

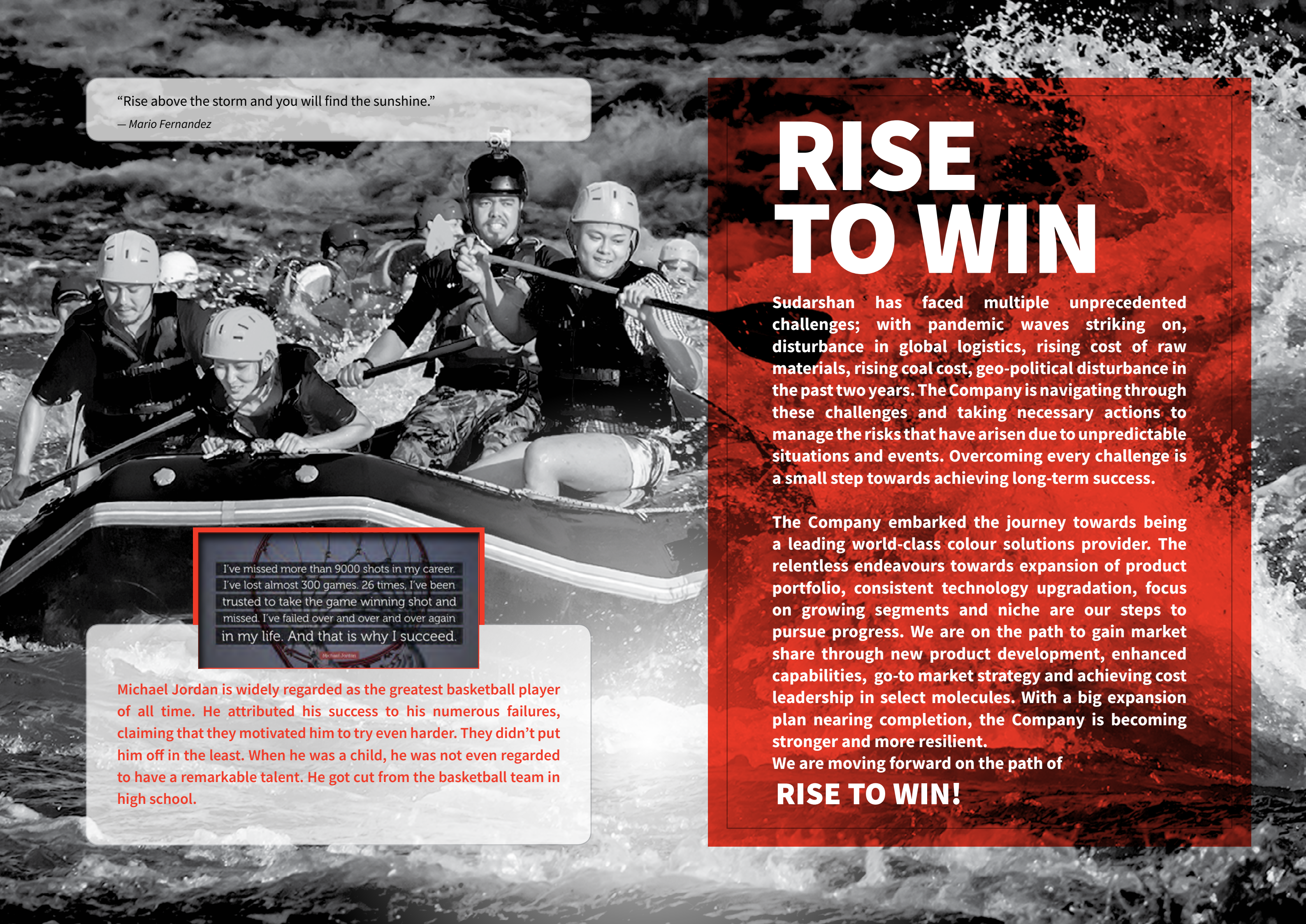
A full-page background image showing two rock climbers ascending a steep, textured rock face. The sun is positioned at the top center, creating a bright starburst effect. The sky is clear and blue. The climbers are silhouetted against the bright light.

71st ANNUAL REPORT

2021-22

RISE TO WIN

SUDARSHAN



"Rise above the storm and you will find the sunshine."

— Mario Fernandez

I've missed more than 9000 shots in my career. I've lost almost 300 games. 26 times, I've been trusted to take the game winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed.

Michael Jordan

Michael Jordan is widely regarded as the greatest basketball player of all time. He attributed his success to his numerous failures, claiming that they motivated him to try even harder. They didn't put him off in the least. When he was a child, he was not even regarded to have a remarkable talent. He got cut from the basketball team in high school.

RISE TO WIN

Sudarshan has faced multiple unprecedented challenges; with pandemic waves striking on, disturbance in global logistics, rising cost of raw materials, rising coal cost, geo-political disturbance in the past two years. The Company is navigating through these challenges and taking necessary actions to manage the risks that have arisen due to unpredictable situations and events. Overcoming every challenge is a small step towards achieving long-term success.

The Company embarked the journey towards being a leading world-class colour solutions provider. The relentless endeavours towards expansion of product portfolio, consistent technology upgradation, focus on growing segments and niche are our steps to pursue progress. We are on the path to gain market share through new product development, enhanced capabilities, go-to market strategy and achieving cost leadership in select molecules. With a big expansion plan nearing completion, the Company is becoming stronger and more resilient.

We are moving forward on the path of

RISE TO WIN!

People **Solutions**
Win Management
Planning **ESG** **Process** **Steps** **Decisions** **Business**
Perseverance **Rise** **Customers** **Model**
Vision **Goal** **RISE TO WIN!** **Pigments**
Mission Target **Success** **Dedication** **Purpose**
Ideas **Passion** **Achievement** **Excellence**
Ambition **Strategy** **Skills** **Teamwork**
Ethics **Objectives** **Inspiration** **Values**
Philosophy **Leadership**



SCROLL DOWN FOR...

1-40 CORPORATE OVERVIEW

- 01 RISE TO WIN!
- 06 From the MD's Desk
- 08 What Measures Our Rises & Wins
- 10 Testifying Financial Capabilities
- 14 Awards and Accolades
- 16 Our Rises & Wins
- 18 What Makes Us Ready To Win
- 22 What Reinforces Our Wins
- 24 What Positions Us To Rise
- 26 What Comprises The Blue Print Of Our Wins
- 28 Environment Social Governance
- 30 How We Contribute To Environmental Well-Being

- 32 How We Nurture Community Development
- 36 How We Ensure Robust Framework
- 38 Board of Directors
- 40 Corporate Information

43-111 STATUTORY REPORTS

- 43 Management Discussions and Analysis
- 49 Directors' Report
- 76 Business Responsibility Report
- 86 Report on Corporate Governance

113-274 FINANCIAL STATEMENTS

- 113 Standalone
- 196 Consolidated

INVESTOR INFORMATION

Market Capitalisation as at 31 st March, 2022	: ₹ 36,012 million
CIN	: L24119PN1951PLC008409
BSE Code	: 506655
NSE Symbol	: SUDARSCHEM
Bloomberg Code	: SCHI:IN
Dividend recommended	: ₹ 5 per share
AGM Date and Time	: 9 th August, 2022 at 4:00 p.m.
AGM mode	: Virtual

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

For more investor related information please visit <https://www.sudarshan.com/financial-reports-information.php>

Or Simply Scan to view the online version of the report



From the MD's Desk



“In the past two years we have gone through unprecedented challenges but we accepted all the challenges and bounced back every time. This resilience led us to be stronger and become better to serve our customers globally. Recent geopolitical developments, global inflation and rising interest rate cycle has introduced an element of uncertainty which leads to the risk of demand contraction but we are determined as ever to fulfil our courageous goals. Our strong commitment and passion, makes us strongly believe that we're on the path of RISE TO WIN!”

Some key trends impacting the global pigment industry:

- Industry Consolidation at the top with major M&A activity amongst the top players
- Pressure on costs driven by supply chain disruptions resulting in price pressure in base chemicals and indirect materials
- Enhanced focus on sustainability with push towards ESG

Challenges faced due to various disruptions during the year

Apart from the raw material cost increases, we have also witnessed acute increase in energy and logistics cost, this is pushing up the manufacturing and selling costs. The challenges in the logistics area persisted; shortage of shipping container due to COVID situation in China and congestion at various ports is leading to delays in the shipping. This has also led to the freight cost escalation of three to four times. With the direct as well as the indirect material cost pressure lingering, we took calibrated approach to achieve our dual objectives of volume growth and margin protection.

We also continue to monitor the geopolitical situation for any potential impact specifically in our sales in the Europe region.

Our segment performance during the year

As last year was one of the more volatile years for the business, teams have put significant efforts to manage RM cost and availability, pass on cost increases, and control manufacturing costs. From performance perspective, we were able to grow sales despite cost pressures however operating margin was adversely impacted. Profitability in some commodity segments and demand in some speciality segments remain a concern and we are taking steps to reverse the trend in these.

Despite these disruptions, our team made great efforts towards:

- 1) Commercialisation of major capex projects
- 2) Great push towards sustainability by reducing our water consumption and improving our energy mix towards green energy
- 3) Your company is honored with 'Maha Brand – Brands of Maharashtra', Mahatma Award for CSR Excellence and Excellence award 2021 for 'Leading Practices' in employee relations

On the consolidated basis the total income from operation stood at ₹ 2,201 Crores in FY 2021-22 as compared to ₹ 1,864 crores in FY 2020-21, reporting a growth of 18% year-on-year. EBITDA for the FY 2021-22 stood at ₹ 275 Crores versus ₹ 288 Crores in FY 2020-21. EBITDA margins were 12.5% in FY 2021-22 as compared to 15.4% in FY 2020-21. Profit after tax is at ₹ 130 Crores FY 2021-22 as compared to ₹ 140 crore over last year.

Update on Capex projects

In terms of the expansion, we progressed well on capex projects. We are now at advanced stage of implementing the overall Capex program of ₹ 750 Crs. and we expect these to get implemented by end of H1 FY23. Multiple projects which are in final stage of implementation are likely to soon get commercialized. Post this capex, we will have a product portfolio equivalent to that of global leaders.

We are optimistic...

Our customer-centric vision is at the core of our business model's resilience and longer-term sustainability. This helps us spot trends early on and embrace business opportunities by continually investing in research and innovation, developing newer capabilities, reskilling our workforce, and launching new solutions and products. Our strategies have resulted in enduring customer relationships, a vibrant and engaged workforce, a steady expansion of our addressable markets, and a proven track record in delivering longer-term stakeholder value.

Our priorities for FY 23 are:

- Commercialisation of new capex projects and generate cashflows from these investments
- Focus on controlling costs with a frugal mindset

- Improve customer experience through consistent and reliable quality
- Upgrade occupational and process safety to world class level with individual accountability
- Building a global culture through right mindsets of resilience and entrepreneurship

Towards Sustainability

Sustainability is at the core of our business strategy. We are committed to uplifting the lives of our employees, local communities and preserving the planet. Sudarshan Chemical Industries has taken multiple initiatives through its Corporate Social Responsibility (CSR) projects over the years to make an impact in the ESG domain. Our initiatives are aligned with United Nations Sustainable Development Goals (UN SDG).

We are focused on efficient operations, identifying material risks, and maintaining transparency with our stakeholders. With increasing awareness of ESG's impact on business among investors and customers – it has become easier for us to integrate value creation and profits with sustainability.

We also continue to strive toward the elimination of health hazards and accidents by adapting effective practices and interventions. We have the best-in-class practices in place to achieve our goal of zero harm to people and the environment.

Closing Note

I am proud of the progress we have made towards implementing our strategy amidst the global pandemic. I am impressed by the resilience of our business, which has enabled us to achieve the business performance despite the difficult environment. The performance, collaboration and positive attitude of our teams have shown over the past two year have been exemplary. I would like to thank all of them for their invaluable contribution in this truly exceptional year.

I extend my deepest gratitude to all the stakeholders associated with the Company, my sincere gratitude to all my fellow Board members, customers, suppliers, government officials, bankers and our shareholders for their continued trust, belief, and support in our journey of making Sudarshan a reliable and sustainable leading global pigment player.

Together, we will RISE TO WIN, achieve major milestones, set new benchmarks each time while positively impacting our communities, society, and the planet! Your continual patience and belief in our Company's progress is deeply appreciated.

