Interest expenses on lease liabilities	53.5	45.8
Expenses relating to short term lease	1,221.5	641.8
Depreciation on ROU assets	103.1	67.2
	1,378.1	754.8

D. Amounts recognised in the Statement of Cash Flow

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Total cash outflow for leases	100.7	85.3
	100.7	85.3

E. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Less than 1 year	342.6	76.1
1 to 5 years	1,008.3	340.0
More than 5 years	100.8	202.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

6 INVESTMENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unquoted, fully paid equity instruments		
I. Investment designated at cost		
Sudarshan CSR Foundation (Section 8 Company)		
10,000 (Previous Year : 10,000) equity shares of ₹ 10 each	1.0	1.0
Pigment Manufacturers Association of India		
1,000 (Previous Year : 1,000) equity shares of ₹ 10 each	0.1	0.1
II. Investment designated as fair value through profit and loss account (FVTPL)		
AVADA Satara MH Private Limited		
66,92,000 (Previous Year : 66,92,000) equity shares of ₹ 10 each	204.2	165.5
	205.3	166.6

7 OTHER FINANCIAL ASSETS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current		
Security deposit *	773.5	583.6
Tender deposit	17.4	9.4
	790.9	593.0
(b) Current		
Government grant receivable**	212.8	661.5
Other receivables (includes interest accrued on deposits)	565.8	673.4
	778.6	1,334.9

* Includes deposits with Maharashtra State Electricity Distribution Company Limited and Maharashtra Industrial Development Corporation.

** Government grant receivable includes receivable towards Export Promotion Capital Goods ("EPCG scheme"). The Group has availed import duty exemption under EPCG scheme, EPCG scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. As per the scheme, the Group has undertaken export obligation amounting to 6 times of the amount saved on duty on the capital goods.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

8 OTHER ASSETS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-Current		
Capital advances (unsecured)		
Considered good	80.7	119.6
Considered doubtful	90.0	90.0
Less : Provision for doubtful advances	(90.0)	(90.0)
	80.7	119.6
Balances with government authorities	125.2	117.0
Prepaid expenses	465.1	504.5
Stamp duty receivable	-	276.1
	590.3	897.6
	671.0	1,017.2
(b) Current		
Prepaid expenses	927.4	1,023.3
Balances with government authorities	2,822.4	2,570.7
Advances to suppliers	2,568.2	1,973.8
Contract assets (refer note 24)	4,192.5	2,198.4
Others	50.4	-
	10,560.9	7,766.2

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note 46.

9 INVENTORIES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Raw materials (includes items with third parties and items lying in transit)	14,578.8	16,322.4
Work-in-progress (includes items with third parties)	8,213.6	8,841.5
Finished goods (includes items with third parties and items lying in transit)	22,878.9	26,409.6
Stores and spares (includes items with third parties)	3,535.4	4,739.4
Packing materials	201.2	285.5
	49,407.9	56,598.4

During the year, an amount of ₹ 211.3 lakhs (Previous Year : ₹ (304.5) lakhs) was (reversed) / charged off to the statement of profit and loss on account of provision for difference in stock values and net realisable values of inventories.

Value of raw material in transit is ₹ 2,984.2 lakhs as at 31st March, 2023 (₹ 2,305.1 lakhs as at 31st March, 2022)

Value of finished goods in transit is ₹ 1,273.0 lakhs as at 31st March, 2023 (₹ 5,537.6 lakhs as at 31st March, 2022)

For details of inventory pledged as security refer note 17.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

10 TRADE RECEIVABLES

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Current:		
(Unsecured, considered good)		
Considered good (including related party receivables)	49,149.7	50,622.2
Credit impaired	974.2	868.6
	50,123.9	51,490.8
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	974.2	868.6
Unsecured (Considered good)	535.1	556.6
	1,509.3	1,425.2
	48,614.6	50,065.6

Refer note 17 for details of pledges and securities and refer note 47 for details of credit risk related to trade receivables.

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days. For terms and conditions relating to related party receivables, refer note 46. For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 46.

Following is the ageing schedule for trade receivable

As at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	37,885.7	10,031.2	525.0	-	120.1	52.6	48,614.6
Undisputed - which have significant increase in credit risk	13.3	148.3	21.6	321.9	30.0	-	535.1
Undisputed - Credit impaired	-	-	23.5	233.1	96.1	75.3	428.0
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	35.0	511.2	546.2
	37,899.0	10,179.5	570.1	555.0	281.2	639.1	50,123.9

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 1,509.3 lakhs.

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	40,650.9	8,953.2	207.9	227.5	26.0	0.1	50,065.6
Undisputed - which have significant increase in credit risk	64.4	82.5	70.9	89.2	151.7	97.9	556.6
Undisputed - Credit impaired	-	-	-	171.1	-	-	171.1
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	40,715.3	9,035.7	278.8	487.8	177.7	795.5	51,490.8

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

10 TRADE RECEIVABLES (CONTD..)

Note :- Above figures do not include provision for expected credit loss amounting to ₹ 1,425.2 lakhs.

During the current year, the Holding Company has entered into a factoring agreement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly corresponding trade receivable balance as on 31st March, 2023 has been derecognised as per the terms of the agreement.

11 CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance with banks		
In current accounts	2,030.2	2,523.2
Cash on hand	9.0	8.4
	2,039.2	2,531.6

12 BANK BALANCES OTHER THAN ABOVE

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Earmarked balances on unclaimed dividends	394.2	360.5
Margin money deposits	507.9	637.3
	902.1	997.8

13 DERIVATIVE INSTRUMENTS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-Current:		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	353.0	-
	353.0	-
(b) Current:		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	124.7	233.1
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	1,213.5	985.0
	1,338.2	1,218.1

Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

14 EQUITY SHARE CAPITAL

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) equity shares of ₹ 2 each.	1,500.0	1,500.0
ISSUED :		
69,227,750 (Previous Year : 69,227,750) equity shares of ₹ 2 each. *	1,384.5	1,384.5
SUBSCRIBED AND FULLY PAID-UP :		
69,227,250 (Previous Year : 69,227,250) equity shares of ₹ 2 each fully paid up. *	1,384.5	1,384.5

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

(a) Reconciliation of share capital

	As at 31 st March, 2023		As at 31 st March, 2022	
	Quantity in nos.	₹	Quantity in nos.	₹
At the beginning of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5
Add : Issued during the year	-	-	-	-
Outstanding at the end of the year	6,92,27,250	1,384.5	6,92,27,250	1,384.5

(b) Terms / Rights attached to equity shares

The holding Company has only one class of equity shares having a par value of ₹ 2 per share (Previous Year : ₹ 2 each). Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend, which is ratified subsequently.

In the event of liquidation of the holding Company, the holders of equity shares will be entitled to receive remaining assets of the holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors has recommended a dividend of ₹ 1.5 /- per share (Previous Year : ₹ 5.0/- per share) on Face value of ₹ 2/- per share (i.e. 75%) for the FY 2022-23, which is subject to approval of shareholders at the 72nd Annual General Meeting of the Holding Company.

In the previous year, the Board of Directors had recommended a dividend of ₹ 5 /- per share on face value of ₹ 2/- per share (i.e. 250%) for the FY 2021-22, which was approved by the shareholders at the 71st Annual General Meeting of the Company.

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

	As at 31 st March, 2023		As at 31 st March, 2022	
	No.	% of total shares in class	No.	% of total shares in class
Mr. Akash Bhanshali	56,05,577	8.10	20,55,000	2.97
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87
Mr. P. R. Rathi	41,86,240	6.05	41,86,240	6.05
Mr. R. B. Rathi	40,50,359	5.85	40,50,359	5.85

(d) For a period of five years immediately preceding 31st March, 2023

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

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as at and for the year ended 31st March, 2023

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

14 EQUITY SHARE CAPITAL (CONTD..)

(e) Shareholding of Promoters as at 31st March, 2023

Promoter/ Promoter Group	No of shares as at 31 st March, 2023	% of total shares	No of shares as at 31 st March, 2022	% of total shares	% change during the year
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rathi	30,23,859	4.37	30,23,859	4.37	-
Mr. P. R. Rathi	41,86,240	6.05	41,86,240	6.05	-
Mr. R. B. Rathi	40,50,359	5.85	40,50,359	5.85	-
Mr. A. B. Rathi	20,73,660	3.00	20,73,660	3.00	-
Mrs. S. P. Rathi	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rathi (As Trustee - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajoy Balkrishna Rathi (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rathi	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rathi	4,37,650	0.63	4,37,650	0.63	-
Mrs. N. A. Rathi	4,00,404	0.58	4,00,404	0.58	-
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	14,120	0.02	-
	2,47,99,042	35.85	2,47,99,042	35.85	

Shareholding of Promoters as at 31st March, 2022

Promoter name	No of shares as at 31 st March, 2022	% of total shares	No of shares as at 31 st March, 2021	% of total shares	% change during the year
Mr. A. N. Rathi	54,47,620	7.87	54,47,620	7.87	-
Mr. R. P. Rathi	30,23,859	4.37	47,54,540	6.87	(2.50)
Mr. P. R. Rathi	41,86,240	6.05	38,23,450	5.52	0.53
Mr. R. B. Rathi	40,50,359	5.85	39,95,429	5.77	0.08
Mr. A. B. Rathi	20,73,660	3.00	20,73,660	3.00	-
Mrs. S. P. Rathi	13,13,680	1.90	13,13,680	1.90	-
Mr. R. B. Rathi (As Trustee - SOW Rachna Rathi Family Trust)	12,08,250	1.75	12,08,250	1.75	-
Ajoy Balkrishna Rathi (HUF)	11,75,325	1.70	11,75,325	1.70	-
Mr. M. A. Rathi	8,27,900	1.20	8,27,900	1.20	-
Mr. N. J. Rathi	4,37,650	0.63	7,97,650	1.15	(0.52)
Mrs. N. A. Rathi	4,00,404	0.58	7,19,370	1.04	(0.46)
Anuj Narayandas Rathi (HUF)	-	-	5,67,770	0.82	(0.82)
Balkrishna Rathi Finance Private Limited	4,62,550	0.67	4,62,550	0.67	-
Mrs. K. R. Rathi	-	-	3,62,790	0.52	(0.52)
Rajesh Balkrishna Rathi (HUF)	1,77,425	0.26	1,77,425	0.26	-
Mrs. R. R. Rathi	14,120	0.02	5,000	0.01	0.01
	2,47,99,042	35.85	2,77,12,409	40.05	(4.20)

(f) Other disclosure

The Company being ultimate holding Company, there are no shares held by any other holding, ultimate holding company and their subsidiaries.