Yours faithful,

Rajesh Rathi

Managing Director

WHAT MEASURES OUR RISES & WINS

Key Performance Indicators Of 2021-22

Financial Outcomes

₹ **2,201** **crores**
Revenue

₹ **275** **crores**
EBITDA[#]

₹ **130** **crores**
PAT^{##}

Operational Outcomes

3rd Largest Pigment
Producer Globally

~**35%** Domestic Market
Share

India & Germany
R&D Lab setup

₹ **18.8**
EPS^{*}

₹ **302** **crores**
Capex Incurred

₹ **25.29** **crores**
Investment in
Renewable Energy

₹ **10.54** **crores**
R&D Spend

1,285
Employees

₹ **60+**
Channel Partners

₹ **85+**
Countries Exports

[#]EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

^{##}PAT: Profit After Tax

^{*}EPS: Earnings Per Share

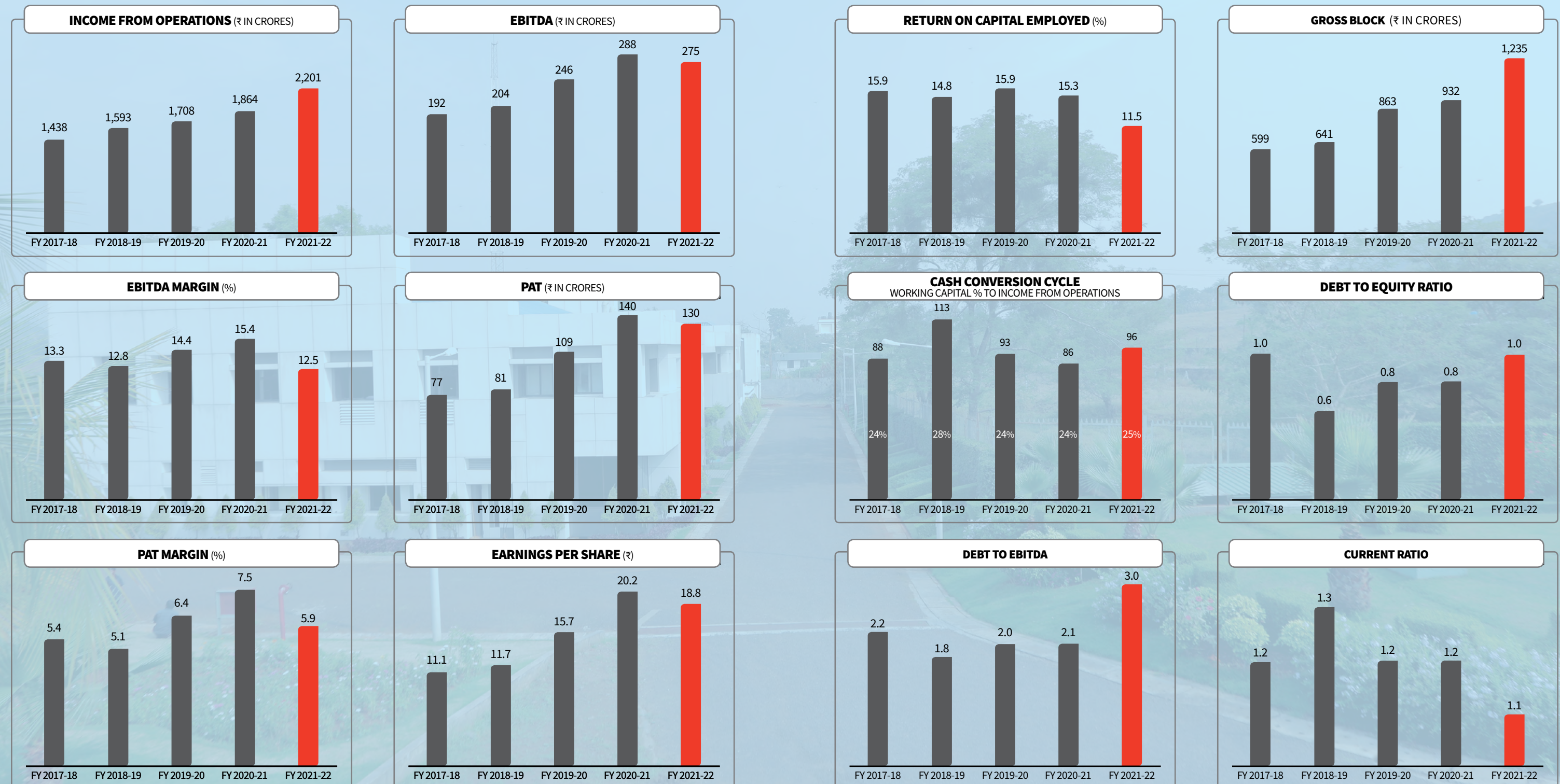


TESTIFYING FINANCIAL CAPABILITIES

“Effective performance is preceded by painstaking preparation”

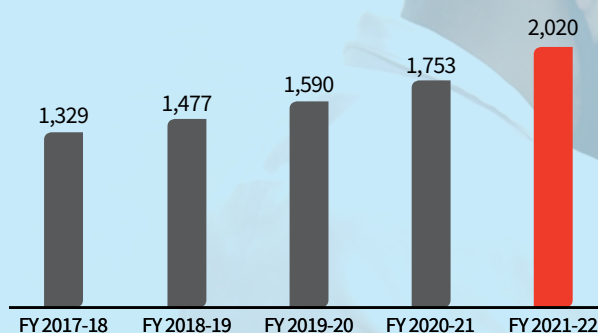
— Brian Tracy

Annual Financial Highlights – Consolidated Financials

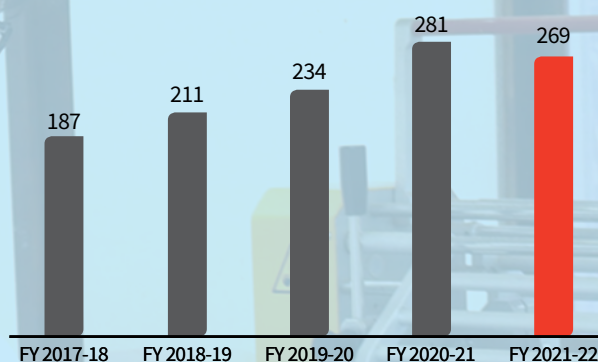


Annual Financial Highlights – Pigment Business

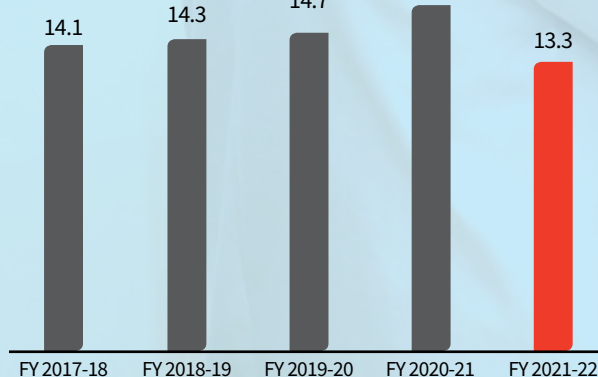
INCOME FROM OPERATION (₹ IN CRORES)



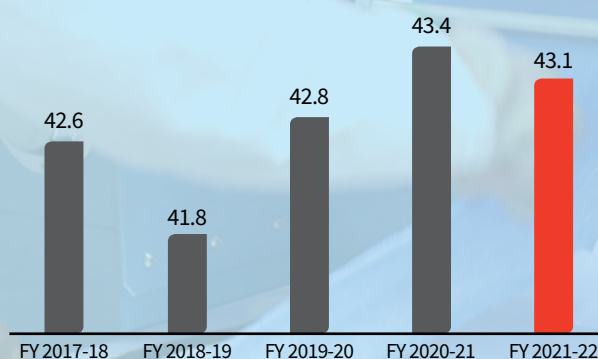
EBITDA (₹ IN CRORES)



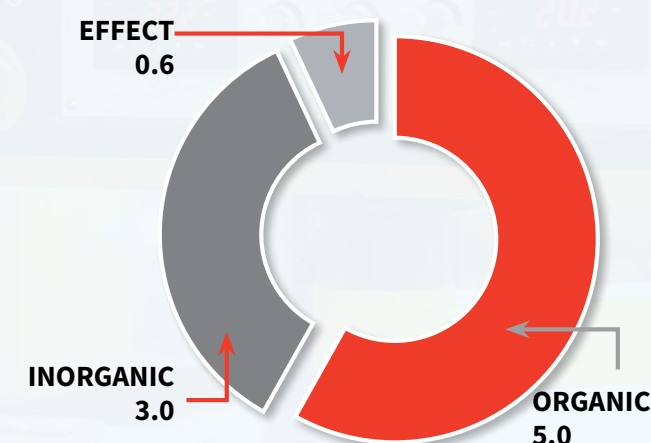
EBITDA MARGIN (%)



GROSS MARGIN (%)



GLOBAL COLOUR PIGMENT MARKET* - RELEVANT TO SUDARSHAN



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

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

A Consistent performance with **Sales** and **Operating profit** growing at a **CAGR of 11%** dispite exiting some of the businesses

FY 11	FY22
Pigment, Agro Chemical, Masterbatch businesses	Apure play Pigment focus
Amongst top 20 pigment player	3rd largest pigment producer globally
Domestic market share estimate ~@ 30%	Domestic market share estimate ~@ 35%
R&D lab:India	R&D lab: India & Germany
Organic and inorganic pigments with revenues largely from Azo and Phthalo pigments	Development & strong growth of High Performance and Cometics product range
Renewable enerty: 0%	Renewable enerty: ~30%



AWARDS AND ACCOLADES

“Effective performance is preceded by painstaking preparation”
— Brian Tracy



GLOBAL CLEAN VILLAGE AWARD

by Energy Foundation, Delhi
for adopting villages towards
Sustainable Development.



IR HR EXCELLENCE AWARD 2021

Leading Practices in Employee
relations - By People First



INTERNATIONAL LIONS CLUB CSR AWARD

from International
lions Club 2020



CERTIFIED AS GREAT PLACE TO WORK FOR CONTINUOUSLY 4 YEARS



SURYAGAURAV NATIONAL AWARD

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



MAHABRAND 2021-22

Brands of Maharashtra
in the year 2021-22.



CSR - MAHATMA AWARD 2020-21

in CSR excellence in Sustainable
Livelihood. Hosted by Liveweek
Group, USA.



CSR- GLOBAL AWARD 2020

in Platinum Category -
represented case study on
Paper Bag Project - Sustainable
Livelihood Initiatives for Women.



CORPORATE HR BEST PRACTICES AWARD 2021

Corporate HR Best practises
award for Accelerating
Workplace Transformation in
the Hybrid world - by NHRD



APPRECIATION AWARD

Appreciation Award By Rotary
for CSR activities in Roha

OUR RISES & WINS

About Sudarshan Chemical

Established in 1951, Sudarshan Chemical is India's largest producer and leader in Indian Pigment industry. With our scale, reach, innovation and **RISE TO WIN** spirit, we are the market leader in India and aspire to be a colour solution provider globally with the focus on pigment business. Sudarshan is headquartered in Pune, India, and has been serving for over 70 years in the Indian and global pigment markets. The Company manufactures a broad spectrum of Organic, Inorganic, Effect Pigments and Dispersions, with speciality pigment at its core. We cater to the wide range of industries namely paints, plastics, inks and cosmetics. The Company has operating production plants in Mahad & Roha (Maharashtra) and dedicated R&D centre in Pune and Germany. Sudarshan caters to market in Europe, Middle East, Africa, Americas and Asia-Pacific, around 85+ countries globally.



100+ Scientists & Technical Resources

50+ Sales Team

60+ Channel Partners

Application Industries



Coatings Comprising high performing and special effect pigment for application in Automotive and Decorative segment.

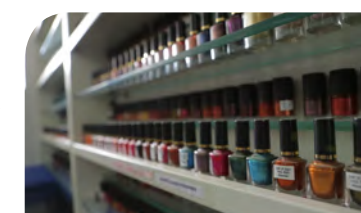


Plastics Offering a wider range of colours and pigments for plastic application



Inks Niche application in the Ink industry with necessary expertise in offset and liquid ink segments

Cosmetics Driven by quality, effect pigment for end application in cosmetics & personal care



Our Values

Seva (Service)
Courage
Commitment and Passion
Respect
Trust



Our Vision

To be the leading pigments producer in the world



Our Mission

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

WHAT MAKES US READY TO WIN

Our Capabilities

“Process underpin business capabilities, and capabilities underpin strategy execution”

— Pearl Zhu

Sudarshan is on the path to make significant in-roads in the industry by strengthening our product portfolio, R&D and marketing capabilities. The Company has emphasised on innovation and world-class manufacturing. Sudarshan is also investing in the right areas to enhance capabilities and deepen richer customer engagements,

which will result in differentiation in the competitive pigment market. The Company is also taking steps to ensure strict adherence to environmental compliance standards by using best-in-class effluent treatment facilities.

Our Manufacturing Plants



Roha

Azos, high performance, inorganic and effect pigment

Our Robust Technical Capabilities

People: the key force of our growth trajectory

We believe our people form the most important element of our business success. We have 100+ scientists and technical resources along with global experts who advice for competency enhancement. Also, we have analytical & application lab experts who monitors each and every step of the pigment development.

The infrastructure to achieve business success

- Our dedicated site for R&D entails an investment > USD 10 million

- Our state-of-the-art equipment aids us in characterisation and composition analysis
- Our ability to handle crystal modification & surface treatments positioned us in the industry
- Our ability ensures reproducibility in end application

Our innovative and sustainable process

- Stage Gate Process
- DOE approach to solutions



Mahad

Phthalocyanines and effect pigment



State-of-the-art warehouse at Roha



Effluent Treatment Plant

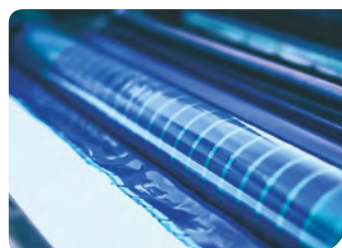
WHAT REINFORCES OUR WINS

Our Robust Product Portfolio

“Great Companies are built on great products”

— Elon Musk

One of the key pillars for Sudarshan's growth aspiration is built around our product portfolio. The Company continues to expand on the business strengths by combining research and development to create a wider portfolio with a renewed focus on applications. Simultaneously, we are advancing incremental product upgrades across the portfolio that provide customer with a stronger value proposition. The product finds its applications in coatings, plastics, inks and cosmetics. With this, Sudarshan became amongst few companies globally to have such a wider product portfolio.