There are no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts;

There are no securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

15 OTHER EQUITY

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Capital reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital redemption reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0
(c) Securities premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(d) General reserve		
Balance at the beginning of the year	21,340.5	21,340.5
Balance at the end of the year	21,340.5	21,340.5
(e) Foreign currency translation reserve		
Balance at the beginning of the year	336.8	511.4
Other comprehensive income not recognised directly in retained earning	602.2	(174.6)
Balance at the end of the year	939.0	336.8
(f) Effective portion of cash flow hedge		
Balance at the beginning of the year	(173.9)	(443.5)
Arising / adjusted during the year	(2,235.8)	269.6
Balance at the end of the year	(2,409.7)	(173.9)
(g) Share options (ESOP) outstanding reserve		
Balance at the beginning of the year	228.7	126.0
Additions during the year	108.4	102.7
Balance at the end of the year	337.1	228.7
(h) Retained earnings		
Balance at the beginning of the year	58,470.7	49,707.1
Add : Profit after tax for the year	4,476.9	12,996.6
Other comprehensive income recognised directly in retained earnings	13.2	(79.4)
Less : Appropriations		
Final equity dividend (refer note 16)	3,461.4	4,153.6
	59,499.4	58,470.7
	81,437.9	81,934.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

15 OTHER EQUITY (CONTD..)

Description of nature and purpose of each reserve

(a) Capital reserve

Capital Reserve includes surplus on re-issue of shares made in the financial year 1996-97 amounting to ₹ 0.4 Lakhs.

(b) Capital redemption reserve

Capital Redemption Reserve is created pursuant to redemption of Preference Share Capital (₹ 400.0 Lakhs) in the Financial Year 2013-14 and buy- back of Equity Shares (₹ 10.0 Lakhs) in the Financial Year 2006-07

(c) Securities premium

Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

(d) General reserve

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one of component of equity to another and is not an item of Other Comprehensive Income.

(e) Foreign currency translation reserve

For the preparation of the Consolidated Financial Statements, assets and liabilities of foreign operations are translated to Indian Rupees at exchange rates prevailing at the reporting period end; income and expense items are translated at the average exchange rates prevailing during the period. Differences arising on such translation are accumulated in foreign currency translation reserve.

(f) Effective portion of Cash Flow Hedge

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs. Refer note 47 and 51.

(g) Share options (ESOP) outstanding reserve

It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. Refer note 49.

(h) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

16 DISTRIBUTION MADE AND PROPOSED TO BE MADE

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash dividends on equity shares declared and paid :		
31 st March, 2022 : ₹ 5 per share	3,461.4	-
31 st March, 2021 : ₹ 6 per share	-	4,153.6
Proposed dividend on equity shares : Final dividend		
31 st March, 2023 : ₹ 1.5 per share	1,038.4	-
31 st March, 2022 : ₹ 5 per share	-	3,461.4

Proposed dividends on equity shares are subject to approval at the Annual General Meeting of the holding Company and are not recognised as a liability as at year end. Dividend for the year ended 31st March, 2022 was subsequently approved by the shareholders at the 71st Annual General Meeting of the Company.

The Group has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and dividend paid.

17 BORROWINGS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current borrowings:		
Secured		
Term loans from banks		
Rupee loans (refer note 17 (c) (a) (ii))	-	2,543.5
Foreign currency loans (refer note 17 (c) (a) (i))	34,833.5	33,969.7
Unsecured		
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis. (refer note 17 (c) (b) (i))	9,888.0	-
Term loans from banks		
Rupee loans (refer note 17 (c) (a) (ii))	199.1	344.4
	44,920.6	36,857.6
(b) Current borrowings:		
Secured		
From banks		
Rupee loans (refer note 17 (c) (a) (iii))	8,438.3	7,550.1
Foreign currency loans (refer note 17 (c) (a) (iii))	4,036.5	8,610.3
Current maturities of non-current borrowings		
Rupee loans (refer note 17 (c) (a) (ii))	2,599.6	588.8
Foreign currency loans (refer note 17 (c) (a) (i))	14,980.4	14,097.4
Unsecured		
From banks		
Rupee loans (refer note 17 (c) (b)(ii))	6,185.1	14,169.8
Debentures		
8.45% unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis. (refer note 17 (c) (b) (i))	589.0	-
	36,828.9	45,016.4

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17 BORROWINGS (CONTD..)

In the current year, the Holding Company was unable to fulfil the debt obligations associated with its non-current borrowings. The management has obtained condonation letters for the same from all lenders involved in the form of waiver, provision of 'cure-period' for fulfilling such obligations, deferral of applicability of financial covenants and modification in financial covenants.

Non-current borrowings are disclosed net of unamortized finance cost of ₹ 229.0 Lakhs (Previous Year: ₹ 315.2 Lakhs)

The above balance also includes interest accrued but not due amounting to ₹ 796.0 lakhs as at 31st March, 2023 and ₹ 168.8 lakhs as at 31st March, 2022.

OTHER REGULATORY INFORMATION

- a) The holding Company and its domestic subsidiary files monthly/ quarterly statement for its current assets with banks. Further, pursuant to subsequent adjustment if any post closures of yearly books and statutory audit, the Company files the revised return with the updated amounts at the year end.
- b) The charges or satisfaction on the assets of the Group are registered with Registrar of Companies within the the statutory period. The Group does not have any charges or satisfaction which are yet to be registered with Registrar of Companies (ROC) beyond statutory period.
- c) The Group has used the borrowings obtained from banks and financial institutions for the specific purpose for which they were taken during the year ended 31st March, 2023.
- d) The Group has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority.

Notes to the Consolidated Financial Statements

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

17 BORROWINGS (CONTD..)

(c) BORROWINGS - SECURITY DETAILS AND REPAYMENT SCHEDULE

Particulars	Installment start date	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2023		As at 31 st March, 2022	
					Current	Non-Current	Current	Non-Current
a) SECURED								
i) Foreign currency term loans / ECBs from banks								
Secured by a first pari passu charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of mortgage by first pari passu charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune The bankers are: The Hong Kong and Shanghai Banking Corporation Limited (Loan drawn EURO 7 mio)	26-Jun-19	26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	-	-	1,473.5	-
Citi Bank (Loan drawn USD 6.29 mio)	30-Apr-18	31-Jan-23	20 equal quarterly installments	3 month LIBOR + 1.25%	-	-	953.2	-
State Bank of India (Loan drawn USD 22 mio)	27-Sep-21	27-Sep-25	17 equal quarterly installments	3 month LIBOR + 1.40%	4,257.0	6,314.2	4,091.9	9,497.3
State Bank of India (Loan drawn USD 40 mio)	27-May-21	31-Aug-25	18 equal quarterly installments	3 month LIBOR + 1.50%	8,250.4	9,983.6	7,578.8	16,863.3
Axis Bank Limited (Loan drawn USD 13.23 mio)	30-Sep-23	31-Dec-26	14 equal quarterly installments	6 month LIBOR + 1.25%	2,450.8	8,494.1	-	7,609.1
The Hong Kong and Shanghai Banking Corporation Limited Gift City (Loan drawn USD 12.23 mio)	15-Jun-24	15-Sep-27	14 equal quarterly installments	3 month SOFR + 1.30%	22.2	10,041.6	-	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

17 BORROWINGS (CONTD..)

Particulars	Installment start date	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March, 2023		As at 31 st March, 2022	
					Current	Non-Current	Current	Non-Current
ii) Term loan in Rupees					2,400.5	-	300.0	2,400.0
Secured by a first pari passu charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune and further secured by way of mortgage by first pari passu charge on the immovable properties of the Group situated at Roha, Mahad. Dist. Raigad, Alandi, taluka Khed and Ambadvet (Sutarwadi), Amralewadi, Dist. Pune The bankers are	03-Aug-21 11-May-22	03-Aug-23 20-Oct-24	03 annual installments 17 equal monthly installments	9.80% 7.50%	199.1	199.1	288.8	487.9
- ICICI Bank - (Loan drawn ₹ 300 mio) (Drawn by Sudarshan Chemical Industries Limited)								
- ICICI Bank (Loan drawn ₹ 60 mio) (Drawn by RIECO Industries Limited)								
- Bank of Maharashtra (Drawn by RIECO Industries Limited and repaid during the year)								
iii) Working capital loans repayable on demand from banks / Loan repayable within 12 months								
Working Capital Borrowings from Bank of Maharashtra, ICICI Bank Limited, State Bank of India and Hong Kong and Shanghai Banking Corporation Limited are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the movable and immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by registered mortgage.	NA	1-3 months	30 to 90 days	4.7% to 8.45%	12,474.8	-	16,160.4	-
b) UNSECURED								
i) Non convertible debentures								
8.45% p.a unsecured rated listed taxable redeemable Non-convertible Debentures (NCDs) repayable at the end of 3 years (on 18 th July, 2025) from the date of allotment, on private placement basis.		18-Jul-25	3 years	8.45%	589.0	9,888.0	-	-
ii) Working capital loans repayable on demand from banks / Loan repayable within 12 months								
The Bankers are		1-3 months	30 to 90 days	7.40%	6,185.1	-	14,169.8	-
- HDFC Bank Limited								
- Others								
The bifurcation of total borrowings is as follows:					36,828.9	44,920.6	45,016.4	36,857.6
Non-current borrowings		17			-	44,920.6	-	36,857.6
Current borrowings		17			19,248.9	-	30,330.2	-
Current maturities of non-current borrowings		17			17,580.0	-	14,686.2	-
					36,828.9	44,920.6	45,016.4	36,857.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

18 TRADE PAYABLES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current:		
Dues to micro enterprises and small enterprises;	6,453.7	2,679.0
Dues to creditors other than micro enterprises and small enterprises	44,419.2	49,497.0
	50,872.9	52,176.0

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- For terms and conditions with related parties, refer note 46.

For the Company's credit risk management processes, refer note 47.

Following is the ageing schedule for trade payables

As at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	2,135.8	3,382.6	934.4	0.6	-	0.3	6,453.7
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	6,764.3	24,188.7	13,132.3	333.9	-	-	44,419.2
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	8,900.1	27,571.3	14,066.7	334.5	-	0.3	50,872.9

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled*	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	16.6	2,466.1	196.0	-	0.3	-	2,679.0
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	3,685.2	27,540.4	16,170.7	1,953.5	28.8	73.9	49,452.5
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	11.0	33.5	-	-	44.5
Total	3,701.8	30,006.5	16,377.7	1,987.0	29.1	73.9	52,176.0

* Unbilled represents accrual for expenses.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

18 TRADE PAYABLES (CONTD..)

The above amount of trade payables in respect of domestic subsidiary is net of certain receivables against supply of goods. The domestic subsidiary currently has a legally enforceable right to set-off the receivables against the respective payables. The domestic subsidiary intends to settle these amounts on net basis.