OUR PRODUCTS

ORGANIC PIGMENTS

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

INORGANIC PIGMENTS

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

EFFECT PIGMENTS

Mica base for industrial and Cosmetics

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

OUR BRANDS

Sudaperm™

Pigments for high performance:
A premium range of high-performance pigments with technical benefits for most demanding plastic and coatings applications.



Sudafast™

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



Sudacolor™

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



Sudajet™

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



Sudadur™

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



Sudafine™

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



Sudatex™

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



Sudasol™

A range of solvent soluble dyes for engineering plastics. Sudasol range are extremely pure & have very low amount of impurities.



Sumica™

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



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.



Sudatherm™

Range of Complex Inorganic Coloured Pigment (CICP) designed to meet high temperature stabilities, light and weather fastness properties.



Sudanyl™

A standard range of high pigment content water dispersion for coatings & other application.



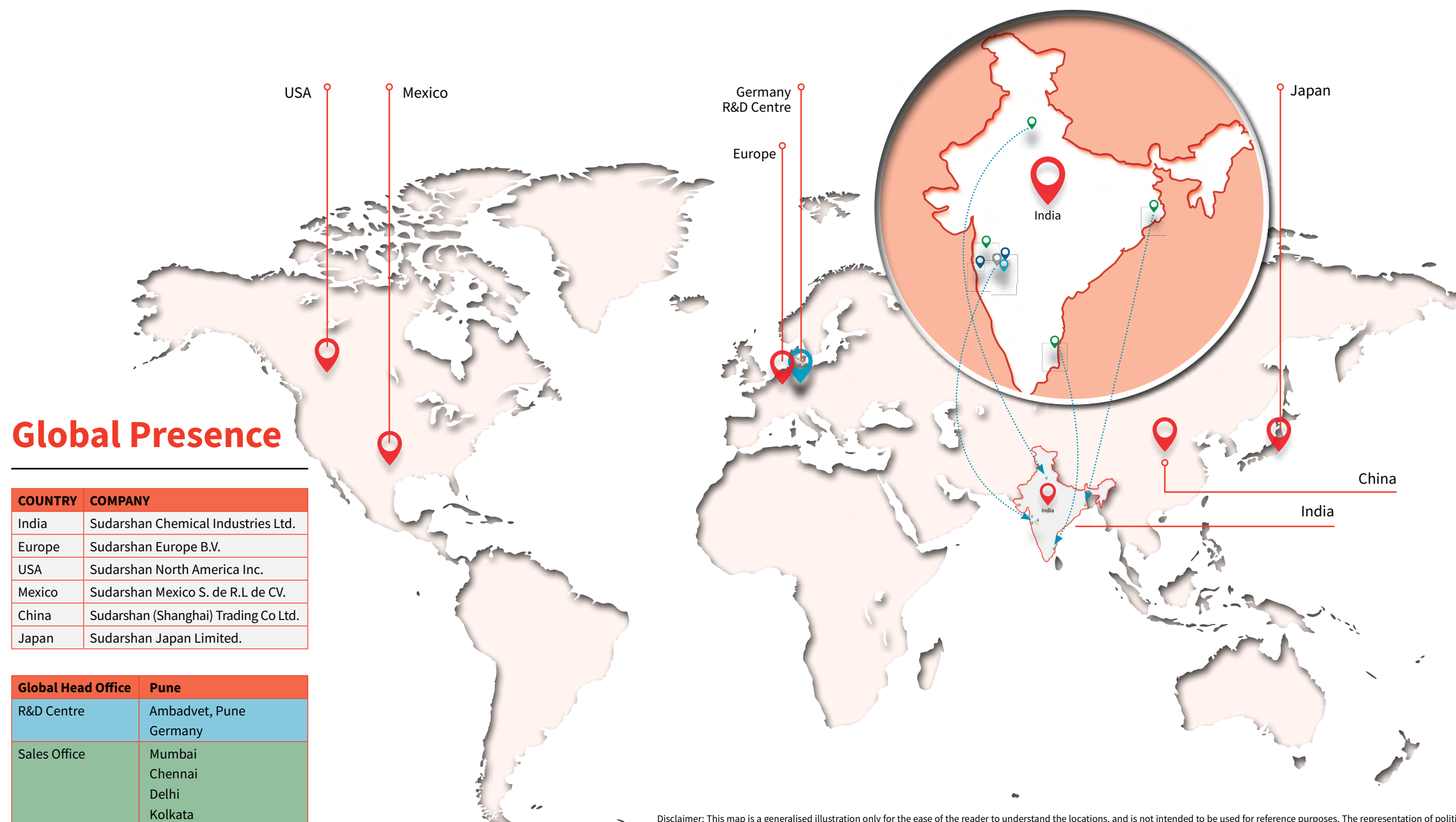
WHAT POSITIONS US TO RISE

Our Geographical Presence

“Strength and growth come only through continuous effort and struggle”

— Napoleon Hill

Sudarshan aims to be the leading pigment manufacturers globally and for that we have created a diversified and comprehensive product portfolio, invested in capacity enhancement, strengthened our distribution network and increased our reach by entering deeper into international markets.



85+

Countries

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

WHAT COMPRISES THE BLUEPRINT OF OUR WINS

Our Sustainable Business Model

“An efficient business model describes how your Company creates, delivers and captures value”

— Steve Blank



INPUT



Financial Capital

- Cash flow, generated from operations, reinvested
- 1.0 Debt: Equity



Manufactured Capital

- Integrated manufacturing facilities that deliver a variety of pigments in organic, inorganic, and effect category
- Efficient system, 800 quality tests, controls and processes



Human Capital

- Appropriate skills in manufacturing capabilities, training and development
- ~1285 employees



Intellectual Capital

- ‘Lean and Six Sigma certifications’ for innovative and consistent offerings
- Over 100 scientists and technical resources working at NABL-accredited and DSIR-approved labs



Natural Capital

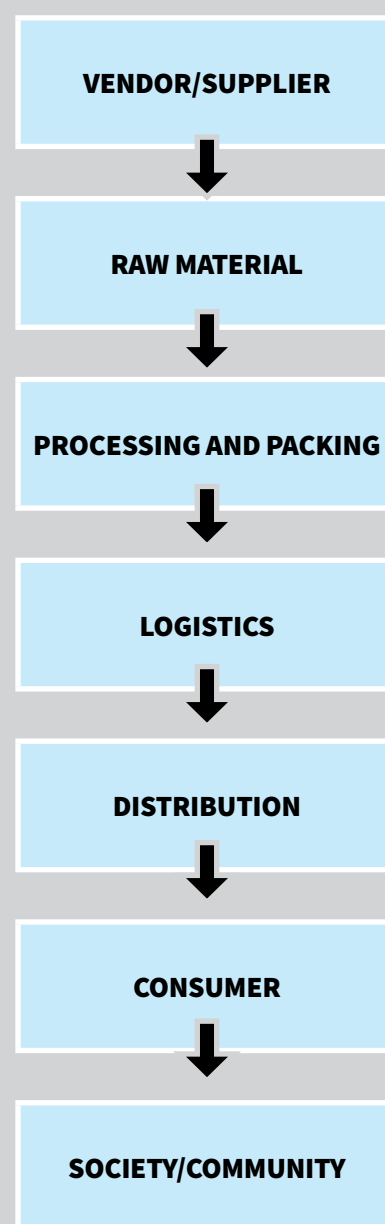
- Sustainable approach to production lines powered with a co-gen plant
- Harnessing renewable sources of energy like wind and solar to reduce load on other depleting energy sources
- Installed two windmills with capacity of 2.1 MW
- Set up solar power plants with capacity of 19.495 MW



Relationship Capital

- Engaging with stakeholders
- Being socially responsible

PROCESS



OUTPUTS

- Cash generated from operations amounted to ₹ 17,814.2 lakhs
 - Turnover increased by 18%
 - ROCE stands at 11.5%
-
- World-class products with applications across various sectors
 - On-time deliverables with target completion to customer, as per agreed specifications
 - Over 4,000 product specifications
-
- Reduced ‘lean-time’ and ‘idle-time’
 - Improved efficiency and motivation levels
 - Negligible production defects and wastages
 - Ethical waste management
 - Conserved 82 lakhs m³ per annum water through rainwater harvesting and recycling
-
- Generated 23,470 MWh units through solar power
 - Generated 5,510 MWh units through windmills
 - Generated 51,833 MWh through co-gen
 - Developed pigments meeting global standards at competitive costs
 - Spent ₹ 307.1 lakhs on Corporate Social Responsibility (CSR)

OUTCOME



Government and Society

- ₹ 33,899 lakhs contribution in form of direct and indirect tax



Regulatory Bodies

- Compliance teams in place to ensure adherence to regulations



Shareholders

- Capital appreciation and regular dividend
- Strong governance and transparency



Customers

- Offering wide range of products
- Fostering healthy and long-term customer relations



Suppliers

- Long-term relations and steady demand for raw materials



Employees

- Skilled workforce
- Low attrition
- Gender equality



Conservation of Energy

- ₹ 872 lakhs saved through co-gen power plant generated electrical power
- ₹ 347 lakhs saved through windmills
- ₹ 717 lakhs saved through solar power



Society

- Provided employment in and around manufacturing facilities
- Imparted education to 1500+ children through the Company-funded schools in vicinity

Environment Social Governance

We are committed to a high level of environment, social and governance (ESG) performance, which helps us drive sustainable value for our business and society.

Environment

Sudarshan's Environment, Health and Safety policy encompasses its general approach towards controlling environmental impacts of its business operations. We promote comprehensive environmental management systems as a Company while reacting to a varied array of environmental concerns



Social



We're concentrating on delivering and creating values for the stakeholders and for that we have positioned ourselves to attract world-class talent. We also emphasise volunteerism as a way to engage in community service and use our expertise. This fosters a volunteer-oriented corporate culture at Sudarshan and enhances our social standing.



Governance



Our values govern our actions and help us to do the right thing, the right way. We are dedicated to the highest standards of corporate culture and professional conduct, and we align our organisational philosophy by embedding the principles of good governance in our business. We nurture an open and transparent culture to strengthen our functioning and achieve business goals within relevant boundaries.

HOW WE CONTRIBUTE TO ENVIRONMENTAL WELL-BEING

Sudarshan is committed to protecting the environment and demonstrating leadership in the environmental initiatives and policies. We are dedicated to the notion of sustainable development in all parts of our operations. Sudarshan adheres with all environmental norms and standards.

Toward the Greener Environment

Sudarshan Chemical has installed two windmills to support energy requirements, which enables it to conduct environment-friendly operations and enhance profitability. Two windmills have been commissioned with a capacity of 2.1 MW each, generating power of 5,510 MWh for its power requirements at Mahad plant for clean energy. Solar power generation plants are installed at various locations of the company including Pune, Sutarwadi, Roha and Mahad, in Maharashtra. It has also invested in group captive Solar power plant in Satara, Maharashtra.

Waste Water Treatment

Sudarshan has state-of-the-art waste water treatment facility at Roha and Mahad. The Company follows stringent operational standards and continued its focus on environment management.



Wealth Out of Waste - Integrated and environmentally sound waste management system

Sudarshan implemented waste management system based on “Wealth from Waste” to install primary and secondary sludge dryer, with latter being used as manure. While in case of WWTP expansion, Sudarshan had considered reduction in greenhouse gases installation of AHR (Anaerobic Hybrid Reactor)” and capturing methane and allow us to use that methane in a beneficial way.

Through our various activities, we are not only mainly focusing on reducing water consumption in production but also recover valuable raw material. Using this approach we are making efforts to contribute to the SDG’s – Ensure sustainable consumption and production patterns

Due to the nature of industry which we are working, we understand our responsibility and our conduct, hence we strive to work toward waste reduction and minimisation, responsible waste management practices.

With a deep understanding of our impact on the environment, we’ve partnered with a non-profit organization, Know-How Foundation (INORA), to expand waste management, vermicomposting, and organic farming programs through our CSR drive. This allows us to contribute to the area’s overall sustainability by improving trash management, increasing recycling rates, and reducing organic waste.