19 OTHER FINANCIAL LIABILITIES

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
(a) Non-current:		
Security deposits	156.3	167.3
	156.3	167.3
(b) Current:		
Investor Education and Protection Fund (as and when due)		
Unclaimed dividend	394.1	360.4
Unpaid matured deposits including interest thereon	20.4	20.4
Payable for capital goods *	1,001.5	1,642.1
Employee dues	2,390.1	2,686.0
Commission payable to directors	10.0	100.0
Other liabilities **	378.3	475.6
	4,194.4	5,284.5

* Includes amount payable to MSME parties amounting to ₹ 91.6 lakhs as at 31st March, 2023 (Previous year: ₹ 12.1 lakhs)

** Includes amount payable towards miscellaneous customer deposits.

20 DERIVATIVE INSTRUMENTS

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
(a) Non-current:		
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	379.8	-
	379.8	-
(b) Current:		
Derivatives not designated as hedges (FVTPL)		
Foreign currency forward contracts	58.3	56.6
Cash flow hedges (FVTOCI)		
Interest rate / currency swap contracts	-	2.5
	58.3	59.1

Note: Refer note 51 for hedging activities and note 47 for foreign currency risk management.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

21 PROVISIONS

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current		
Provision for employee benefits (refer note 39)		
Provision for pension	1,002.6	1,007.7
Provision for gratuity	1,009.3	828.5
Provision for compensated absences	810.8	799.1
	2,822.7	2,635.3
(b) Current		
Provision for employee benefits (refer note 39)		
Provision for pension	168.4	153.1
Provision for compensated absences	102.1	93.8
	270.5	246.9

22 OTHER LIABILITIES

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Non-current:		
Deferred government grant *	746.9	1,248.1
	746.9	1,248.1
(b) Current:		
Statutory dues	583.0	575.5
Deferred government grant *	247.6	88.2
Deferred revenue	306.4	39.2
Other liabilities including contract liabilities (advances from customers) **	5,463.8	2,516.6
	6,600.8	3,219.5

* Deferred government grant

The Group has availed import duty exemption under Export Promotion Capital Goods (“EPCG”) scheme, EPCG scheme is a scheme which allows an exporter to import of capital goods including spares for pre-production, production and post-production at zero Customs duty, for exports. As per the scheme, the Group has undertaken export obligation amounting to 6 times of the amount saved on duty on the capital goods.

** Contract liabilities

The Group has received ₹ 5,450.8 lakhs as at 31st March, 2023, (₹ 2,460.7 lakhs as at 31st March, 2022) as contract liabilities (advance from customers), these liabilities are derecognised once the supply of goods are made.

Notes to the Consolidated Financial Statements

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

23 INCOME AND DEFERRED TAXES

The major components of income tax expense for the years ended 31st March, 2023 and 31st March, 2022 are :

Statement of profit and loss :

Profit and loss section	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Current income tax :		
Current income tax charge	588.1	3,828.3
Adjustment in respect of current income tax of previous year	(83.6)	-
Deferred tax :		
Relating to origination and reversal of temporary differences	992.5	287.3
Income tax expense reported in the statement of profit and loss	1,497.0	4,115.6

OCI section	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Deferred tax related to items recognised in OCI:		
Tax (charge)/ reversals on net movement on effective portion of cash flow hedges	(51.4)	(90.7)
Tax (charge)/ reversals on re-measurement of defined benefit plans	(4.5)	26.6
Income tax charged to OCI	(55.9)	(64.1)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended 31st March, 2023 and 31st March, 2022	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Accounting profit before tax from operations	5,973.9	17,112.2
Applicable income tax rate of 25.168% (31st March, 2022: 25.168%)	1,503.6	4,307.1
Tax adjustment related to cess	-	111.6
Deferred tax recognised on undistributed reserves of subsidiary	423.6	188.3
Deferred tax assets recognised on losses of subsidiary (refer note F below)	-	(351.9)
Deferred tax not recognised on loss making entities (refer note F below)	27.5	(12.1)
Tax implication due to lower rates	(36.0)	-
Other disallowances (CSR, donations, etc.)	(338.2)	(127.4)
Adjustment in respect of reversal of income tax expense of earlier years	(83.6)	-
	1,497.0	4,115.6
Income tax expense reported in the Statement of Profit and Loss	1,497.0	4,115.6

Major components of deferred tax as at 31st March, 2023 and 31st March, 2022:

Deferred tax liability (net)	Balance Sheet	
	As at 31st March, 2023	As at 31st March, 2022
Deferred tax relates to the following:		
Deferred tax liability :		
Accelerated depreciation for tax purposes	6,621.6	5,516.1
Undistributed reserves of subsidiary	1,236.1	812.5
Other deductible temporary differences	755.6	136.5
Deferred tax assets :		
Allowance for expected credit loss	(352.5)	(334.1)
Carried forwarded tax loss	(805.0)	(351.9)
Unrealised profit on stock	(461.4)	(192.1)
Expenditure allowed on actual payment	(758.6)	(399.6)
Net deferred tax liabilities	6,235.8	5,187.4

Notes to the Consolidated Financial Statements

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

23 INCOME AND DEFERRED TAXES (CONTD..)

Closing balances of deferred tax assets and liabilities as on 31st March, 2023 and 31st March, 2022

	Balance Sheet	
	As at 31 st March, 2023	As at 31 st March, 2022
Deferred tax assets	(928.7)	(765.5)
Deferred tax liabilities	7,164.5	5,952.9
	6,235.8	5,187.4

Major components of deferred tax expenses for the year ended 31st March, 2023 and 31st March, 2022:

Deferred tax expense/ (income)	Statement of Profit and Loss	
	Year ended 31 st March 2023	Year ended 31 st March 2022
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	1,105.5	437.9
Undistributed reserves of subsidiary	423.6	193.3
Other deductible temporary differences	619.1	24.4
Allowance for expected credit loss	(18.4)	(27.4)
Carried forwarded tax loss	(453.1)	-
Unrealised profit on stock	(269.3)	-
Expenditure allowed on actual payment	(359.0)	(41.5)
Deferred tax expense	1,048.4	586.7

Reconciliation of deferred tax liabilities (net)	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
	Opening balance	5,187.4
Tax expense/(income) during the period recognised in the Statement of Profit and Loss	992.5	287.3
Tax expense/(income) during the period recognised in OCI	55.9	-
Closing balance	6,235.8	5,187.4

D During the previous year, the Ministry of Finance issued a press information bureau note ("PIB note") stating that Health and Education Cess is not an allowable expenditure for computation of business income. The Company had taken the allowance of this in the tax returns noting that some courts have allowed Health and Education Cess as business expenditure. The Company, based on the above PIB note, has made a provision of ₹ 111.6 Lakhs in books of accounts for the year ended 31st March, 2022.

E There is no such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Notes to the Consolidated Financial Statements

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23 INCOME AND DEFERRED TAXES (CONTD..)

F INCOME TAX ASSETS / LIABILITIES (NET) (recoverable/ payable on account of open assesement of Income Tax)

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
(a) Non-current tax assets (net):		
Income tax assets	21,254.2	21,191.3
Income tax liabilities	18,555.4	19,005.3
Net income tax assets	2,698.8	2,186.0
(b) Current tax liabilities (net):		
Income tax liabilities	16,828.5	17,209.9
Income tax assets	16,624.7	16,905.8
Net income tax liabilities	203.8	304.1

G UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets is recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. During the current year, the group recognised deferred tax assets on carried forward business loss of its subsidiary, Sudarshan North America Inc. based on the reasonable certainty that sufficient future taxable income will be available. Deferred tax assets have not been recognised in respect of the carried forwarded losses of following entities, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom:

	As at 31 st March, 2023		As at 31 st March, 2022	
	Gross Amount	Unrecognised Deferred tax Assets	Gross Amount	Unrecognised Deferred tax Assets
Sudarshan Japan Limited	185.4	46.4	239.3	59.8
Sudarshan (Shanghai) Trading Company Limited	323.5	80.9	490.6	122.7
	508.9	127.3	729.9	182.5

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24 REVENUE FROM OPERATIONS

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Sale of products	2,27,416.5	2,18,191.2
Sale of services	262.3	134.5
	2,27,678.8	2,18,325.7
Other operating revenues		
Government grants (export incentives)	1,556.7	967.9
Miscellaneous operating income #	937.7	787.0
	2,494.4	1,754.9
Total revenue from operations	2,30,173.2	2,20,080.6

Miscellaneous operating income includes sale of by products and sale of manufacturing scrap.

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The Company generates revenue primarily from the sale of pigments. Other sources of revenue include income from export incentives, sale of manufacturing scrap and by products etc.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Sale of products	2,27,678.8	2,18,325.7
Miscellaneous operating income	2,494.4	1,754.9
	2,30,173.2	2,20,080.6

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Major product lines		
Sale of pigments	2,05,411.2	2,00,211.4
Sale of engineering equipments	22,267.6	18,114.3
Total	2,27,678.8	2,18,325.7
Primary geographical market		
In India	1,25,010.1	1,19,793.1
Outside India	1,02,668.7	98,532.6
Total	2,27,678.8	2,18,325.7
Timing of revenue recognition		
Products transferred at point in time	2,05,411.2	2,00,211.4
Products transferred over a period of time	22,267.6	18,114.3
Total	2,27,678.8	2,18,325.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

24 REVENUE FROM OPERATIONS (CONTD..)

(c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Revenue from operations	2,30,173.2	2,20,080.6
Less: Adjustments		
Government grants (export incentives)	1,556.7	967.9
Revenue from contract with customers	2,28,616.5	2,19,112.7
Add: Adjustments (sales returns, discounts, etc.)	4,649.4	4,813.5
Revenue as per contracted price	2,33,265.9	2,23,926.2

(d) Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Trade receivables	48,614.6	50,065.6
Contracts assets	4,192.5	2,198.4
Contracts liabilities (Deferred revenue)	306.4	39.2
Contract liabilities (advance from customers)	5,450.8	2,477.8

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,509.3 lakhs (Previous year ₹ 1,425.4 lakhs).

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Revenue recognised from amount included in contract liabilities at the beginning of the year	2,517.0	2,346.7
	2,517.0	2,346.7

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25 OTHER INCOME

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Interest income		
On bank deposits and other deposits	63.6	20.4
Others (on refunds of taxes and on delayed payments from customers)	277.5	277.2
Liabilities no longer required, written back	14.7	39.5
Net gain on fair valuation on investments	38.8	38.8
Gain on sale / disposal of property plant and equipments (net)	-	23.2
Miscellaneous income *	84.4	101.1
	479.0	500.2

* Miscellaneous income includes rental income and petty recoveries.

26 COST OF RAW MATERIALS CONSUMED

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Inventory at the beginning of the year (refer note 9)	16,322.4	14,245.0
Add : Purchases	1,29,608.5	1,39,475.0
	1,45,930.9	1,53,720.0
Less: Inventory at the end of the year (refer note 9)	14,578.8	16,322.4
Cost of raw materials consumed	1,31,352.1	1,37,397.6

27 PURCHASE OF STOCK IN TRADE

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Purchase of Stock In Trade	1,317.2	1,276.8
	1,317.2	1,276.8

28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Inventory at the end of the year (refer note 9)		
Finished Goods	22,878.9	26,409.6
Work-in-progress	8,213.6	8,841.5
	31,092.5	35,251.1
Inventory at the beginning of the year (refer note 9)		
Finished Goods	26,409.6	17,148.2
Work-in-progress	8,841.5	6,468.9
	35,251.1	23,617.1
	4,158.6	(11,634.0)

Notes to the Consolidated Financial Statements

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

29 EMPLOYEE BENEFITS EXPENSE

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Salaries, wages and bonus (including director remuneration)	16,156.0	16,109.1
Contribution to provident and other funds *	1,101.8	1,045.1
Gratuity expense (refer note 39)	235.0	213.9
Share based payments to employees (refer note 49)	108.4	102.7
Staff welfare expenses	794.2	926.2
	18,395.4	18,397.0

* Includes contribution towards Employee State Insurance Scheme, Superannuation and National Pension Scheme.

The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Compliance to Section 197 of the Companies Act, 2013.