Co-Gen Facility (Steam & Power Co-generation plant)

As part of our commitment towards the environment and to ensure uninterrupted power to our plant, we have successfully commissioned a steam & power co-generation plant” We expect to generate 62 Tons per hour of steam and 8MW per hour of electricity. Environmental benefits of the co-gen facility are:

- Uninterrupted power supply to process consistent quality of product
- Facilitating high efficiency for lesser fuel consumption

Environment, Health and Safety

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

- Sudarshan strives to create a strong Health & Safety culture. We are committed to implement process safety management (PSM) and safety management system (SMS) to achieve Zero Harm Culture by active involvement of all stakeholders. In this journey we have associated with CholaMS Risk Management Services to drive sustainable PSM culture with structured approach.
- Identifying, assessing, and minimizing risks to the employees and their surroundings
- Setting objectives to continually improve our performance in SHE
- Keeping abreast of all applicable statutory and other requirements and compliances related to Environment, Health and Safety. Adopting suitable safety and environmental practices and proactive measures to minimize associated hazards and risk arising due to our industrial activities
- Designing our processes and plant operations to minimize risk & wastage
- Enhancing the skill and competence of our employees through training
- Reducing our consumption of energy and natural resources
- Communicating our policy to all our employees, contractors, vendors and all other interested parties regularly



Certificates

ISO 14001 & ISO 45001

Our sites have been certified and function in accordance with the requirements of Safety, Health & Environment Management Systems in accordance with **ISO 14001-2015** and **ISO 45001-2018**



SGS - EFCI GMP

Our sites have been assessed and certified as meeting the requirements of EFCI GMP for Cosmetic Ingredients, 2017 for the Manufacture of Mica based pigment products and Black Iron Oxide for use as Cosmetic Ingredients.

HOW WE NURTURE COMMUNITY DEVELOPMENT



At Sudarshan, we identify and encourage integrity, knowledge, innovation, skill, diversity and teamwork of our employees. Our management principle is to achieve success and realise ambitions through sound business practices. We want to contribute positivity and spiritual prosperity to the people in India, including our employees, shareholders, clients, and local communities.

Sudarshan has our own CSR committee to oversee the all the initiatives undertaken for the betterment of society. The Company aspires to create effective and sustainable societal value through our CSR initiatives. Being a responsible citizen, Sudarshan contributes towards under privileged sections of the society, most importantly to the nearby livelihood of manufacturing locations at Roha and Mahad. We focus on empowering society from grassroot through our CSR initiatives and it is carried out through Sudarshan's Holistic Aspiration (SUDHA).



Living by Our Values

Sudarshan aspires to augment value creation in society and the local communities in which we operate by our services, conduct, and activities.



CSR Vision

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



CSR Mission

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

Objectives

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

Framework of Sudha

Women Empowerment

Our work focuses primarily on underprivileged women in the local community, around our facilities, to empower them through livelihood enhancement and vocational skill development projects. For the past six years we have been working on a Paper Bag Making project wherein, these women are trained to make various types of paper bags and then provided a market for the paper bags they make. We are targeting over 300 women covering over eight villages of Dhatav, Vashi, Talghar, Landhar, Belwade, Kamble, Killa and Bhugaon that falls in our vicinity. Some are also being trained on basic & advanced stitching to earn an income from various stitching assignments.

We have set-up a training centre 'Sukushal' at village level where women are getting training under various skills like stitching, beautician, baking etc. We have trained 200 plus women in the same training centre.

Apart from these, we also have conducted initiatives like masala manufacturing, production of cleaning materials like phenyl, handwash, herbal soap, brown rice, goat rearing, poultry etc. that extends the support to more than 1000 women.



We have Empowered



1,000+ Women
8+ Villages



Supporting Women for a Small Entrepreneurship Venture

SUDHA works towards inculcating a sense of independence & confidence, within the women of rural India. Under SUDHA, we trained & recruited more than 200 women and organised Rakhi stalls at various places in Pune, Roha, Mahad and Khopoli. This benefited them to earn a profit of about 86% on the capital cost. The women also make 'Nachni Papad' & 'Thali Peet' to earn their living.



Education

The founders of Sudarshan had independently started a school, J. M. Rathi English School, for the people of Roha in 1976 which caters to students of the entire Raigad community. Currently, 2,000 students are getting quality education and are being benefited from the school every year. This was the foundation of a life-long commitment to education.

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

Project Samutkarsh, commenced in collaboration with Seva Sahyog Foundation, aims to reach over 100 slums in Pune city over the next three years and will work to enhance child development, health & vocational education.

Sudarshan has also setup a computer lab at the JM Rathi School to be used not only by the students at the school but also for children of the local community. Basic computer education at the lab will be provided by established computer education firms in the region.

4 Rural Zilla Parishad Schools and 2 Anganwadis have been **ISO 9001:2015** (Quality Management System) certified which helps to bring the qualitative education facilities.



The J. M. Rathi English School, Roha provided education to over 2,000 Students
Provide education to 376 children in Pune slum area, 1 PMS School.
Provided digitization to 28 Rural School
Upgraded and developed infrastructure facility in 8 rural schools.
Distributed essential kitchen equipment's to 10 Anganwadis and 200 kids are beneficiaries of this initiatives.



Health and Community Development

School Continuous drinking water supply in India continues to be inadequate, despite longstanding efforts by the various levels of Government and communities towards improving coverage and service levels. In rural areas, finding safe drinking water is much more difficult. Sudarshan delivered water purifiers to 42 rural schools in the communities of Roha, Sutarwadi, and Mahad. Students who have access to clean water not only stay hydrated and awake during the day, but they also stay healthy.

Ideal Village Project

We planned and implemented The Ideal Village Project at Roha, which is our transformation project while keeping the soul of rural India alive and demonstrated our dedication to holistic development.

This project aims to achieve long-term beneficial change by integrating development across different categories (personal, economic, social, and human). SUDHA, in conjunction with Karve Institute of Social Sciences, aspires to implement the Sansad Adarsh Gram Yojana (SAGY) recommendations to make every village in the Sudarshan Chemical Industries Limited area a model village. We've started this effort in 15 villages across all of our locations.

Four Grampanchayat have been ISO 9001:2015 (Quality Management System) certified. This helps to strengthen the existing Panchayati Raj System at grass root level.



Community SUDHA identified the need for water in Sutarwadi and Mahad villages as part of its Community Development initiative. Two wells were built in the needy region, which has greatly aided in preventing locals from migrating. These wells have also aided the locals in their agricultural endeavours by providing water for their farms and animals, among other things.

Installed two RO plants at village level, providing safe drinking water facility to more than 3000 population.

Health:

1. Arogya Sakhi Programme: Arogya Sakhi have been appointed by the government, the company has provided them an additional honorarium to help create a sustainable health model in the villages.

A total of 15 Arogya Sakhis are functioning and covering 10,000 plus population. Arogya Sakhis (ASs) are women selected from the villages and play the role as health friends for the rural women and girls who can freely discuss their health problems, access information, health services, practices and more. They are providing home-based care facility.

2. Installed 8 sanitary napkins vending machines with awareness drive for the girls in Rural area school & colleges. 900 plus girls are availing this facility.



HOW WE ENSURE ROBUST FRAMEWORK



We at Sudarshan are dedicated to conducting business in an ethical, honest, and law-abiding manner. We feel that how we conduct ourselves is just as important as making the best products. Our corporate governance framework is meant to encourage principled behaviour, educated and effective decision-making, proper compliance and monitoring of performance, ensuring that shareholders' long-term interests are served.

Our values govern – doing the right thing, the right way. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met accordingly. 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.

The Company has the Code of Conduct in place for its employees, Senior Management and Directors. The same is accessible to all the employees so that they understand the importance of ethics and values that the Company observes. The Company encourages its stakeholders to seek guidance when necessary about our policies and to voice concerns about any actions that might include illegal activity, policy violations, or unethical behaviour, including violations of the Code of Conduct by Sudarshan employees.

Board Supervision

Members of our Board of Directors take a proactive, goal-oriented approach to ensure that Sudarshan remains committed to its aspirational goals while upholding high ethical and moral standards of business conduct. Annual board evaluations, which include self-evaluations and peer reviews, are reviewed by the Chairperson of the Nomination and Remuneration Committee.

The Company has put in place mechanisms and procedures to make sure that the Board of Directors are well-informed, well-equipped, and capable of carrying out our entire obligations and giving management the strategic direction to build long-term shareholder value.

To make sure that the Company maintains its dedication to its aspirational goals while preserving high ethical and moral standards of corporate conduct, members of our Board of Directors adopt a proactive, goal-oriented approach.



Board Diversity and Inclusions

Sudarshan's Board of Directors is constituted of a varied group of highly competent experts in different disciplines. The Board of the Company has an optimum combination of Executive Directors, Non-Executive and Independent Directors, including Women Independent Directors who have in depth knowledge of business, in addition to the expertise in their areas of specialisation.

Compliance Management System

The Company has a compliance software in place for tracking and documenting legal compliances for each location/site. The maker-checker method is used to record the state of compliance. The Board of Directors is periodically updated about the status of compliance.

Respect for Human Rights

We comply with national and international legal requirements and ensure that –

- We have zero tolerance for child labour and any form of forced labour, either directly or through contract.
- Sudarshan is committed to ensure that all our workplaces are free from all forms of discrimination or any kind of harassment including sexual harassment or any other harassment based on race, colour, religion, age, gender, sexual orientation, expression, nationality, disability, marital status, or any other protected category under applicable law.
- Sudarshan has always stood with the employees and when it comes to remuneration. We ensure that we meet local minimum wage levels and provide social benefits in accordance with national and international standards.



Ethics and Integrity

Sudarshan do not support bribery and corruption. We expect a positive support from our partners for being aware of our business ethics. We respect intellectual property rights, protect trade secrets and confidential information, and ensure that transfer of technology and know-how, is protected and kept safe. We never engage in or support unfair or predatory business practices or any activities that would improperly restrain trade.

Anti-Corruption and Bribery

The Company has zero tolerance for any form of corruption by its employees or by third parties when providing goods or services to the Company or acting on our behalf. Our Anti-Corruption Policy outlines our commitment to upholding anti-corruption legislation. Further the Code of Conduct is fully equipped to deal with incidences relating to fraud or corruption at any level.

Board of Directors

Name	Profile
 Mr. Pradeep R. Rath (Chairman)	Mr. Pradeep Rath has completed his M.S. in Chemical Engineering from MIT, USA and MBA from Columbia University, USA. He has been associated with the Company for more than four decades and he retired as a Managing Director in 2018. Mr. Rath also holds Directorship positions in other listed entities.
 Mr. Rajesh B. Rath (Managing Director)	Mr. Rajesh Rath has completed B.E. (Mechanical) from MIT, Pune, B.Sc. (Chemical) from Ohio University, USA and MBA from Pittsburgh University, USA. He has been associated with the Company for more than two decades
 Mrs. S. A. Panse (Non-Executive and Independent Director)	Mrs. S. A. Panse has completed M.Sc., Diploma in Business Management (D.B.M.), Masters in Management Sciences with specialisation in Financial Management from Pune University and MBA with specialisation in Bank Management from Drexel University, USA. She also has a professional qualification Certified Associate of Indian Institute of Bankers (C.A.I.B.). 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 was promoted as Chairperson and Managing Director of Allahabad Bank till 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 for 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 board of two international foundations, and also as an Independent Director on listed companies, and on the boards of varied 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 has been instrumental in the significant progress made by the 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, among others. 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 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.



Mr. Naresh 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 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 experience of more than 30 years in speciality chemicals, commodity plastics, chemicals and materials. Dr. Parikh is associated with various companies in India and abroad as a Management Consultant, Independent Director.



Mr. Ashish Vij
(Wholetime Director)

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



Mr. Anuj N. Rath
(Non-Executive and Non-Independent Director)

Mr. Anuj Rath holds a Bachelor's in Science from University of Alabama, USA, a Master's Degree in Business Management from Drexel University, USA, and a Master's Degree in E-Business from Temple University, USA. He has acquired broad experience working globally for over 20 years in strategic planning, marketing, sales and product management roles. He is associated with the Company for more than 15 years in various capacities, including being the Global Head of Cosmetics Division of the Company, prior to taking up the position of Director.

Corporate Information

Board Composition

Composition of the Board

Name of the Director	Designation
Mr. P. R. Rathi	Chairman
Mr. R. B. Rathi	Managing Director
Mrs. S. A. Panse	Non-Executive 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

Composition of Committees

Audit Committee

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

Nomination and Remuneration Committee

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

Stakeholders' Relationship Committee

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

Risk Management Committee

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

Corporate Social Responsibility Committee

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

Finance Committee

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

Shares Committee

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

List of Directors and Senior Management of Subsidiary Companies

RIECO Industries Limited

Name of the Director	Designation
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 Europe B.V.

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

Sudarshan Mexico S de R.L. de CV

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

Sudarshan North America Inc.

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

Sudarshan (Shanghai) Trading Company Limited

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

Sudarshan Japan Limited

Name of the Director	Designation
Mr. R. B. Rathi	Director
Dr. Deepak Parikh	Director
Mr. Eiichi Shimizu	Director, Lead Business Excellence and Digital Ink

Sudarshan CSR Foundation

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



Leadership Team



- Spiritually fulfilling
- Socially just
- Environmentally sustainable

Management Discussion and Analysis

GLOBAL ECONOMY

Global economic prospects have been severely set back, largely because of Russia's invasion of Ukraine. This crisis unfolds even as the global economy has not yet fully recovered from the pandemic. Even before the war, inflation in many countries had been rising due to supply-demand imbalances and policy support during the pandemic, prompting a tightening of monetary policy.