The managerial remuneration paid / payable to Directors amounting to ₹ 500.8 lakhs to Managing Director and ₹ 45.9 Lakhs to the Chairman and Non-Executive Director for the financial year ended 31st March 2023, which is lower than last year. The managerial remuneration paid/payable by the Holding Company to the aforesaid directors for the year ended 31st March, 2023 is in excess of the limits applicable under section 197 of the Companies Act, 2013 read with Schedule V thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by ₹ 277.3 lakhs and ₹ 46.7 lakhs respectively. The managerial remuneration paid/payable in excess of the limits has been approved by the Board of Directors and the Holding Company will place the same before the shareholders for their approval in the forthcoming Annual General Meeting in compliance with the applicable provisions of the Companies Act, 2013 and (Listing Obligations and Disclosure Requirements) Regulations, 2015

However, the Chairman and Non-Executive Director of the Company has refunded ₹ 45.9 lakhs to the Company subsequent to 31st March, 2023.

Further, the remuneration paid / payable to the directors of the domestic subsidiary (RIECO Industries Limited) for the financial year ended 31st March, 2023, is in excess of the limit prescribed under the Companies Act, 2013 and is approved by the shareholder of the domestic subsidiary through a special resolution in Extra-ordinary General Meeting held on 19th May, 2023.

30 FINANCE COSTS

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Interest expenses on bank facilities *	3,933.9	1,697.6
Interest expenses on lease liabilities (refer note 5)	53.5	45.8
Other borrowing costs **	159.7	198.9
	4,147.1	1,942.3

* Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 519.8 lakhs (31st March 2022 : ₹ 681.9 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 2.60% to 5.40% per annum for the year ended 31st March 2023. (31st March 2022: 1.64% to 2.46% per annum)

** Includes charges for guarantees, loan processing etc.

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

31 DEPRECIATION AND AMORTISATION

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Depreciation on property, plant and equipment (refer note 3)	10,559.2	8,302.6
Amortisation on intangible assets (refer note 4)	760.4	556.1
Depreciation on right to use assets (refer note 5)	103.1	67.2
	11,422.7	8,925.9

32 OTHER EXPENSES

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Consumption of stores and spares	3,100.9	3,057.6
Consumption of packing material	2,446.7	2,536.4
Power and fuel	15,719.9	13,274.3
Water charges	1,045.7	1,337.6
Contract labour charges	6,329.0	5,778.1
Rent (refer note 5)	1,221.5	641.8
Repairs and maintenance		
- Plant and machinery	2,806.2	2,882.8
- Buildings	543.7	748.1
- Others	238.5	168.4
Insurance	1,061.4	814.6
Rates and taxes (excluding taxes on income)	221.0	252.0
Advertisement	459.0	104.7
Auditors' Remuneration (refer note 33)	64.0	65.9
Bad debts written off	44.6	66.1
Provision for bad and doubtful debts/ advances (including ECL)	84.1	108.9
Advance written off	-	0.2
Bank charges	256.4	318.7
Commission to selling agents	1,269.0	1,881.0
Freight and forwarding expenses	5,216.1	3,658.1
Directors' sitting fees	26.8	23.1
Foreign exchange (gain) / loss (net) *	1,747.0	92.1
Consumables related to IT hardware	519.5	442.8
Legal, professional and consultancy charges	3,251.6	3,722.1
Loss on sale / disposal / retirement of assets	6.4	-
Printing, stationery and communication expenses	444.9	441.3
Travelling and conveyance	1,359.8	740.5
Expenditure towards Corporate Social Responsibility (refer note 36)	315.8	312.1
Directors' commission	10.0	100.0
Miscellaneous expenses **	4,075.7	3,593.7
	53,885.2	47,163.0

* Includes mark to market (gain) / loss on derivatives amounting to (₹94.5) Lakhs, (previous year (₹ 1,000.9) Lakhs)

** Miscellaneous expenses mainly includes cost related to effluent treatment facilities, waste disposal expenses, incidental equipment hire charges.

Notes to the Consolidated Financial Statements

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

33 AUDITORS' REMUNERATION

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
As Auditor		
Audit fees	39.5	44.5
Limited review expenses	18.0	11.0
Other services (includes certification fee)	2.8	8.8
Reimbursement of expenses	3.7	1.6
	64.0	65.9

34 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16, Ind AS 38 and Ind AS 23, the Group has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Accordingly, expenses disclosed under the respective notes are net of amount capitalised by the Group. Expenses capitalized are as follows:

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Employee benefits expense	236.9	455.0
Finance costs	519.8	681.9
Other expenses*	691.8	2,772.8
	1,448.5	3,909.7

* Includes power & fuel and water expenses

35 RESEARCH AND DEVELOPMENT EXPENDITURE

This includes expenditure incurred by the Group on in-house research and development in respect of eligible facilities at Roha, Pune and Mahad approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Revenue Expenditure	2,734.6	2,254.4
Capital Expenditure	728.9	412.1
	3,463.5	2,666.5

Notes to the Consolidated Financial Statements

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

36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The holding Company and its domestic subsidiary is covered under Section 135 of the Companies Act 2013, and is required to contribute towards activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto. Company's CSR activities for ongoing projects are (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports (d) protection of national heritage and promotion and development of traditional arts (e) promotion of gender equality and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermi-culture, organic farming etc.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
a) Gross amount required to be spent by the Group during the year	324.5	315.3

b) An amount of ₹ 334.0 lakhs was approved by the board of the Holding Company and domestic subsidiary towards CSR activities for the year ended 31st March, 2023.

c) Amount spent during the year ended on	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
- Construction/acquisition of any asset	-	-
- On purposes other than (i) above	315.8	312.1

d) For details of CSR expenditure incurred toward related parties refer to note 46.

e) Details of ongoing projects and other than ongoing projects

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Opening balance (balance of excess amount spent from previous years)		
- with Group (a)	9.4	12.6
- in separate unspent CSR account	-	-
Amount required to be spent during the year (Net of previous year (short)/ excess) (b)	315.1	302.7
Amount spent during the year:		
- From Group's bank a/c (c)	315.8	312.1
- From separate unspent CSR a/c	-	-
(Short) / excess CSR spend for the year (d)	0.7	9.4
Closing balance		
- with Group	0.7	9.4
- in separate unspent CSR account	-	-

Notes to the Consolidated Financial Statements

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

37 EARNINGS PER SHARE

Particulars		Year Ended	Year Ended
		31 st March, 2023	31 st March, 2022
Profit for the year	(A)	4,476.9	12,996.6
Equity shares outstanding as at the end of the year			
Number of equity shares outstanding at the end of year		6,92,27,250	6,92,27,250
Weighted average equity shares outstanding as at the end of the year	(B)	6,92,27,250	6,92,27,250
Add: Dilutive impact of employee stock options		59,777	1,57,813
Number of equity shares used as denominator for calculating diluted earnings per share	(C)	6,92,87,027	6,93,85,063
Nominal value per equity share (in ₹)		2.0	2.0
Basic (in ₹)	(A/B)	6.5	18.8
Diluted (in ₹)	(A/C)	6.5	18.7

38 COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

For the year ended 31st March, 2023

	Cash flow hedge reserve	Foreign currency translation reserve	Retained Earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	(2,235.8)	-	-	(2,235.8)
Gain / (Loss) on translation of foreign operations	-	602.2	-	602.2
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	-	13.2	13.2
	(2,235.8)	602.2	13.2	(1,620.4)

For the year ended 31st March, 2022

	Cash flow hedge reserve	Foreign currency translation reserve	Retained Earnings	Total
Net movement on effective portion of cash flow hedge (net of tax)	269.6	-	-	269.6
Gain / (Loss) on translation of foreign operations	-	(174.6)	-	(174.6)
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	-	(79.4)	(79.4)
	269.6	(174.6)	(79.4)	15.6

Notes to the Consolidated Financial Statements

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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS

A Defined Contribution Plans

In accordance with the law, all employees of the Holding Company and its domestic subsidiary are entitled to receive the benefits under the Provident Fund Act. The Holding Company and its domestic subsidiary's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The Company makes contributions to the Superannuation Scheme for employee who have opted, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Holding Company and its domestic subsidiary has no obligation to the scheme beyond its annual contributions.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year Ended	Year Ended
	31 st March, 2023	31 st March, 2022
Employer's Contribution to Provident Fund and other funds	730.8	708.7
Employer's Contribution to Superannuation Fund	34.6	32.0
	765.4	740.7

B In respect of overseas subsidiaries, the liabilities for employee benefits contributions are determined and accounted as per the regulations and principles followed in the respective countries.

The overseas subsidiaries operate defined contribution schemes, under which costs of ₹ 336.4 Lakhs (Previous year ₹ 304.4 Lakhs) is charged to the Consolidated Statement of Profit and Loss on the basis of contributions payable.

C Defined Benefit Plans of the Holding Company and its domestic subsidiary

I Gratuity

Funded Scheme :

The Holding Company and its domestic subsidiary has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, as The Holding Company and its domestic subsidiary take on uncertain long term obligations to make future benefit payments.

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

Notes to the Consolidated Financial Statements

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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

Net employee benefit expense on account of gratuity recognised in employee benefit expenses.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Current service cost	235.0	213.9
Net interest (income) / expense	48.9	35.5
Net expense	283.9	249.4

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Defined benefit obligation as at the beginning of the year	3,028.4	2,768.8
Interest cost	207.7	179.0
Current service cost	235.0	213.9
Benefit payments from plan assets	(269.4)	(186.8)
Others	(2.9)	-
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(83.3)	116.3
Actuarial (gain) / loss - Financial	(28.8)	(63.3)
Actuarial (gain) / loss - Demographic	(0.1)	0.5
Defined benefit obligation as at the end of the year	3,086.6	3,028.4

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Fair value of plan assets at the beginning of the year	2,199.9	2,110.3
Expected returns on plan assets	158.8	143.5
Employer contributions	10.8	137.5
Mortality charges and taxes	-	-
Benefits paid	(271.8)	(186.8)
Others	-	-
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(20.4)	(4.6)
Fair value of plan assets at the end of year	2,077.3	2,199.9

As at 31st March, 2023 and 31st March, 2022 plan assets were 100% invested in insurer managed funds.

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
(Gain) / loss on defined benefit obligation - Experience	(83.3)	116.3
(Gain) / loss on defined benefit obligation - Financial	(28.8)	(63.3)
(Gain) / loss on plan assets - Experience	20.4	4.6
Amount recognised in the statement of OCI	(91.7)	57.6

Notes to the Consolidated Financial Statements

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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

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

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Defined Benefit Obligation	3,086.6	3,028.4
Fair value of plan assets	2,077.3	2,199.9
Closing net defined benefit liability / (asset)	1,009.3	828.5

The principal assumptions used in determining gratuity obligations for the The Holding Company and its domestic subsidiary plan are shown below:

Demographic Assumptions

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

Attrition:

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Employee turnover		
age upto 30 years	6.0%	6.7%
age 31- 45 years	4.0%	3.9%
age above 45 years	2.0%	2.6%
Retirement Age	58-80 years	58-80 years

Financial assumptions	As at	As at
	31 st March, 2023	31 st March, 2022
Discount rate	7.36% to 7.52%	6.88% - 7.2%
Expected rate of increment in compensation levels	7% to 8%	5% - 8%

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2023		As at 31 st March, 2022	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(156.3)	173.0	(165.1)	184.7
Expected rate of increment in compensation levels	182.5	(167.8)	182.2	(166.0)

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39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

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

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed.

There is no change in the method from the previous period and the points /percentage by which the assumptions are stressed are same to that in the previous year

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

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Within the next 12 months	298.2	307.1
Between 2 and 5 years	1,859.8	1,531.7
Beyond 5 years	2,840.3	3,119.9

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.9 years (Previous Year : 13.0 years).

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

II Pension

The Holding Company provides for Pension, a defined benefit retirement plan covering eligible employees. Eligible employee are Company's employees beyond certain grade subject to approval of remuneration committee. The plan provides for monthly pension payments to such eligible employees or their family members till such period as stipulated in the Board approved policy. The Group accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

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

Net employee benefit expense on account of pension recognised in employee benefit expenses.

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Current service cost	4.7	5.0
Net interest (income) / expense	78.4	74.8
Net expense	83.1	79.8

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

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined benefit obligation as at the beginning of the year	1,160.8	1,166.6
Interest cost	78.4	74.8
Current service cost	4.7	5.0
Benefit payments directly by employer	(146.9)	(133.4)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	104.8	92.0
Actuarial (gain) / loss - Financial	(30.8)	(44.2)
Actuarial (gain) / loss - Demographic	-	-
Defined benefit obligation as at the end of the year	1,171.0	1,160.8

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

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
(Gain) / loss on defined benefit obligation - Experience	104.8	92.0
(Gain) / loss on defined benefit obligation - Financial	(30.8)	(44.2)
(Gain) / loss on defined benefit obligation - Demographic	-	-
Amount recognised in the statement of OCI	74.0	47.8

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined Benefit Obligation	1,171.0	1,160.8
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,171.0	1,160.8

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

Demographic Assumptions

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

Notes to the Consolidated Financial Statements

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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

Financial assumptions

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Discount rate	7.5%	7.2%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March, 2023		As at 31 st March, 2022	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(95.1)	113.3	(95.1)	113.6
Pension increase rate	21.8	(20.5)	22.4	(21.1)

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

Sensitivity analysis for each significant actuarial assumptions namely Discount rate and Salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes.

The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed.

There is no change in the method from the previous period and the points /percentage by which the assumptions are stressed are same to that in the previous year

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

The following is the maturity profile of undiscounted defined benefit obligation:

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Within the next 12 months	168.4	153.1
Between 2 and 5 years	859.6	781.4
Beyond 5 years	1,655.5	1,505.0

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the The Holding Company and its domestic subsidiary's liability for sick leave, privileged leave and casual leave.

The amount of the provision settled within 12 months is presented as current, since the Company does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

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

39 GRATUITY AND OTHER POST EMPLOYMENT BENEFITS PLANS (CONTD..)

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Current leave obligations expected to be settled within the next 12 Months	102.1	93.8
Leave obligations expected to be settled beyond 12 months	810.8	799.1
	912.9	892.9

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

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

Demographic Assumptions

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

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Discount rate	7.36% - 7.5%	6.88% - 7.2%
Expected rate of increment in compensation levels	7% - 8%	5% - 8%
Employee turnover		
age upto 30 years	6.0%	6.0%
age 31 - 45 years	4.0%	4.0%
age above 45 years	2.0%	2.0%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

40 DETAILS OF DUE TO MICRO AND SMALL ENTERPRISE AS DEFINED UNDER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	31 st March, 2023	31 st March, 2022
Principal amount due to suppliers under MSMED Act, 2006 *	6,545.0	2,690.4
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	49.5	55.4
Payment made to suppliers (other than interest) beyond the appointed day, during the year	19,704.9	14,376.1
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	169.2	119.7

The identification of suppliers under “Micro and Small Enterprises Development Act, 2006” was done on the basis of the information to the extent provided by the suppliers to the Company.

* Includes dues to payable for purchase of capital goods ₹ 91.6 lakhs as at 31st March, 2023 and ₹ 12.1 lakhs as at 31st March, 2022.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

41 FIXED DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
(a) Fixed deposits with maturity less than 12 months	-	-
(b) Fixed deposits with maturity more than 12 months	-	-
(c) Unclaimed matured fixed deposits	20.4	20.4
	20.4	20.4

42 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013:

There are no loans outstanding as on 31st March, 2023 and 31st March, 2022 under section 186 (4) of the Companies Act, 2013

43 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES:

(a) CAPITAL COMMITMENT

The unexecuted value of capital purchase orders issued to vendors as at 31st March, 2023 are ₹ 536.2 lakhs (31st March, 2022 : ₹ 3,346.2 lakhs)

(b) CONTINGENT LIABILITIES

Claims against the Group not acknowledged as debts

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Excise duty / Service tax demands - matters under dispute	475.0	255.8
VAT / CST / GST demands - matters under dispute	106.2	49.2
Custom duty demands - matters under dispute	318.2	330.4
Electricity duty on Power Generation (Refer note d)	2,371.1	2,043.7

- It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The Group does not expect any reimbursements in respect of the above contingent liabilities.
- The Group's pending litigations comprise of claims against the Group pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- The Government of Maharashtra revised electricity duty payable on captive power generation ("CPP") vide notification dated 13th April, 2015 and accordingly MSEDCL issued a Circular no 214 dated 23rd April, 2015, the revised rates for CPP was revised to 120 paise per unit from 30 paise per unit. The rates for CPP increased by 4 times, which was very high, therefore the Captive Power Producers Association filed writ petition with Bombay High Court which has been admitted by H.C. vide case No. WP/4963/2015 and WP/906/2017. The High Court passed interim stay order, subsequently during the last hearing held on 24th January, 2020, the bench passed the order to continue the interim stay granted previously. The Group has obtained an opinion from a subject-matter expert ("SME") on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Group has a good case of success in the proceedings.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

43 CAPITAL COMMITMENT AND CONTINGENT LIABILITIES: (CONTD..)

(c) OTHER LITIGATIONS

There are several other cases which has been determined as remote or has been provided in the books by the Company and hence not been disclosed above.

(d) GUARANTEES EXCLUDING FINANCIAL GUARANTEES

The Holding Company has issued guarantees to Maharashtra Pollution Control Board, Maharashtra State Electricity Distribution Company Limited, Custom Authorities and other authorities amounting to ₹ 751.2 lakhs.

The domestic subsidiary (RIECO Industries Limited) has issued performance bank guarantees to the customers amounting to ₹ 1,861 lakhs as at 31st March, 2023 (31st March, 2022: ₹ 1,919 lakhs)

44 OTHER STATUTORY INFORMATION AS REQUIRED BY NOTIFICATION ISSUED BY MINISTRY OF CORPORATE AFFAIRS DATED 24TH MARCH, 2021 ON AMENDMENTS ON SCHEDULE III.

- (a) There are no Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.
- (b) The Group does not hold any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (c) Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956:

Closing balances and nature of transactions

Name of struck off Company	Nature of transactions with struck-off Company	Balance Outstanding		Relationship with the Struck off company
		As at 31 st March, 2023	As at 31 st March, 2022	
Aspen Systems Private Limited	Trade payables	0.1	-	None
Graphite India Limited	Trade payables	0.4	-	None
NTB Hitech Ceramics	Trade payables	-	-	None

Transactions amount

Name of struck off Company	Transaction Amount	
	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
NTB Hitech Ceramics (purchase of goods)	3.3	0.7

- (d) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (e) (A) The Group has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (B) The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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as at and for the year ended 31st March, 2023

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

45 RATIOS BASED ON CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL DISCLOSURES AS PER CLAUSE 52 (4) AND CLAUSE 52 (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ARE AS UNDER:

	Times/ Percentage	As at 31 st March, 2023	As at 31 st March, 2022	% Change	Comments where variance exceeds 25%
a) Current Ratio [Current Assets / Current Liabilities]	Times	1.14	1.13	1%	
b) Debt-Equity Ratio [(Non-Current Borrowings + Current Borrowings) / Equity (Share capital + reserves)]	Times	0.99	0.98	0%	
c) Debt Service Coverage Ratio [(Net income / Debt obligations) (Net income is Profit after tax + Interest + Depreciation) (Debt obligations is maturity of long- term debts and interest payment for the period upto three / six months for quarter / half year ended ratios and upto twelve months for year ended ratios)]	Times	1.04	1.46	-28%	This is on account of 1) Lower Net Income 2) Increase in Repayment of Debt Obligations and interest cost
d) Interest Service Coverage Ratio [(Earnings before interest, taxes, depreciation and amortization - Interest Income) / Finance Cost]	Times	4.54	10.58	-57%	This has decline due to 1) Lower net income 2) Increase in interest cost
e) Return on Equity Ratio (Profit after tax / Average Shareholder's Equity)	Percentage	5.39%	16.49%	-67%	This has declined due to Lower Net Income on account of higher Raw Material, Energy and Logistic cost.
f) Inventory Turnover Ratio [(Cost of good sold / Average inventory)]	Times	2.58	2.60	-1%	
g) Trade receivables turnover ratio [(Sales of Goods / Average Trade Receivable)]	Times	4.61	4.43	4%	
h) Trade payables turnover ratio (Purchase of goods / Average Trade payables)	Times	2.52	2.90	-13%	
i) Net capital turnover ratio (Sale of goods / Working capital) (Working capital is current assets minus current liabilities)	Times	15.89	15.41	3%	

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

45 RATIOS BASED ON CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL DISCLOSURES AS PER CLAUSE 52 (4) AND CLAUSE 52 (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ARE AS UNDER: (CONTD..)