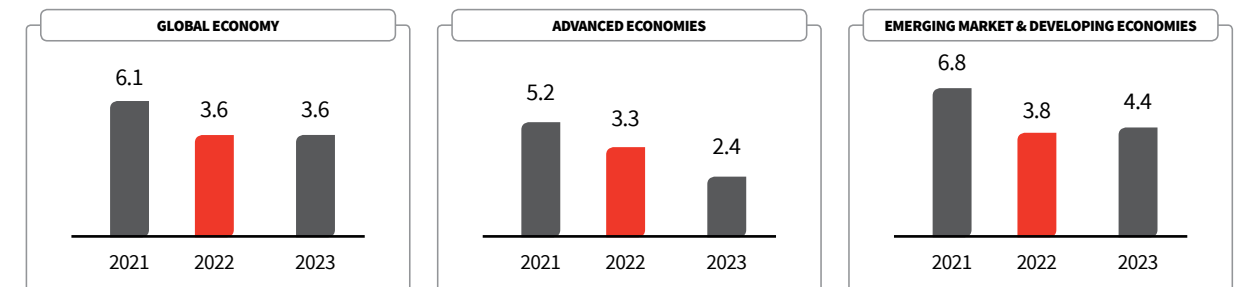
In this context, beyond its immediate and tragic humanitarian impact, the war will slow economic growth and increase inflation. Global growth is projected to slow from an estimated

6.1 percent in 2021 to 3.6 percent in 2022 and 2023. (Source: World Economic Outlook, April 2022: War dims global economic outlook as inflation accelerates (imf.org))

The IMF acknowledged that the any renewed flare up of the pandemic due to more virulent virus strain, tightening of fiscal policy and increase in interest rates by Central Banks, supply chain and commodity disruptions, labour market, inflation, the severity of China's economic slowdown, and other factors such as geopolitical tensions among countries will all have a significant impact on the global outlook in the coming years.

WORLD ECONOMIC OUTLOOK APRIL - 2022

GROWTH PROJECTIONS



INTERNATIONAL MONETARY FUND

IMF.org #WEO

(Source: World Economic Outlook, April 2022: War Sets Back The Global Recovery (imf.org))

INDIAN ECONOMY

The spike in retail inflation and continued geopolitical uncertainty have dented India's growth prospects, prompting economists to revisit projections for FY23. Experts, citing a global slowdown, surging oil prices and weak domestic demand have lowered forecast for India's economic growth for the next two fiscal years.

Due to the geopolitical tension around the world, the Indian economy is also affected as retail inflation hardened to an eight-year high of 7.79% in April. Elevated commodity prices, persistent supply bottlenecks and tightening liquidity conditions are likely to pull down the growth. The International Monetary Fund had slashed its FY23 GDP growth estimate to 8.2% from 9%, saying higher commodity prices would weigh on private consumption and investment.

PIGMENT INDUSTRY OVERVIEW

Over the past decade, there has been marginal growth in the global pigments industry. This growth is attributed

to increased adoption of pigments in different end-use industries, ranging from paints and coatings to construction. Being a partially fragmented business, the market remained rich during the historic timeframe owing to its increased usage.

The global market witnessed a CAGR of 4.2% during the historic period of 2016-2020. Soaring chemicals and paints & coating industry remained a major bedrock for the growth of the pigments business globally. Players in the business maintained a balance between their product offerings and R&D to penetrate the business.

Key Drivers:

Growth of the paints & coatings industry is likely to be a key driver of the pigments market during the forecast period.

Pigments are used extensively in the formulation of paints. Usage of pigments helps impart brightness, heat stability, and light stability to the paint. The architectural paints & coatings industry has grown considerably owing to rise in infrastructure development and construction activities in

Management Discussion and Analysis

developing economies. Furthermore, growth of automotive and consumer goods sectors has boosted the decorative paints & coatings industry. The per capita consumption of paints in developing countries is lower than that in developed countries and is likely to increase significantly in the near future, due to the economic growth.

Increasing plastic consumption is another driver of the market for pigments.

Pigments are employed as colorants in a wide range of plastics owing to their excellent compatibility with several plastics. Pigments impart unique appearance and styling effects to plastic products. High-performance organic and inorganic pigments are used in the plastics industry. Besides coloring effects and improved aesthetics, pigments increase the stability of plastics and improve their resistance to weather conditions such as heat and moisture.

The pigments market in Asia Pacific is anticipated to register more rapid growth rate.

Increasing population and rising per capita income are driving the demand, especially in building & construction and automotive industries.

Given our excellent quality, technological innovation and breadth of product portfolio, our company is in a unique position to capitalise on these opportunities and gain market share in long run.

BUSINESS OVERVIEW

Our Product offerings include various organic as well as inorganic such as azos, high-performance pigments, phthalocyanines (blue and green), pearlescent pigments etc used for various end applications

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

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

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

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

With these actions, we have seen consistent growth in revenues and profits. Over the last three years, we embarked on a transformation journey and have been investing in adding new capacities, expanding our portfolio into new pigment chemistries, building new businesses of specialised pigments and creating world class infrastructure. Despite large investments in infrastructure, we have effectively maintained and improved our financial metrics and key ratios. Earnings per share has nearly doubled during this period.

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

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

FINANCIAL OVERVIEW

FY 2021-22 was a year full of disruptions, apart from the raw material cost increases, we continued to see energy and logistics cost at an elevated level, this is pushing up the manufacturing and selling costs. With spiraling cost pressure on direct as well as the indirect material, our challenge was to protect margins while taking calibrated approach to balance volume growth.

Management Discussion and Analysis

(₹ in crores)

Particulars	Standalone		Consolidated	
	Year Ended 31 st March, 2022	Year Ended 31 st March, 2021	Year Ended 31 st March, 2022	Year Ended 31 st March, 2021
Income from Operations	1,918.9	1,708.5	2,200.8	1,864.1
Other Income	8.4	5.9	5.0	7.0
Total Income	1,927.3	1,714.4	2,205.8	1,871.1
Earnings before interest, tax and depreciation & amortization (EBITDA)	233.3	266.1	274.8	287.8
Profit before tax and exceptional items	137.5	170.5	171.1	190.4
Less: Tax Expense	37.1	43.5	41.1	50.3
Profit after tax	100.4	127.0	130.0	140.1

Standalone

On a standalone basis, the Company's Total Income has increased by 12%. EBITDA stood at ₹ 233.3 Crore as against ₹ 266.1 Crores in FY 20-21, and Profit after tax was recorded at ₹ 100.4 Crore in FY 21-22 as compared to ₹ 127.0 Crore in FY 20-21. Earnings Per Share {excluding exceptional items (net of related tax) and tax related to earlier year} for FY 21-22 was ₹ 14.5 as compared to ₹ 18.3 in FY 20-21.

Pigment Consolidated

Segment revenue for Pigment business was ₹ 2,019.7 Crore as compared to ₹ 1,753.0 Crore over the previous year, a growth of 15% YoY. EBITDA is at ₹ 281.0 Crore (16.0%) in FY 20-21 to ₹ 269.3 Crore (13.3%) in FY 21-22.

Export sales at ₹ 985 Crore in FY 21-22 as compared to ₹ 897 Crore in FY 20-21, a growth of 9.8% YoY. Domestic sales grew by 20.8% YoY and stood at ₹ 1,034 Crore.

Sales from our specialty pigment business at ₹ 1,378 Crore which is 68% of our revenues. Non-specialty sales contribute 32% of our revenues and stood at ₹ 642 Crore.

Consolidated

On a consolidated basis, the Company's Total Income was at ₹ 2,205.8 Crore as compared to ₹ 1,871.1 Crore during FY 20-21, a growth of 18% despite the disruptions throughout the year.

EBITDA for the year was at ₹ 274.8 Crore with margins of 12.5% as compared to ₹ 287.8 Crore in the previous year, with margins at 15.4%.

Profit after tax was recorded at ₹ 130.0 Crore in FY 21-22 as compared to ₹ 140.1 Crore in FY 20-21.

Earnings Per Share {from excluding exceptional items (net of related tax) and tax related to earlier year} has increased to ₹ 18.8 as compared to ₹ 20.2 in FY 20-21.

Key Ratios (Consolidated)	FY 21-22	FY 20-21
Return on Capital Employed (ROCE)	11.5%	15.3%
Debt to Equity Ratio	1.0	0.8
Current Ratio	1.1	1.2
Earnings Per Share	18.8	20.2
Operating Profit Margin	12.5%	15.4%
Net Profit Margin	5.9%	7.5%
Debt to Tangible Net Worth	1.0	0.9
Debt Service Coverage Ratio	1.4	1.7
Interest Coverage Ratio	9.6	11.3
Cash Conversion Cycle (in days)	96	86

There is no significant change (i.e. 25% or more) in any of the financial ratios except ROCE and Debt to Equity Ratio which has changed due to combined effect of 1) increase in capital employed on account of increase in borrowings to finance expansion projects and 2) dip in profitability during the current year.

RISK MANAGEMENT

Framework of risk management

The Company is exposed to a variety of risks, including sectoral risks, sustainability risks, operational risks, financial risks and cyber/information risks. Our success as an organization depends on effective risk management and our ability to identify and leverage the opportunities while managing the risks.

Risk management is thus a critical function that entails identifying, assessing, and prioritising risks, as well as the coordinated and cost-effective application of resources to reduce, monitor, and control the likelihood and/or

Management Discussion and Analysis

impact of uncertain events, or to maximise the realisation of opportunities. Risk management also aims to detect and manage hazards that could have a significant negative impact.

The establishment and oversight of the Company's risk management framework is the responsibility of the Board of Directors. A Risk Management Committee has been formed in accordance with Regulation 21 of the 2015 Listing Regulations. The Committee's major objective is to review the Company's risk management strategy and ensure that risks are kept below acceptable bounds.

The company has a risk management system in place, including a documented risk management policy and risk register which is regularly updated. A risk register is a collection of risks that are classified as sectoral risks, sustainability risks, operational risks, financial risks and cyber/information risks. It also includes management controls and risk ratings. These are continuously evaluated and updated to reflect changes in the operating environment and the Company's activities. Annual risk management controls and processes assessments are also undertaken independently, with the results reviewed by the risk management committee twice a year.

The Company also has a robust insurance programme with the objective of transfer of insurable risks for potential catastrophic losses.

Managing uncertainties in current times

The Company regularly identifies uncertainties and after due evaluation, short-term and long-term actions to mitigate the risks are finalised and acted upon. Current year also posed several challenges wherein amidst Covid pandemic we witnessed supply chain disruptions and inflationary scenario globally which aggravated due to geo-political issues and war.

Amidst supply chain disruptions and inflationary trend, procurement team took several measures to ensure raw material availability and efficient procurement. Sales team took calibrated approach on product pricing and price negotiations for margin protection as well as growth. The projects and product development team also co-ordinated to complete capex projects under implementation and minimise delays and fast track commercial scale up which will be the key priority for FY 23.

Senior leadership ensured a governance framework around these initiatives.

The risks emerging from the geo political developments were assessed and actions for risk mitigation were presented to Risk Management Committee.

ENVIRONMENT, CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Being a responsible corporate citizen, we are committed to protect the environment, our social responsibility extends beyond statutory obligations; it is ingrained in our culture.

We have initiated several measures to support our employees, business partners, and communities. During this nationwide crisis, we continuously monitored employee well being with the value of SEVA through 24*7 Covid Medical Call Centre managed by Sudarshan Employee Volunteers. Vaccination drives were facilitated for all our employees & their families, we had a tie-ups with various private hospitals for medication and hospitalization support. These initiatives helped us in managing the Emotional Health of employees & their families.

Various initiatives under the framework of Sudha are being conducted which run around Women Empowerment, Education, Health and Community Development. These programmes are targeted to promote holistic community development.

We put strong emphasis on high standards of corporate governance and professional conduct we have therefore aligned our organisational philosophy by embedding the principles of good governance.

Initiatives Toward Greener Environment

We are committed to Environmental wellbeing and therefore adhere to all environmental norms and standards. Company has invested in green energy – wind power as well as solar power. Further investments in state of art effluent treatment facilities and waste management systems allow us to contribute to overall sustainability through waste reduction/minimisation, trash management and recycling.

Moreover, captive power generation plants are installed at the Roha and Mahad Plants which generate power while using the in-process steam.

PEOPLE AND CULTURE

Employee Engagement

Businesses are centered around people and our employees play a vital role in the success of Sudarshan and are essential towards generating shared value. We have always strived for fair employment practices, be it in terms of remuneration, health, and safety, well-being, or towards learning and development. Sudarshan is committed towards providing a safe and positive working environment with our various engagement and development initiatives.

Some of the cultural and employee engagement initiatives at Sudarshan are,

Management Discussion and Analysis

- Living Sudarshan Culture [Vision, Mission, Values (VMV) Workshop] - Any organization well-stated Vision, Mission, Values and Goals serve as its cultural drivers. This framework is key enabler for us to achieve our higher purpose of "Growing Together by being Spiritually fulfilled, Socially Just, and Environmentally Sustainable".
- Value week celebrations and newsletters - Quarterly value week celebration helps in revitalizing and reinforcing our core values and collaborate as a team to fulfil organizational goals, newsletters covering Value Stories helps employees to stay connected to these core values.
- Spiritually Fulfilling Life at Sudarshan - This initiative aids employees in focusing on the spiritual side of life. With exposure to spiritual practises and the chance to engage in them at work, this initiative seeks to help employees find their centre. Additionally, this also helps to align employees with the organization's vision, mission, and values through spiritual practises and ideas.
- Fun at Work - Under this initiative we provide a fun-filled environment for employees to make them feel stress-free, more productive, more creative, and more engaged.