	Times/ Percentage	As at 31 st March, 2023	As at 31 st March, 2022	% Change	Comments where variance exceeds 25%
j) Net profit ratio [(Net Profit for the period / Sales of goods)]	Percentage	1.97%	5.96%	-67%	This has declined due to higher Raw Material, Energy and Logistic cost.
k) Return on Capital employed (Earning before interest and taxes "EBIT" / Capital Employed) (Capital Employed is Tangible Net Worth + Total Debt + Deferred Tax Liability)	Percentage	6.08%	11.48%	-47%	This has declined due to Lower Net Income on account of higher Raw Material, Energy and Logistic cost.
l) Long term Debt to Working Capital [(Non-current Borrowings + Current Maturities of long-term debt) / Net Working Capital (Current Assets-Current Liabilities excl. Current maturities of long-term debt)]	Times	1.96	1.79	10%	
m) Total Debts to Total Assets ratio [(Non-current Borrowings + Current Borrowings) / Total Assets]	Percentage	34.18%	34.56%	-1%	
n) Bad debts to Account receivable ratio [Bad Debts/Average Trade Receivable]	Percentage	0.09%	0.13%	-33%	This is due to reduction in bad debits.
o) Current liability ratio [Current Liabilities / Total Liabilities]	Percentage	63.52%	69.26%	-8%	
p) Operating Margin [(Profit before Tax + Depreciation and Amortisation expense + Finance Costs (-) Other Income) / Revenue from Operations]	Percentage	9.15%	12.49%	-27%	This has declined due to higher Raw Material, Energy and Logistic cost.
q) Asset Coverage Ratio on Secured Non - Convertible Debentures (NCDs) [Total Assets pledged for secured NCDs / Outstanding Balance of secured NCDs]	Percentage	Not Applicable	Not Applicable		
r) Debenture Redemption Reserve	₹ in Lakhs	Not Applicable	Not Applicable		
s) Net Worth	₹ in Lakhs	82,822.4	83,318.9	-1%	

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

46 RELATED PARTY TRANSACTION (AS PER INDAS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013)

A List of Related Parties and description of relationship

(a) Key Management Personnel ("KMP")

- Mr. P. R. Rathi	Chairman
- Mr. R. B. Rathi	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. D. N. Damania	Non-Executive - Independent Director
- Mr. S. Padmanabhan	Non-Executive - Independent Director
- Mr. S. K. Asher	Non-Executive - Independent Director
- Mrs. R. F. Forbes	Non-Executive - Independent Director
- Mr. N. Raisinghani	Non-Executive - Independent Director
- Mrs. S. A. Panse	Non-Executive - Independent Director
- Dr. Deepak Parikh	Non-Executive - Independent Director
- Mr. Nilkanth J. Natu	Chief Financial Officer
- Mr. Mandar Velankar	Company Secretary
- Mr. N. J. Rathi	KMP of Subsidiary
- Mr. V. R. Bhatia	KMP of Subsidiary
- Mr. Mahesh Patil (w.e.f 30 th July, 2021)	KMP of Subsidiary
- Mr. Milan Krumbé	KMP of Subsidiary
- Mr. Vincent Bembaron	KMP of Subsidiary
- Mr. Frank Bursch	KMP of Subsidiary

(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. Jayashree Mantri	Sister of Mr. P. R. Rathi
- Mrs. K. B. Rathi	Mother of Mr. R. B. Rathi
- Mr. A. B. Rathi	Brother of Mr. R. B. Rathi
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mrs. A. N. Rathi	Mother of Mr. A.N. Rathi
- Mrs. A. A. Rathi	Wife of Mr. A. N. Rathi
- Mrs. Rachna Biyani	Sister of A.N. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

(c) Others : Subsidiary Company

- Sudarshan CSR Foundation **

** (Sudarshan CSR Foundation (CSR Foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (Company), is a "not for profit Company" under Section 8 of the Companies Act, 2013. The main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company.)

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46 RELATED PARTY TRANSACTION (AS PER INDAS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD..)

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

- Balkrishna Rathi Finance Private Limited
- PRR Finance Private Limited
- Marathwada Chemical Industries Private Limited
- Rathi Vessels and Systems LLP
- NJR Finance Private Limited
- Rathi Brothers Private Limited
- Rathi Enterprises Private Limited
- Forbes Marshall Private Limited
- Aquapharm Chemicals Private Limited
- Centre For Advancement Of Philanthropy
- STRR Consulting LLP
- Matrix Life Science Private Limited
- Cosmetictree India LLP
- Rathi Engineering LLP
- Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme
- Rabro Speciality Chemicals Private Limited
- Mr. Anuj N. Rathi HUF
- Mr. R. B. Rathi HUF
- Rathi Mixers Private Limited
- Breakthrough Management Group India Private Limited
- Shri Jagannath Rathi Charity Trust
- Crawford Bayley & Co
- Krohne Marshall Private Limited
- Phytomyco Research Private Limited
- Gazelle Enterprises
- Centre for Technology Innovation and Economic Research
- Arihma Enterprises
- Oxchem Solutions (India) Private Limited
- Pigment Manufacturers Association of India

The above is a detailed listing and includes Companies / parties with whom the Group has entered into the transactions during the course of the year.

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46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD..)

B Transactions with Related Parties

Nature of Transactions	For the year ended 31 st March 2023			For the year ended 31 st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Salary, Pension, Reimbursement of expenses etc. :	1,610.8	43.3	-	1,674.4	69.7	-	1,744.1
Mr. R.B.Rathi	500.9	-	-	683.4	-	-	683.4
Mr. A.Vij	184.8	-	-	179.9	-	-	179.9
Mr. V. R. Bhatia	151.2	-	-	111.0	-	-	111.0
Mr. Nilkanth J. Natu	76.8	-	-	65.3	-	-	65.3
Mr. Mahesh Patil	56.6	-	-	28.8	-	-	28.8
Mr. Mandar Velankar	56.5	-	-	54.3	-	-	54.3
Mr. P. R. Rathi	45.9	-	-	41.2	-	-	41.2
Mr. N. J. Rathi	45.1	-	-	41.3	-	-	41.3
Others	493.0	43.3	-	469.2	69.7	-	538.9
b Commission (Subject to Shareholders' approval) :	10.0	-	-	100.0	-	-	100.0
Mrs. S. A. Panse	-	-	-	15.0	-	-	15.0
Mr. D. N. Damania	2.5	-	-	15.0	-	-	15.0
Dr. Deepak Parikh	-	-	-	10.0	-	-	10.0
Mr. P.R.Rathi	2.5	-	-	10.0	-	-	10.0
Mr. S. Padmanabhan	2.5	-	-	10.0	-	-	10.0
Mr. S. K. Asher	-	-	-	10.0	-	-	10.0
Mr. N. Raisinghani	-	-	-	10.0	-	-	10.0
Mrs. R. F. Forbes	-	-	-	10.0	-	-	10.0
Mr. A. N. Rathi	-	-	-	10.0	-	-	10.0
Mr. N. J. Rathi	2.5	-	-	-	-	-	-
c Sitting fees :	26.8	-	-	33.2	-	-	33.2
Mrs.S.A.Panse	2.8	-	-	3.4	-	-	3.4
Mr.S.K.Asher	2.6	-	-	3.8	-	-	3.8
Mr.D.N.Damania	5.4	-	-	7.0	-	-	7.0
Mr. P.R.Rathi	3.4	-	-	4.0	-	-	4.0

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46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD..)

Nature of Transactions	For the year ended 31 st March 2023			For the year ended 31 st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
Mr. S. Padmanabhan	4.6	-	-	5.2	-	-	5.2
Mr. N. Raisinghani	1.6	-	-	2.4	-	-	2.4
Dr. Deepak Parikh	1.4	-	-	1.0	-	-	1.0
Mrs. R. F. Forbes	1.4	-	-	2.0	-	-	2.0
Mr. A. N. Rathi	1.0	-	-	1.2	-	-	1.2
Mr. N. J. Rathi	2.4	-	-	2.8	-	-	2.8
Mr. R.B.Rathi	0.2	-	-	0.4	-	-	0.4
d Sale of Property Plant and Equipment :	-	-	-	-	36.1	-	36.1
Mr. R. P. Rathi	-	-	-	-	12.4	-	12.4
Mr. N.J. Rathi	-	-	-	-	23.7	-	23.7
e Sale of Goods (Incl. Taxes):	-	-	36.1	-	-	17.2	17.2
Marathwada Chemical Industries Private Limited	-	-	36.1	-	-	17.2	17.2
f Purchase of Goods / Services / Property Plant and Equipments :	-	-	5.0	-	-	35.7	35.7
Aquapharm Chemicals Private Limited	-	-	-	-	-	6.4	6.4
Krohne Marshall Private Limited	-	-	4.1	-	-	27.3	27.3
Forbes Marshall Private Limited	-	-	0.9	-	-	2.0	2.0
g Legal and Professional Fees Paid (Incl. Taxes):	-	-	92.5	-	-	94.6	94.6
Breakthrough Management Group	-	-	28.6	-	-	49.6	49.6
Dr. Deepak Parikh	-	-	28.3	-	-	44.5	44.5
Crawford Bayley & Co.	-	-	35.0	-	-	-	-
Others	-	-	0.6	-	-	0.5	0.5
h Commission on Sales (Incl. Taxes):	-	-	694.9	-	-	1,415.5	1,415.5
Rabro Speciality Chemicals Pvt Ltd	-	-	694.9	-	-	1,415.5	1,415.5

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46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD..)

Nature of Transactions	For the year ended 31 st March 2023			For the year ended 31 st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
i Rent received (Incl. Taxes) :							
Rabro Speciality Chemicals Pvt. Ltd.	-	-	25.2	-	-	10.4	10.4
Balkrishna Rathi Finance Private Limited	-	-	21.7	-	-	5.8	5.8
NJR Finance Private Limited	-	-	0.7	-	-	0.5	0.5
Others	-	-	0.7	-	-	0.5	0.5
j Rent paid (Incl. Taxes) :							
Rabro Speciality Chemicals Pvt. Ltd.	-	-	2.1	-	-	3.6	3.6
k Donation Paid :							
Sudarshan CSR Foundation	-	-	10.2	-	-	-	-
	-	-	10.2	-	-	-	-
	-	-	202.0	-	-	201.0	201.0
l Reimbursement (Net) :							
Rabro Speciality Chemicals Pvt. Ltd.	-	-	(3.9)	-	-	(1.5)	(1.5)
	-	-	(3.9)	-	-	(1.5)	(1.5)
m Subscription paid							
Pigment Manufacturers Association	-	-	1.1	-	-	-	-
	-	-	1.1	-	-	-	-
n Car Deposit Repayment							
Mr. R. P. Rathi	-	-	-	-	43.8	-	43.8
Mr. N. J. Rathi	-	-	-	-	21.9	-	21.9
	-	-	-	-	21.9	-	21.9

1 Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended 31st March, 2023, the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (31st March, 2022 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

2 All transactions were made on normal commercial terms and conditions and at market rates.

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46 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT, 2013) (CONTD..)

C Balances due from / to related parties :

Nature of Transactions	As at 31 st March 2023			As at 31 st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a Trade Receivable							
Marathwada Chemical Industries Private Limited	-	-	11.1	-	-	3.7	3.7
Others	-	-	10.7	-	-	3.7	3.7
	-	-	0.4	-	-	-	-
b Trade Payable							
Rabro Speciality Chemicals Private Limited	-	-	54.1	-	-	158.2	158.2
Others	-	-	53.7	-	-	150.6	150.6
	-	-	0.4	-	-	7.6	7.6
c Other Receivable							
Sudarshan Chemical Industries Limited Employee Group Gratuity Scheme	-	-	44.8	-	-	98.9	98.9
Rabro Speciality Chemicals Private Limited	-	-	39.7	-	-	98.9	98.9
Others	-	-	4.2	-	-	-	-
	-	-	0.9	-	-	-	-
d Other Payable							
Marathwada Chemical Industries Private Limited	-	-	3.6	-	-	-	-
Others	-	-	3.5	-	-	-	-
	-	-	0.1	-	-	-	-
e Commission Payable							
Mr. P.R.Rathi	10.0	-	-	10.0	-	-	100.0
Mr. D. N. Damania	2.5	-	-	2.5	-	-	10.0
Mr. S. Padmanabhan	2.5	-	-	2.5	-	-	15.0
Mrs. S. A. Panse	-	-	-	-	-	-	10.0
Mr. S. K. Asher	-	-	-	-	-	-	15.0
Mr. N. J. Rathi	2.5	-	-	2.5	-	-	10.0
Others	-	-	-	-	-	-	-
	-	-	2.8	-	-	-	40.0
f Salary / Pension Payable *	71.8	2.8	-	74.6	-	-	5.8
Mr. R.B.Rathi	31.2	-	-	31.2	-	-	-
Mr. V. R. Bhatia	9.5	-	-	9.5	-	-	3.8
Mr. AVij	7.8	-	-	7.8	-	-	-
Mr. Nilkanth J. Natu	4.8	-	-	4.8	-	-	-

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

Nature of Transactions	As at 31 st March 2023			As at 31 st March 2022			
	Key Management Personnel	Relatives of Key Management Personnel	Others	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
Mr. Mandar Velankar	3.5	-	-	-	-	-	-
Mr. Mahesh Patil	2.4	-	-	2.0	-	-	2.0
Mr. N. J. Rathi	-	2.0	-	-	-	-	-
Mr. P.R.Rathi	1.9	-	-	-	-	-	-
Others	10.7	0.8	-	-	-	-	-
g Car deposit payable	67.9	-	-	67.9	-	-	67.9
Mr. P.R. Rathi	49.0	-	-	49.0	-	-	49.0
Mr. R.B. Rathi	18.9	-	-	18.9	-	-	18.9

*Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

Note: Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. All transactions were made on normal commercial terms and conditions and are at market rates.