In the long run, we are sure that these initiatives will have a positive impact on the growth journey of the organization.

Sudarshan Learning Academy

At Sudarshan, we give great emphasis on the competency building and excellence in the skills that are needed to deliver quality work. We encourage employees towards personal development and acquiring new skills. For the same, we have developed a platform called Sudarshan Learning Academy that works towards competency building of the employees. Company has initiated competency building programme such as Leadership Development Program (LDP), Management Development Program (MDP) for senior and middle level managers to build behavioural and technical competencies.

Shop floor transformation

Safety is our # 1 goal and to achieve this we all work towards zero tolerance to any deviation from safety practices. Lot of emphasis is given on awareness, training and constant vigilance.

Further, in order to emphasize Capability Development and enhance multi-tasking at shop floor various transformation initiatives like People Pillar, Self-managed team are implemented.

Also regular rewards & recognition programs for self managed teams foster a culture of appreciation & elevate performance in operations team to achieve individual & departmental goals.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that Internal Control is one of the key pillars of governance, which provides freedom to the management within a framework of appropriate checks and balances. The Company has a robust internal control framework, which has been developed considering the nature, size, and risks that could hinder the Company from achieving its objectives. The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording, and reporting transactions of its operations. The Company has a well-placed, proper, and adequate internal controls environment, commensurate with the size, scale, and complexities of its operations. The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity-level policies, processes, and operating level standard operating procedures (SOP). Internal control systems are an integral part of your Company's Corporate Governance structure. Information Technology (IT) policies and processes play a key role in achieving our control objectives. The application systems and business processes are continuously improved by adopting best-in-class processes and automation and implementing the latest IT tools which help further for maintaining financial and commercial discipline. As part of this journey, the Company has recently upgraded to SAP S4 HANA. All IT General Controls were thereafter assessed to ensure the security, integrity, and reliability of business processes and financial information running on this application.

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

- Recording and providing reliable financial and operational information;

Management Discussion and Analysis

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

The management has assessed the effectiveness of the Company's internal control over financial reporting as of 31st March 2022.

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

The Audit Committee reviewed the reports submitted by the Management and Internal Auditors. Based on their evaluation (as defined in section 177 of the Companies Act, 2013 and

Regulation 18 of Listing Regulations, 2015), the Company's Audit Committee has concluded that, as of 31st March 2022, the Company's internal financial controls were adequate and operating effectively.

CAUTIONARY STATEMENT

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

Directors' Report

to the Shareholders - 2021-22

Your Directors are pleased to present the 71st Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2022.

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

1. FINANCIAL HIGHLIGHTS:

The Company's financial performance for the year ended 31st March 2022 is summarised below (Refer Notes to the Audited Standalone Financial Statements).

₹ in lakhs		
Particulars	FY 2021-22	FY 2020-21
Revenue from Operations	191,891.1	170,850.1
Earning Before Interest, Tax, Depreciation and Amortisation	24,166.4	27,206.1
Less : Interest	1,731.1	1,640.0
Less : Depreciation	8,689.5	8,514.5
Add : Exceptional Income	-	1,072.8
Less : Provision for Tax	3,708.2	4,501.0
Total Profit After Tax	10,037.6	13,623.4
Other Comprehensive Income	187.1	47.7
Total Comprehensive Income	10,224.7	13,671.1
Add : Surplus Brought Forward	53,322.2	39,776.0
Transfer from OCI to Hedge Reserve	(269.6)	(124.9)
Net Profit available for appropriation	63,277.3	53,322.2
Appropriation		
Final Dividend	(4,153.6)	-
Total Appropriation	(4,153.6)	-
Surplus to be carried forward	59,123.7	53,322.2

2. (A) FINANCIALS:

Revenue from operations for the year ended 31st March 2022 aggregated to ₹ 191,891.1 lakhs as against ₹ 170,850.10 lakhs achieved during the previous year. Profit after tax from for the year ended 31st March 2022 was ₹ 10,037.6 lakhs as against ₹ 13,623.4 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 2022 stood at ₹ 220,580.8 lakhs, as compared to ₹ 187,112.7 lakhs in FY 2020-21.

During the year under review, your Company faced many challenges viz. overall impact of two waves of Covid-19, energy crisis in China resulting in supply chain disruption, volatile geo-political situation on account of ongoing Russia-Ukraine crisis, unprecedented increase in raw material

Directors' Report to the Shareholders - 2021-22

and indirect material cost. Despite challenging environment, your Company managed to deliver resilient performance during the year under review.

(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 Company's overseas Wholly Owned Subsidiaries set up with the objective of marketing and selling Pigments continue to record improved performance. The Overseas Subsidiaries have entered a consolidation phase and will play a crucial role in positioning the Company as a dominant player in the Global Pigment Industry.

(C) OPERATIONS

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

(D) CAPACITY EXPANSION:

Despite impact of Covid-19 on operations, the Company continued its expansion plans and has incurred capex spend of ₹ 302.44 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 the Wholly Owned Subsidiaries viz., RIECO Industries Limited, Sudarshan CSR Foundation, Sudarshan Europe B.V., Sudarshan (Shanghai) Trading Company Limited, Sudarshan Japan Limited and Step-Down Subsidiaries viz., Sudarshan North America Inc. and Sudarshan Mexico S de R. L. De CV.

3. IMPACT OF COVID-19:

Outbreak of Covid-19 in India and world and partial lockdowns on account of the pandemic severely impacted the domestic demand during first quarter of the year. Several customers reported significant shrinkages in the margins.

Prioritisation of oxygen supply to medical sector instead of industrial requirements and non-availability of manpower impacted the execution of capex projects during the first quarter of the year. As compared to second wave, the impact on operations on account of third wave in the last quarter of the year was limited.

4. DIVIDEND:

The Board of Directors at its meeting held on 26th May 2022, had recommended a Final Dividend of ₹ 5/- (Rupees Five only) per equity share of ₹ 2/- each (i.e. 250%) for FY 2021-22. A proposal seeking shareholders' approval for the declaration and payment of the said Final Dividend for FY 2021-22 is forming part of the Notice. If approved by the Shareholders, the Final Dividend shall be paid between 22nd August 2022 and 29th August 2022. In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividend paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source. The dividend payout is in accordance with the Company's Dividend Distribution policy.

For the year ended 31st March 2021, the dividend paid was ₹ 6/- per Equity Share of ₹ 2/- each, (i.e. 300%). 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. SHARE CAPITAL:

The paid-up Equity Share Capital as on 31st March 2022 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.

Directors' Report

to the Shareholders - 2021-22

NON - CONVERTIBLE DEBENTURES:

During the year under review, 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 2022.

6. TRANSFER TO RESERVE:

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

7. FIXED DEPOSITS:

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

8. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 134(3)(c) of the Companies Act, 2013, Directors of the Company, to the best of their knowledge and belief with respect to FY 2021-22, 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 Regulations, 2015, a separate chapter titled 'Report on Corporate Governance' has been included in this Annual Report, along with the reports on the Management Discussion and Analysis and Shareholders' Information.

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

10. MANAGEMENT DISCUSSION AND ANALYSIS:

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

11. BUSINESS RESPONSIBILITY REPORT:

Regulation 34(2) of the SEBI Listing Regulations, 2015, as amended, inter alia, provides that the annual report of the top 1000 listed entities based on market capitalisation (calculated as on 31st March of every financial year), shall include a Business Responsibility Report (BR Report).

Since Sudarshan Chemical Industries Limited is one of the top 1000 listed entities as on 31st March 2022, the Company, as in the previous years, has presented its BR Report for FY 2021-22, which is part of this Annual Report.

12. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All transactions entered into with related parties during the financial year were in ordinary course of business and at arm's length basis, which were approved by the

Directors' Report to the Shareholders - 2021-22

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 2022, the composition of the Audit Committee is as under –

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

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during FY 2021-22.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

The Company has been carrying out various CSR activities in the areas specified in terms of Section 135 read with Schedule VII of the Companies Act, 2013, and Rules made thereunder. The details of CSR activities undertaken by the Company are annexed herewith as **Annexure 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, etc., and the projects would be planned and implemented accordingly.

The Company shall spend at least 2% (two %) 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 INTERNAL CONTROLS:

The Company has put in place appropriate risk assessment and minimisation procedures, which are reviewed by the Risk Management Committee, Audit Committee and the Board. As per the requirements of SEBI Listing Regulations, 2015, a Risk Management Committee has been constituted with responsibility of preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, to identify and review critical risks on regular basis, to report key changes in critical risks to the Board on an ongoing basis, to report critical risks to Audit Committee in detail on yearly basis and such other functions as may be prescribed by the Board. The Committee is supported by an Enterprise Risk Management (ERM) team which provides advice on various risks and the appropriate Governance framework and ensures that risks are identified, measured and managed in accordance with the Companies Policies and risk objectives. The Committee holds meetings periodically where gap between two meetings does not exceed 180 days. The risks faced by the Company and their minimisation procedures are assessed periodically.

Directors' Report to the Shareholders - 2021-22

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

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

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

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

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

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

17. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. P. R. Rathi (DIN:00018577), Chairman and Non - Executive and Non - Independent Director, was liable to retire by rotation, and being eligible had offered himself for the reappointment at the 70th Annual General Meeting held on 6th August 2021. The members' approval was sought at the 70th Annual General Meeting for re-appointment of Mr. P. R. 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. N. Rathi (DIN: 00018683) Non - Executive and Non-Independent Director of the Company retires by rotation and being eligible, offers himself for reappointment. A resolution seeking members' approval for his reappointment forms part of the Notice.

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

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

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

Details of the Director seeking appointment / re- appointment including profile of this Director, are given in the Notice convening the 71st Annual General Meeting of the Company.

Directors' Report

to the Shareholders - 2021-22

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 2022:

- a. Mr. R. B. Rath, Managing Director
- b. Mr. A. Vij, Wholetime Director
- c. Mr. Nilkanth Natu, Chief Financial Officer
- d. Mr. Mandar M. Velankar, Deputy General Manager
– Legal and Company Secretary.

DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them 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. There has been no change in the circumstances affecting their status of Independent Directors of the Company.

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

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

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

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

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

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

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

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

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

18. EMPLOYEE STOCK OPTIONS:

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

At the meeting held on 28th February 2020, the Board of Directors had approved the Scheme for grant of Stock Appreciation Rights Plan (SARs), for which approval of shareholders was sought by way of Postal Ballot.

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

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.

Directors' Report

to the Shareholders - 2021-22

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>

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 of the Company to be held in 2022.

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 this 71st Annual General Meeting upto the conclusion of the 76th Annual General Meeting to be held in year 2027, subject to approval of shareholders.

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, M/s. S R B C & CO LLP, Chartered Accountants, Pune, have confirmed that they are eligible to be appointed as Statutory Auditors.

A resolution seeking approval of shareholders for appointment of M/s. S R B C & CO LLP as Statutory Auditors forms part of the Notice convening 71st Annual General Meeting.

The notes on the Audited Financial Statements referred to in the Auditor's Report are self-explanatory and hence do not call for any further comments. The Auditor's Report does not contain any 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 2022-23.

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

Directors' Report to the Shareholders - 2021-22

made thereunder, is required and accordingly, such accounts / records have been made and maintained..

24. SECRETARIAL AUDIT AND SECRETARIAL STANDARDS:

Dr. K. R. Chandratre, a Practicing Company Secretary, (FCS No. 1370, C. P. No. 5144) Pune, was appointed as the Secretarial Auditor of the Company for FY 2021-22 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. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12):

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

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

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

maintain the highest standards of environment, safety and health while maintaining operational integrity. This policy is strictly adhered to at all locations of the Company. The Company's internal control systems commensurate with the nature and size of its business operations. The Audit Committee of the Board of Directors regularly reviews the adequacy of internal control system.

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

27. RESEARCH AND DEVELOPMENT:

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

The Company has spent ₹ 10.54 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 the Annexure I to this Report.

28. DISCLOSURES:

Board and its Committees:

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

MEETINGS OF THE BOARD:

During FY 2021-22, 7 (Seven) Board Meetings were held, details of which are given in the Corporate Governance Report, which is a part of this Annual Report.

Directors' Report to the Shareholders - 2021-22

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 2022, 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 2022. The Company has complied with all the legal requirements in respect of the Material Subsidiary.

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

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

Consolidated Financial Statements:

Your Company's Board of Directors is responsible for the preparation of the Consolidated Financial Statements of your Company 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>

Annual Return:

The Annual Return of the Company for the year under review is available on the website of the Company at www.sudarshan.com

Directors' Report

to the Shareholders - 2021-22

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 there under

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

Significant and Material Orders passed by the Regulators and Courts

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

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

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

Statement of Deviation(s) or Variation(s)

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

Regulations, 2015.

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

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

29. RECOGNITION

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

30. APPRECIATION

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

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

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

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

Date: 26th May 2022

Place: Pune

P. R. RATHI

CHAIRMAN

Annexures to the Directors' Report

ANNEXURE I

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

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

(₹ in lakhs)

Particulars	Sudarshan Europe B.V.	Sudarshan North America Inc.,	RIECO Industries Limited	Sudarshan (Shanghai) Trading Company Limited	Sudarshan Mexico S de R.L. De CV	Sudarshan Japan Limited
Total Income	30,299.6	11,376.3	18,237.9	423.1	5,524.3	560.6
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,783.2	612.7	631.3	62.5	417.7	(115.6)
Less : Interest	88.1	23.2	137.4	25.9	-	10.3
Less : Provision for Taxation	350.7	-	73.6	-	94.8	0.9
Less : Depreciation	32.7	0.4	201.5	0.2	0.3	1.3
Profit After Tax	1,311.7	589.1	218.8	36.4	322.6	(128.1)

Note: Sudarshan CSR Foundation (CSR foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (Company), is a "not for profit Company" under Section 8 of the Companies Act, 2013. Main objective of CSR Foundation is to carry out CSR activities as per the CSR policies of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.

(b) Conservation of energy-

i. Steps taken or impact on conservation of Energy

Electrical Power of 51,833 MWH was generated from Company's Cogen Power Plant during the year. Total savings achieved by the Company due to the said power generation amounted to ₹ 872 lakhs.

ii. Steps taken by the Company for utilising Alternate sources of energy (Green Energy)

Electrical Power of 5,510 MWH was generated from 2 (Two) 2.1 MW windmills during the year. Total savings achieved by the Company amounted to ₹ 347 lakhs.

Electrical Power of 23,470 MWH was generated from Solar Power Plant during the year. Total savings achieved by the Company amounted to ₹ 717 lakhs.

iii. The capital investment on energy Conservation equipment

Total capital investment amounted to ₹ 589 lakhs and total savings achieved amounted to ₹ 665 lakhs

(c) Technology Absorption -

i. The efforts made towards technology absorption:

- Installation of LED lights
- Installation of high efficiency motors and pumps,
- replacement of old IE2 and IE1 motors with IE3 and IE4 high efficiency motors,
- Installation of energy efficient cooling tower fans,
- Installation of oxygen and blowdown control system for boiler in Mahad,
- Installation of air boosters, flash vessel and auto condenser cleaning systems for ice plants,
- Installation of VFD for big power motors i.e. PA Fan and MCW Pumps,
- Installation of condensate and flash steam recovery for Mica and HPP (Roha) and for BG (Mahad) etc.,
- replacement of conventional tray dryers by high efficiency CD dryers, imported from China,

Annexures to the Directors' Report

- addition of large capacity lower steam consumption SFDs in place of tray dryers,
- installation of automatic power factor bans to improve PF to 0.99 from manual capacitors.

Water Saving Projects:

Installation of auto control valve with conductivity-based operation in filter presses and recycling of water resulted water saving of 82 lakhs m3 per annum. Addition of large capacity low water consumption filter presses imported from China. Reduction in steam consumption by 1%, hot water generation by utilising condensate. Total saving achieved from Water Saving Projects amounted to ₹ 63 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

- New grades of Pigments - Development and Introduction.
- High Performance Pigments and Effect Pigments.
- New grades of Organic Pigments for cosmetic application.
- Existing Pigments - Improvement in quality, productivity and cost reduction to meet the customer's changing requirements.
- New grades of Effects Pigments for cosmetic application.
- Improvement in products to meet global regulations.
- New grades of classical and high performance pigments for digital ink application.

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

- New products generated additional business.
- Improvement in product quality and productivity that helps to reduce ETP load.

- Increase in capacities of existing products to meet the growing customer demand.
- Cost competitive products to meet the Chinese competition.
- Reduction in waste generated and energy inputs.
- Reduce dependence for critical raw material sourcing.

(d) Foreign exchange earnings and Outgo-

- Total Foreign Exchange Earned: ₹ 90,092.3 lakhs (Previous year ₹ 83,842.9 lakhs)
- Total Foreign Exchange Used: ₹ 48,113.3 lakhs (Previous year ₹ 39,898.1 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

- accepted during the year - Nil
- remained unpaid or unclaimed as at the end of the year - ₹ 20.4 lakhs.
- whether there has been any default in repayment of deposits or payment of interest thereon during the year - No
- 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

Annexures to the Directors' Report

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 2021-22 : ₹ 822,324/-

Name	Total remuneration	Ratio	% increase in remuneration
Mr. P. R. Rathi	5,178,206	6:1	8.02
Mr. R. B. Rathi	68,337,376	83:1	7.71
Mr. A. N. Rathi	1,000,000	1:1	Nil
Mr. D. N. Damania	1,500,000	1:1	Nil
Mr. S. Padmanabhan	1,000,000	1:1	Nil
Mr. S. K. Asher	1,000,000	1:1	Nil
Mrs. R. F. Forbes	1,000,000	1:1	Nil
Mrs. S. A. Panse	1,500,000	1:1	Nil
Mr. N. T. Raisinghani	1,000,000	1:1	Nil
Dr. D. Parikh	1,000,000	1:1	Nil
Mr. A. Vij	17,987,342	21:1	5.63
Mr. Nilkanth Natu	6,531,092	7:1	Not Comparable
Mr. M. Velankar	5,426,882	6:1	12.09

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

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

Mr. Nilkanth Natu was appointed as a Chief Financial Officer effective 28th July, 2020.

Remuneration of other Directors include amount of Commission (proposed this year)

(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 2021-22 – median salary – ₹ 822,324/- FY 2020-21 – median salary – ₹ 793,260/- (percentage increase 3.66 %)

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

There were 1,285 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 2021-22 aggregates to 11.1%. Despite outbreak of the Covid-19 pandemic and its impact on the operations of the Company, your Company granted an increase average percentile in the salaries of the employees.

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

Yes

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

Date: 26th May 2022
Place: Pune

P. R. RATHI
CHAIRMAN

Annexures to the Directors' Report

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 & surplus)	Investments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	% of Shareholding
1	RIECO Industries Limited	Rupees	1,250.0	700.1	11,301.2	9,351.1	-	18,152.9	292.4	73.6	218.8	100%
2	Sudarshan Europe B.V.	Euro	1,909.0	3,228.0	15,632.4	10,495.4	2,467.8	30,265.5	1,662.4	350.7	1,311.7	100%
3	Sudarshan North America Inc.	US Dollars	2,467.8	(1,303.2)	6,734.6	5,570.0	-	11,376.3	589.1	-	589.1	100%
4	Sudarshan (Shanghai) Trading Company Limited	CNY	477.6	(490.6)	591.1	604.1	-	417.3	36.4	-	36.4	100%
5	Sudarshan Mexico S de R.L.de CV	US Dollars	0.1	357.4	3,995.1	3,637.6	-	5,524.3	417.4	94.8	322.6	100%
6	Sudarshan Japan Limited	JPY	65.1	(239.3)	181.1	355.3	-	-	(127.2)	0.9	(128.1)	100%

Notes:

- All figures provided are in ₹ lakhs.
- The reporting period for all Subsidiaries mentioned above is from 1st April 2021 to 31st March 2022.
- None of the aforesaid subsidiaries have declared dividend during FY 2021-22, except Sudarshan Europe B. V.
- 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: 26th May 2022
Place: Pune

P. R. RATHI
CHAIRMAN

Annexures to the Directors' Report

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 modernisation of the business and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

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

Category of Dividends

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

Factors to be considered while declaring Dividend

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

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

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

Financial Parameters

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

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

External Factors

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

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

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

Internal Factors

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

- i) Profits earned during the year;
- ii) Present & future capital requirements of the existing businesses;
- iii) Brand / Business Acquisitions;

Annexures to the Directors' Report

- iv) Expansion / 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.

Annexures to the Directors' Report

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: 26th May 2022
Place: Pune

P. R. RATHI
CHAIRMAN

Annexures to the Directors' Report

ANNEXURE V

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

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 2021-22 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. Projects undertaken so far include:

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

Annexures to the Directors' Report

B. Stitching Project: Women from 3 villages near the Roha plant, keen to acquire this skill, were given professional training. Machines were provided and today some have taken up tailoring independently to earn their livelihood. This project was later extended to Sutarwadi Village near Pune city. During FY 2021-22 the Company has started its own stitching training centre.

2. ENVIRONMENT

In waste management at present SUDHA is working with more than 2500 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 helps students stay hydrated and alert during the day, safe water also helps them avoid diseases.

II. Community:

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

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. JMRES School - Roha - Promotion of Education
4. ISO Certified School - 4 Rural Zilla Parishad schools and 2 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 15 villages around its plant locations.

COVID-19 - MAKING A DIFFERENCE TO OUR COMMUNITIES

With the current global health crisis, the Government of India has declared Covid-19 to be a "notified disaster".

Annexures to the Directors' Report

Company has decided to focus on the two most critically impacted communities around its businesses. Company has developed Pediatric Ward in a government Hospital especially to deal with Covid Positive cases of Children. The Company has provided infrastructure, medical equipment friendly decorations, playing equipment etc.

Covid Vaccination – The Company has developed their Vaccination unit and vaccinated more than 5000 community people including daily wage workers, senior citizens, and under privileged communities.

Availability of PPE (Personal Protective Equipment) for health department

Using Company's current SHG's [Self Help Group] of paper bag women, the Company has trained 140 women for preparing cloth masks. 10,000 masks have been supplied to Government Health Departments, Police Department, Asha workers and Rural Health Centers. 8,000 masks have been supplied for the protection of Industrial workmen. This process will continue, and Company aims to provide another 400,000 masks in due course of time.

Flood Relief Operation:

During the flood situation in Mahad, many people were struggling with their basic needs like water, food shelter and clothes. Company had supported the Government of Maharashtra and had rendered below mentioned help to the affected families, and villages:

- Distributed 1,000 kits including food grains and essential things
- Raised donations in the forms of Kinds like bedsheets, sanitary Napkins, Sanitizers, and 800 kits from various stakeholders
- Donated 1000 bedsheets, and 2 Temporary shelters were given to land sliding families.
- Developed infrastructure of schools which were damaged during flood.

The Company is focusing on areas of highest unmet need, including ensuring basic human needs, addressing medical supply shortages and supporting continued care of Company's most vulnerable communities.

The Company is delighted to serve the communities and Country in these difficult times.

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	1	1
2.	Mr. P. R. Rath Member	Non-Executive and Non-Independent Director	1	1
3.	Mr. R. B. Rath Member	Managing Director	1	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company – <https://www.sudarshan.com/company-policies.php>
4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable - Not Applicable for FY 2021-22

Annexures to the Directors' Report

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – 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/-
TOTAL		1,259,917/-	117,835/-

6. Average net profit of the Company as per section 135(5). – ₹ 1,541,781,599/-
7. (a) 2% of average net profit of the Company as per section 135(5) – ₹ 30,835,632/-
- (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 – 117,835/-
- (d) Total CSR obligation for the financial year (7a+7b- 7c). – ₹ 30,717,797/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
30,717,797	Nil	N.A.	N.A.	Nil	N.A.

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

No amount spent on ongoing projects during the year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		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											

Annexures to the Directors' Report

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		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.	Employment Enhancing vocational skill	Skill Development	Yes	Maharashtra	Pune and Raigad	424,427	No	Sudarshan CSR Foundation	CSR00004362
2.	Disaster Management - Flood, COVID relief operations Cyclone	Disaster Management	Yes	Maharashtra	Pune, Raigad, Kolhapur and Sangli	9,703,289	No	Sudarshan CSR Foundation	CSR00004362
3.	Scholastic Development of Children & Youth	Promotion of Education	Yes	Maharashtra	Pune and Raigad	2,000,000	No	JM Rath Trust	CSR00000907
4.	PMC School - Provided Fellow for school	Promotion of Education	Yes	Maharashtra	Pune	491,715	No	Teach to Lead	CSR00002271
5.	Development of Rural School	Promotion of Education	Yes	Maharashtra	Pune and Raigad	1,037,045	Yes	Nil	N.A.
6.	Sustainable Waste Management	Ensuring Environment Sustainability	Yes	Maharashtra	Pune and Raigad	3,642,111	No	Know How Foundation	CSR00002818
7.	Comprehensive/ Ideal Village Development	Community Development	Yes	Maharashtra	Pune and Raigad	12,655,296	No	Karve Institute Of Social Science, Pune	CSR00000986
TOTAL						29,953,883			

(d) Amount spent in Administrative Overheads - ₹ 763,914

(e) Amount spent on Impact Assessment, if applicable - Not applicable for FY 2021-22

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 30,717,797

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

Sl. No.	Particular	Amount (in ₹)
(i)	2% of average net profit of the Company as per section 135(5)	30,835,632
(ii)	Total amount spent for the Financial Year	30,717,797
(iii)	Excess / (Deficit) amount spent for the financial year [(ii)-(i)]	(117,835)
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	1,259,917
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1,142,082

Annexures to the Directors' Report

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

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

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- (asset-wise details). – Not Applicable for the FY 2021-22.