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47 RISK MANAGEMENT AND CAPITAL MANAGEMENT

A Financial instruments risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include investments, trade and other receivables, deposits, loans and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Group. The ERM team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
The Group is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.	In order to manage its interest rate risk arising from variable interest rate borrowings, the Group uses Interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps reduction in interest rates would have led to approximately an additional ₹ 204.4 lakhs and (2021-22: ₹ 204.7 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.

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47 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD..)

Potential impact of risk	Management policy	Sensitivity to risk
ii) Foreign exchange risk		
The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk also includes highly probable foreign currency cash flows.	The Group has exposure arising out of export, import, loans and other transactions. The Group hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Group's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to financial statements, the Group has calculated the impact on the Statement of Profit and Loss. The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional loss of ₹ 1057.7 Lakhs. (2021-22: loss of ₹ 1,081.1 Lakhs). A 2% decrease would have led to an increase in additional gain of ₹ 1057.7 Lakhs. (2021-22: gain of ₹ 1,081.1 Lakhs).

Foreign currency exposure and sensitivity	As at 31 st March, 2023		As at 31 st March, 2022	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivables	18,885.5	6,760.8	17,515.5	8,746.7
Forward contracts for trade receivables	(30,650.1)	(7,534.0)	(26,337.4)	(5,737.1)
Foreign currency borrowings	(49,848.0)	(4,036.5)	(48,720.9)	(7,773.3)
Trade payables	(13,513.1)	3,210.2	(8,852.4)	(357.0)
Forward contracts for trade payable	11,723.3	-	2,911.5	-
Forward contracts for borrowings	12,119.3	-	13,077.9	1,473.5
Total	(51,283.1)	(1,599.5)	(50,405.8)	(3,647.2)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Year Ended 31 st March, 2023	Year Ended 31 st March, 2022
Balance at beginning of the year	(346.5)	(706.8)
Arising/Adjusted during the year	(2,184.4)	360.3
Balance at end of the year	(2,530.9)	(346.5)
Tax impact	121.2	172.6

The Group basis their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

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47 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD..)

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

The Group's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the Company uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly.

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

47 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD..)

(b) Credit risk

Potential impact of risk	Management policy	Sensitivity to risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, i.e. trade receivables.	Customer credit risk is managed subject to the Group's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. An impairment analysis based on Expected Credit Loss (ECL) model is performed at each reporting date.	The Group considers the probability of default upon initial recognition and whether there have been significant increase in the credit risk on ongoing basis throughout each reporting period, to assess increase in the credit risk, the Group compares the rate of default on the date of reporting and initial recognition. The maximum amount to which the Company is exposed is ₹ 48,614.6 Lakhs and ₹ 50,065.6 Lakhs for 31 st March 2023 and 31 st March 2022 respectively. Against these receivables, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss	
Balance as at 1st April, 2021	1,316.3
Provision (reversed) / recognised for expected credit loss	108.9
Balance as at 31st March, 2022	1,425.2
Provision (reversed) / recognised for expected credit loss	84.1
Balance as at 31st March, 2023	1,509.3

In addition to the historical pattern of credit loss, the Group has considered the likelihood of increased credit risk considering emerging situations due to the COVID-19 pandemic. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case. Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

In addition, financial instruments that are subject to concentration of credit risk include loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk. Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

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47 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD..)

(c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligation on time or at a reasonable price or there could be excessive concentrations of risks. The Group's treasury department is responsible for liquidity, funding as well as settlement management. Excessive concentrations of risks arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.	The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used to manage risk concentrations at both the relationship and industry levels.	The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low. The Group assessed the concentration of risk and concluded it to be low. The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Note	6 months or less	6 - 12 months	1 to 5 years	More than 5 years	Total
As at 31st March, 2023						
Borrowings - Current	17	28,941.7	7,887.2	-	-	36,828.9
Borrowings - Non-current	17	-	-	44,920.6	-	44,920.6
Other financial liabilities	19	4,194.4	-	156.3	-	4,350.7
Lease liabilities	5	150.1	150.0	855.6	-	1,155.7
Trade payables	18	50,872.9	-	-	-	50,872.9
Derivatives instruments	20	58.3	-	379.8	-	438.1
	Total	84,217.4	8,037.1	46,312.3	-	1,38,566.9
As at 31st March, 2022						
Borrowings - Current	17	37,763.3	7,253.1	-	-	45,016.4
Borrowings - Non-current	17	-	-	36,857.6	-	36,857.6
Other financial liabilities	19	5,284.5	-	167.3	-	5,451.8
Lease liabilities	5	25.6	25.6	166.6	166.6	384.4
Trade payables	18	52,176.0	-	-	-	52,176.0
Derivatives instruments	20	59.1	-	-	-	59.1
	Total	95,308.5	7,278.7	37,191.5	166.6	1,39,945.3

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47 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.

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Total Debt	81,749.5	81,874.0
Total Equity (Share Capital + Reserves)	82,822.4	83,318.9
Debt - Equity ratio	0.99	0.98

48 ASSETS HELD FOR SALE :

(a) Description

Sale of freehold land

The Board of Directors at its meeting held on Thursday, 9th February, 2023, accorded its in-principle approval for sale of freehold, clear and marketable titled land admeasuring approximately 5.76 acres along with the structures standing thereon located at 162 Wellesley Road, Pune – 411 001, Maharashtra, India, subject to necessary due diligence, approvals, consents, permissions from the concerned authorities to one or more parties in part, piecemeal or in full. Subsequently, the Company entered into an agreement dated 6th April, 2023 for transfer of aforesaid land along with the structures standing thereon. The transaction was completed on 6th April, 2023. Pursuant to the requirements of Ind AS 105 - "Non current Assets Held for Sale and Discontinued Operations", this has been classified as "assets held for sale."

(b) The assets of disposal group classified as held for sale as on 31st March, 2023 are as under:

Particulars	As at
	31 st March, 2023
Assets	
Property, plant and equipment	
Freehold Land	2,327.9
Buildings	288.3
Furniture and Fixtures	216.3
Office Equipments	13.0
Total assets	2,845.5

There are no associated liabilities of the disposal group classified as held for sale as on 31st March, 2023.

The fair value measurement of the disposal group has been categorised as level 3 fair value hierarchy based on inputs involved in the valuation technique used. The fair value has been determined using the independent and external valuer report.

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49 SHARE BASED PAYMENTS

During the financial year 2018-19, the Board of Directors of the holding Company and its Shareholders' approved a Employee Stock Option Plan (ESOP) and reserved 13,84,545 common shares for issuance thereunder. During the previous year, options totalling to 3,94,220 ordinary shares were granted to certain identified eligible employees of the holding Company. Detailed description of share based payment arrangements is as below:

a	Date of shareholders' approval	9 th August, 2018
b	Total number of options approved under ESOP	3,94,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 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	Date of grant	1 st April, 2020
g	Settlement mode	Equity share
h	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted is ₹ 169.2 /-. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 – 10 years.

Inputs into the model were as follows:

a	Grant date share price	₹ 349.35
b	Exercise Price	₹ 349.35
c	Expected Volatility	45.64% – 47.51%
d	Expected life	6.5 to 9.5 years
e	Dividend yield	1.90% - 2.20%
f	Risk free interest rate	6.45% to 6.68%

Reconciliation of outstanding share options is as follows:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April, 2021	3,94,220	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(34,790)	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2022	3,59,430	169.2
Exercisable as at 31 st March, 2022	-	-
Outstanding as at 1 st April, 2022	3,59,430	169.2
Granted during the year	-	-
Forfeited / lapsed during the year	(26,780)	-
Exercised during the year	-	-
Outstanding as at 31 st March, 2023	3,32,650	169.2
Exercisable as at 31 st March, 2023	-	-

Notes to the Consolidated Financial Statements

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

49 SHARE BASED PAYMENTS (CONTD..)

There are no options vested during the year ended 31st March 2023 and 31st March 2022.

There is no realisation of money by exercise of option during the year ended 31st March 2023 and 31st March 2022.

The options outstanding at 31st March, 2023 have an exercise price of ₹ 349.35 (31st March, 2022: ₹ 349.35) and a weighted average remaining contractual life of 7.2 years (31st March, 2022: 8.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2022-23 is not disclosed as no shares were exercised during this year and previous year.

Expense recognised in Statement of Profit and Loss

The Group has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31st March, 2023 is ₹ 108.4 Lakhs (previous year: ₹ 102.7 Lakhs)

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50 Operating Segments

A Basis of Segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance. The Group has two reportable segments as described below, which are the Group's strategic business units.

Pigment: The Pigments segment produces and sells a broad spectrum of organic, inorganic, effect pigments and dispersions primarily for paints, plastics, inks and cosmetics industries.

Others: Others comprises of project engineering and manufacturing business of grinding solutions, clean air solutions, power handling solutions etc.

B Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

	Year ended 31 st March, 2023			Year ended 31 st March, 2022		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	2,07,905.5	22,358.3	2,30,263.8	2,01,966.3	18,114.3	2,20,080.6
Inter-segment Revenue	-	90.6	90.6	-	-	-
Total segment revenue	2,07,905.5	22,267.7	2,30,173.2	2,01,966.3	18,114.3	2,20,080.6
Segment Results						
Profit before tax and finance cost	8,628.5	1,492.5	10,121.0	18,625.2	429.3	19,054.5
Less: Finance costs (net)	3,784.3	362.8	4,147.1	1,821.3	121.0	1,942.3
Profit after finance cost but before tax	4,844.2	1,129.7	5,973.9	16,803.9	308.3	17,112.2
Profit after tax	3,644.3	832.6	4,476.9	12,816.4	180.2	12,996.6
Segment Assets and Segment Liabilities						
Segment Assets	2,19,092.9	20,105.6	2,39,198.5	2,25,586.7	11,284.3	2,36,871.0
Segment Liabilities	1,39,679.0	16,697.1	1,56,376.1	1,44,229.5	9,322.6	1,53,552.1
Segment Assets (-) Segment Liabilities	79,413.9	3,408.5	82,822.4	81,357.2	1,961.7	83,318.9
Other Details:						
Capital Expenditure	18,449.3	790.8	19,240.1	30,199.1	821.6	31,020.7
Depreciation and Amortisation	11,140.3	282.4	11,422.7	8,724.4	201.5	8,925.9

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50 Operating Segments (CONTD..)

C Geographical Information

Particulars	Year ended	Year ended
	31 st March, 2023	31 st March, 2022
Segment Revenue by location of customers		
In India	1,25,947.8	1,20,580.1
Outside India	1,04,225.4	99,500.5
	2,30,173.2	2,20,080.6
Non-current operating assets by location of assets		
In India	1,27,955.6	1,12,439.1
Outside India	-	116.8
	1,27,955.6	1,12,555.9

D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

51 HEDGING ACTIVITIES

Cash flow hedges

The Group enters into derivative instruments which comprise of interest rate swaps, cross currency swaps and also designates its foreign currency borrowings against highly probable forecasted export sales for hedge accounting to manage its foreign currency exposure.

These instruments are measured at fair values at each reporting period resulting in derivative financial assets and derivative financial liabilities. The gain / loss on maturity/ termination of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item.

The cash flow hedges of the expected future sales during the year ended 31st March, 2023 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 2184.4 Lakhs (31st March, 2022: ₹ 360.3 Lakhs) is included in OCI. The amounts retained in OCI at 31st March, 2023 are expected to be realised in the statement of profit and loss till the year ended 31st March, 2028.

The following are the details of outstanding derivative and non derivative instruments (Foreign Currency Loans) entered into by the Group which have been designated as Cash Flow Hedges:

As at 31st March, 2023

Type of Cover	Amount outstanding in foreign currency in lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	606.7	USD	(2,388.6)	(135.2)
Derivative contracts - IRS and CCIRS	482.8	USD	204.2	-
			(2,184.4)	(135.2)

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51 HEDGING ACTIVITIES (CONTD..)

As at 31st March, 2022

Type of Cover	Amount outstanding in Foreign currency in Lakhs	Currency	Fair value gain / (loss)	
			in OCI (effective)	in P&L (ineffective)
Non-derivative contracts (Foreign Currency Loans)	17.5	EUR	207.3	(28.9)
	616.9	USD	(1,072.0)	(27.6)
Derivative contracts - IRS and CCIRS	17.5	EUR	16.0	-
	503.9	USD	1,209.0	-
			360.3	(56.4)

For qualitative details w.r.t hedging strategy followed by the Company Refer Note 49A Risk and Capital Management

Derivatives not designated as hedging instruments:

The Group has used foreign exchange forward contracts to manage its import payments and realisation from export customers. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the payments against import purchases and realisation from export customers.

52 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2023.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	204.3	-	205.3
Other non-current financial assets	790.9	-	-	790.9
Trade receivables	48,614.6	-	-	48,614.6
Cash and cash equivalents	2,039.2	-	-	2,039.2
Bank balances other than cash and cash equivalents	902.1	-	-	902.1
Derivatives - Forward Contracts Receivable	-	124.7	-	124.7
Interest rate / currency swap contracts	-	-	1,566.5	1,566.5
Other current financial assets	778.6	-	-	778.6
Total	53,126.4	329.0	1,566.5	55,021.9
Financial liabilities				
Borrowings	81,749.5	-	-	81,749.5
Lease liability	1,155.7	-	-	1,155.7
Trade payables	50,872.9	-	-	50,872.9
Derivative - Forward Contracts Payable	-	58.3	-	58.3
Interest rate / currency swap contracts	-	-	379.8	379.8
Other financial liabilities	4,350.7	-	-	4,350.7
Total	1,38,128.8	58.3	379.8	1,38,566.9

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52 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD..)

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March, 2022.

	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	165.6	-	166.6
Other non-current financial assets	593.0	-	-	593.0
Trade receivables	50,065.6	-	-	50,065.6
Cash and cash equivalents	2,531.6	-	-	2,531.6
Bank balances other than cash and cash equivalents	997.8	-	-	997.8
Derivatives - Forward Contracts Receivable	-	233.1	-	233.1
Interest rate / currency swap contracts	-	-	985.0	985.0
Other current financial assets	1,334.9	-	-	1,334.9
Total	55,523.9	398.7	985.0	56,907.6
Financial liabilities				
Borrowings	81,874.0	-	-	81,874.0
Lease liability	384.4	-	-	384.4
Trade payables	52,176.0	-	-	52,176.0
Derivative - Forward Contracts Payable	-	56.6	-	56.6
Interest rate / currency swap contracts	-	-	2.5	2.5
Other financial liabilities	5,451.8	-	-	5,451.8
Total	1,39,886.2	56.6	2.5	1,39,945.3

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- (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) 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.
- (iii) The Group enters into derivative financial instruments with financial institutions and banks with investment grade credit ratings. Foreign exchange Forward Contracts and Interest Rate Swap are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The model incorporate various inputs including the credit quality of counterparties,

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

52 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD..)

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.

- (iv) The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk was assessed to be insignificant.

53 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31st March, 2023 and 31st March, 2022.

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss / OCI					
Foreign exchange forward contracts					
As at 31 st March, 2023	31 st March, 2023	124.7	-	124.7	-
As at 31 st March, 2022	31 st March, 2022	233.1	-	233.1	-
Interest rate / Swap contracts					
As at 31 st March, 2023	31 st March, 2023	1,566.5	-	1,566.5	-
As at 31 st March, 2022	31 st March, 2022	985.0	-	985.0	-
Investment in others*					
As at 31 st March, 2023	31 st March, 2023	204.3	-	-	204.3
As at 31 st March, 2022	31 st March, 2022	165.6	-	-	165.6
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March, 2023	31 st March, 2023	58.3	-	58.3	-
As at 31 st March, 2022	31 st March, 2022	56.6	-	56.6	-
Interest Rate Swap Contracts					
As at 31 st March, 2023	31 st March, 2023	379.8	-	379.8	-
As at 31 st March, 2022	31 st March, 2022	2.5	-	2.5	-

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as at and for the year ended 31st March, 2023

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

53 FAIR VALUE HIERARCHY (CONTD..)

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

* Movement in the value is on account of change in fair value of investment.

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating - rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

54 Details of Subsidiaries

(a) The following subsidiary companies are considered in the Consolidated Financial Statements

Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2022-23	2021-22	
1 Sudarshan Europe B.V	100%	100%	Netherlands
2 Sudarshan North America, Inc (Step-down subsidiary of Sudarshan, India)	100%	100%	United States of America
3 Sudarshan Mexico S. de R.L. de CV. (Step-down subsidiary of Sudarshan, India)	100%	100%	Mexico
4 Sudarshan (Shanghai) Trading Company Ltd.	100%	100%	China
5 RIECO Industries Limited	100%	100%	India
6 Sudarshan Japan Limited	100%	100%	Japan

** Sudarshan CSR Foundation, a wholly owned subsidiary is not considered for Consolidation. Sudarshan CSR Foundation is incorporated for the purpose of performing holding Company's corporate social responsibility obligations.

(b) Additional information pursuant to Para 2 of Part III of Division II of Schedule III for preparation of general instructions for the preparation of Consolidated Financial Statements

For the year ended 31st March, 2023

Entity	Net Assets (Total Assets - Total Liabilities)		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI	Amount
Parent Company								
Sudarshan Chemical Industries Limited	97.6	80,810.8	70.2	3,141.0	134.8	(2,202.4)	32.9	938.6
Indian Subsidiaries								
RIECO Industries Limited	4.1	3,408.6	18.6	832.6	1.2	(20.2)	28.4	812.4
Foreign Subsidiaries								
Sudarshan Europe B.V	7.5	6,233.6	16.0	717.0	(23.2)	379.7	38.4	1,096.6
Sudarshan North America	2.8	2,312.8	21.9	982.6	(10.1)	165.6	40.2	1,148.2
Sudarshan Mexico	0.7	586.4	3.9	176.1	(3.2)	52.8	8.0	228.9
Sudarshan (Shanghai)	-	(24.5)	(0.2)	(7.5)	0.2	(3.8)	(0.4)	(11.4)
Sudarshan Japan	(0.1)	(56.4)	2.5	110.5	(0.4)	7.3	4.1	117.8
Eliminations	(12.6)	(10,448.8)	(32.9)	(1,475.3)	0.7	(12.6)	(51.6)	(1,474.7)
Total	100.0	82,822.5	100.0	4,476.9	100.0	(1,633.6)	100.0	2,856.5

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2023

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

54 Details of Subsidiaries (CONTD..)

For the year ended 31st March, 2022

Entity	Net Assets (Total Assets - Total Liabilities)		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total Consolidated net assets	Amount	As % of total Consolidated Profit or Loss	Amount	As % of total Consolidated OCI	Amount	As % of total Consolidated TCI	Amount
Parent Company								
Sudarshan Chemical Industries Limited	99.9	83,225.2	77.2	10,037.6	1,199.4	187.1	78.6	10,225.7
Indian Subsidiaries								
RIECO Industries Limited	2.3	1,950.1	1.7	218.8	19.9	3.1	1.7	223.0
Foreign Subsidiaries								
Sudarshan Europe B.V	6.2	5,137.0	10.1	1,311.7	(1,634.2)	(254.9)	8.1	1,050.7
Sudarshan North America	1.4	1,164.6	4.5	589.1	340.4	53.1	4.9	643.2
Sudarshan Mexico	0.4	357.5	2.5	322.5	109.6	17.1	2.6	340.6
Sudarshan (Shanghai)	-	(13.1)	0.3	36.5	43.6	6.8	0.3	44.3
Sudarshan Japan	(0.2)	(174.2)	(1.0)	(128.1)	21.3	3.3	(1.0)	(123.8)
Eliminations	(10.0)	(8,328.2)	4.7	608.5	-	-	4.8	608.5
Total	100.0	83,318.9	100.0	12,996.6	100.0	15.6	100.0	13,012.2

55 Additional Regulatory Information/disclosures as required by General Instructions to Division II of Schedule III to the Companies Act, 2013 are furnished to the extent applicable to the Group.

56 MCA has amended Rule 3 of the Companies (Accounts) Rules, 2014 (the "Accounts Rules") relating to the mode of keeping books of account and other books and papers in electronic mode through an amendment on August 5, 2022. In compliance with the requirements of the amendment, the books of accounts and other relevant books and records are accessible in India at all times for the entities within the Group incorporated in India. Further, backup of books of account maintained in electronic form is kept in servers physically located in India on a daily basis.

57 Previous year figures have been regrouped/ reclassified as considered necessary to conform with current period presentation wherever applicable.

As per our report of even date attached For and on behalf of the Board of Directors of **Sudarshan Chemical Industries Limited**

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

per **Huzefa Ginwala**
Partner
Membership No.:111757

Place: Pune
Date : 23rd May, 2023

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

Place: Pune
Date : 23rd May, 2023

P.R.RATHI

Chairman
DIN No. 00018577

R.B.RATHI

Managing Director
DIN No. 00018628

NILKANTH NATU

Chief Financial Officer
ICAI Membership No.:108532

MANDAR VELANKAR

Company Secretary
ICSI Membership No.:14469

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