- (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

Sd/-
NILKANTH NATU
CHIEF FINANCIAL OFFICER

Sd/-
R. B. RATHI
MANAGING DIRECTOR

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

Annexures to the Directors' Report

Annexure VI

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To:

The Members,

Sudarshan Chemical Industries Limited,

162, Wellesley Road, Pune - 411 001

Maharashtra - India

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022 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 External Commercial Borrowings. (There were

no Foreign Direct Investment and Overseas Direct Investment transactions in the Company during the Audit Period);

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and 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 Debt Securities) Regulations, 2008 and 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, 2009 and 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).**

Annexures to the Directors' Report

(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) Manufacture Storage and Import of Hazardous Chemical Rules, 1989, as amended;
- b) Environment Protection Act, 1986;
- c) Public Liability Insurance Act, 1991;
- d) Petroleum Act, 1934 and Petroleum Rules, 2002;
- e) Explosives Act, 1884 and Gas Cylinders Rules, 2016;
- f) Air (Prevention and Control of Air Pollution) Act, 1981;
- g) Water (Prevention and Control of Pollution) Act, 1974;
- h) 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 (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during

the period under review were carried out in compliance with the provisions of the Act.

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

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

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

I further report that during the audit period 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 (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company, subject to necessary approval of 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, within the overall limit of borrowing approved by the members of the Company from time to time.

Dr. K. R. Chandratre

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

UDIN: F001370D000400439

Peer Review Certificate No.: 1206/2021

Place: Pune

Date: 26th May 2022

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.

Annexures to the Directors' Report

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To:

The Members,

Sudarshan Chemical Industries Limited,

162, Wellesley Road, Pune - 411 001

Maharashtra - India

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Dr. K. R. Chandratre

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

UDIN: F001370D000400439

Peer Review Certificate No.: 1206/2021

Place: Pune

Date: 26th May 2022

Annexures to the Directors' Report

ANNEXURE VII

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF RULE 5(2)(I) OF COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2022

Sr. No.	Name and Age (Years)	Designation	Nature of Employment	Total Remuneration (₹)	Qualification and Experience (Years)	Date of commencement of Service	Last Employment held before joining the Company
1	Mr. R. B. Rath (53)	Managing Director	Permanent Employee	68,337,376	B.E. Mech. Engg. MIT, Pune, B. S. Chem. Engg Ohio University, USA. M.B.A.- Pittsburgh University - USA (27 years)	1 st October- 1992	-
2	Mr. A. Vij (51)	Wholetime Director	Permanent Employee	17,987,342	B. E. Chem. (28 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 of Companies (Appointment and Remuneration) Rules, 2014, it is clarified that during the Financial Year under review, no employee of the Company was in receipt of remuneration in that year, which in the aggregate or as the case may be at a rate which in the aggregate is in excess of that drawn by the Working Directors and holds himself / herself along with their spouse and dependent children not less than 2% of the equity shares of the Company.
- Mr. R. B. Rath, Managing Director forms part of the Promoter Group and holds in his individual name 4,050,359 (5.85%) Equity Shares of the Company.
- Mr.A. Vij, Wholetime Director is not related to any Director of the Company and holds 100 Equity Shares of the Company.
- Details of remuneration of top 10 employees other than Directors which form part of the Directors' Report, will be made available to any member on request, in terms of provision of Section 136(1) of the Companies Act, 2013.

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

Date: 26th May 2022
Place: Pune

P. R. RATHI
CHAIRMAN

Business Responsibility Reporting

OVERVIEW

Sudarshan Chemical Industries Limited ("the Company / Sudarshan") is a Chemical Company mainly engaged in the manufacture of Organic, Inorganic and Effect Pigments for different applications. The Company is widely recognised and well respected for its R&D capabilities globally, especially in the niche domain of High Performance Pigments. Sudarshan is a market leader in the Pigment manufacturing business in India and also commands a significant global presence. The international locations where business activity is undertaken through its Subsidiaries are USA, Europe, China, Mexico and Japan. Key national locations of business activity are Pune (Registered Office and Global Head Office), Ambadvet - Amrlevadi (Sutarwadi) (R&D Facility), Roha and Mahad (Manufacturing Facilities). The Company serves all markets whether domestic or international. Pigment Exports account for around 45% of the Company's turnover and the Company is a net foreign exchange earner. The Company's Equity Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The reporting framework of Business is based on the 'National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry

of Corporate Affairs, Government of India, in July 2011.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders and the Company's efforts to conduct business with responsibility, the Company is pleased to present its Business Responsibility Report for the FY 2021-22 in line with Regulation 34 (2)

(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This report also takes into account the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVG).

COMPOSITE BUSINESS RESPONSIBILITY (BR) POLICY

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

GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L24119PN1951PLC008409
2	Name of the Company	Sudarshan Chemical Industries Limited
3	Registered Address and Website	162 Wellesley Road, Pune - 411001, Maharashtra www.sudarshan.com
4	E-mail	shares@sudarshan.com
5	Email id - Investor Relations	grievance.redressal@sudarshan.com
6	Financial Year of Report	1 st April 2021 - 31 st March 2022
7	Sectors that the Company is engaged (Industry Activity Code wise)	Chemical NIC Code 20114 Pigments - Organic and Inorganic
8	Key Products / Services	Pigment - Organic and Inorganic and Effect Pigment
9	Locations where business activities are undertaken by the Company	The Company has plants situated at Roha and Mahad - Dist. Raigad, Maharashtra. The R&D Facility is situated at Sutarwadi, Pune, Maharashtra
10	Markets served by the Company	The Company's products are sold in domestic as well as in international markets

FINANCIAL DETAILS

1.	Paid up capital (in ₹)	1,384.5 lakhs
2.	Total turnover (in ₹) as per Ind-AS	191,891.1 lakhs
3.	Total profit after taxes (in ₹) and exceptional items	10,037.6 lakhs
4.	Spending on corporate social responsibility (CSR) as percentage of average profit for last 3 financial years	2%

Business Responsibility Report

ACTIVITIES UNDER WHICH EXPENDITURE HAS BEEN INCURRED DURING THE FY 2021-22:

Category	Nature of Work
Skill Development	- Trained 220 women in stitching- Conducted training in Sukushal Skill Development center and trained approximately 220 women for tailoring/ stitching activity. - As a result of this, now the trained women are earning on an average ₹ 2,500 as income through mask and paper bag making project. - Trained approximately 80 women in saree embroidery, papad making, masala preparation etc. which in return helped them in earning livelihood.
Promotion of Education	- Updated the technical system for on-line education. This facility was availed and provided to approximately 1700 students across schools for hassle free education during outbreak of COVID-19 pandemic. - Appointed trained personnel in schools for ensuring increase in level of education during outbreak of COVID-19 pandemic situation. - Provided basic facilities to schools in nearby villages of Roha and Mahad affected by Cyclone.
Ensuring Environment Sustainability	Waste Management Project - After working with approximately 2200 households and 150 cattle owners, the Company observed that on an average 2500 kgs of waste per day was generated. For this the Company has undertaken a project for recycling of waste and also trained people to manage waste. The Company has also prepared a Detailed Project Report ("DPR") for waste management project. Further, this DPR is being submitted to the Government for funding requirements.
Community Development	In association with Karve Institute, the Company has successfully completed following projects- Roha- 2 villages have been ISO certified in Mahad and Roha and 2 villages are in the process of receiving ISO certification. 4 Zilla Parishad Schools have been ISO certified and 2 Schools are in process of receiving ISO Certification. - Helped the communities nearby handed over necessary facility/amenities like installation of LED Bulb, Fishery related training and assistance, provided Musical instruments etc. as a source of livelihood. - Training of women for paper plate making and youth for footwear making . Sutarwadi- - Introduced livelihood projects for women like Masala making, Herbal products preparation like Soap, Phenyl etc. - Started Abhyashika for Adult education for 25 tribals. - Handed over the projects of livelihood initiatives to the community like training in sowing and cultivating a locally grown rice and assisted for operation of floor mill.

Business Responsibility Report

	Mahad- - Helped and identified a school (RZP School Kamble) in Mahad for ISO Certification. - Provided drinking water facility i.e. tap connection to more than 1500 families in Nadgaon village. Apart from above activities the Company has Installed 105 solar street-lights in remote village locations in the vicinity of Roha, Mahad and Sutarwadi locations.
Disaster Management	- Conducted Covid Vaccination drive in the vicinity of Roha, Mahad and Sutarwadi locations - Provided shelter and distributed food grain kits, bedsheets and blankets in flood affected areas - Donated to Covid Care Centre – Mahad MMA Association

OTHER DETAILS:

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

BR INFORMATION

Details of Director/Directors responsible for BR:

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

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

Details of the BR head – NA

BR Policies

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

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees

Business Responsibility Report

Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8 (P8)	Businesses should support inclusive growth and equitable development
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

BR Policies and coverage of NVG nine principles (Reply in Y/N)

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

*All policies as approved by the Board of Directors can be viewed on the website of the Company at www.sudarshan.com under the heading 'Investor'.

Notes :

- (1) The BR Policies have been formally adopted by the Board.
- (2) Some of the policies are linked to the following National / International Standards: International Organisation for Standardisation (ISO 9001, ISO 14001), Occupation Health and Safety Assessment Series (OHSAS18001), Responsible Care (RC 14001).
- (3) The policies have been formally communicated to internal stakeholders. The said policies are available on the website of the Company for external stakeholders.
- (4) Assessment and implementation of BR Policies are done at appropriate intervals. If answer to S. No. 1 to 10 above against any principle, is 'No', please explain why:

Business Responsibility Report

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

Sr. No.		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Availability of Policy	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2	Policy formulated in consultation with relevant stakeholders?	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3	Conformity of policy to any national / international standards?	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4	Policy approved by the Board	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Policy signed by MD / owner / CEO / appropriate Board Director?	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Specified committee of the Board / Director / Official appointed to oversee the implementation of the policy	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Governance related to BR:

Sustainability activities are proposed to be reviewed on a need basis by Mr. Rajesh B. Rath, Managing Director and the Leadership Team. The Company has not published Sustainability Report for FY 2021- 22.

PRINCIPLE 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability Core Values which govern the working of the Company are Care, Integrity and Passion for Excellence.

Culture and Values are heart and soul of Sudarshan. This year appreciable work was done by People Practices team on institutionalising Culture and Values amongst all stakeholders.

The uniqueness of Sudarshan culture is our LARGER PURPOSE, "Growing together by being Spiritually Fulfilled, Socially Just and Environmentally Sustainable". Our five values are – SEVA (SERVICE), COURAGE, COMMITMENT & PASSION, RESPECT and TRUST. To imbibe Values in employees, People Practices team took different initiatives like Value week celebration, Suda Soul – Culture and Values Magazine, Suda Essence – a Values Newsletter, Suda-tete-a-tete – a interview series, "Living Sudarshan Culture and Values" – a training program for all new employees.

This year, we explicitly defined Sudarshan Global Culture. The question was even though we have well- defined larger purpose, vision, mission and values, what was the need for defining culture. Our reply was - as a growing organisation defining global culture was imperative at this stage to portray to all stakeholders, the uniqueness of Sudarshan Global Culture and way we do things. The main purpose is to help existing employees and other stakeholders understand the common traits of Sudarshan Culture.

The Sudarshan Global Culture was launched in the all-Employee Annual Meet, Suda Connect by Mr. Rajesh Rath, Managing Director.

The way forward to institutionalise the Sudarshan Global Culture we will focus on Communication, Awareness and Sustainability through various initiatives like trainings, revisiting policy based on inclusion, branding, e-learning modules for new employees, etc.

The initiatives taken under Diversity and inclusion were mainly (a) Women inclusion on shopfloor (b) Suda Sakhi initiatives to develop confidence and leadership in women employees, (c) Specially abled employment, (d) Policies to be gender neutral

The Company values and promotes a culture of integrity and is proud that its employees demonstrate behaviour that is honest and transparent. As a responsible and leading organisation, Sudarshan does

its business with utmost integrity. This is exemplified in our Values, which are not just strong words, not just a theory but also a way of life. It is a collection of habits that reflect in day-to-day behaviour. The Company has the following policies in place, which form the foundation of its commitment towards ethical conduct at all levels: -

Code of Conduct: The Company has laid down a Code of Conduct (CoC) with the aim to follow and maintain the highest ethical and moral standards, in compliance with applicable laws, and in a manner, that excludes considerations of direct and indirect personal advantage / gains, bribery or corruption. The Code applies to every employee, director and officer in the Company, suppliers, customers, contract staff, contractors and consultants who are agents of, or working on behalf of the Company. Upon joining, employees are given orientation on the CoC as a part of Induction Programme. Training sessions are also conducted for creating awareness amongst

Business Responsibility Report

employees for compliance with CoC. The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders through a declaration in the Annual Report. The Company's commitment towards doing business responsibly is built upon its CoC and is complemented by: (i) Well-structured internal control systems for regular assessment of effectiveness of Company's CoC policy, its understanding and adherence, (ii) A robust governance structure.

Whistle-Blower Policy: This Policy is applicable to the Directors of the Company and a person who is in direct or indirect employment with the Company who makes a protected disclosure under this policy. This Policy provides a platform to these stakeholders for making any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the Company and has provisions to ensure protection of the whistleblower against victimisation for the disclosures made by him / her. The policy also provides contact details of the Chairman of the Audit Committee for direct access in appropriate or exceptional cases. There are dedicated resources to respond to the complaints within a time bound manner. During the year under review, no complaint was received from any whistleblower. Details related to the Investor Complaints are given separately in the Corporate Governance section of the Annual Report.

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

The Company has continued to take following steps during the year:

- 20 % (2800 m³/day) reduction in water consumption achieved across manufacturing lines in Roha through successful optimisation of filter press process optimisation and water recycling activities.
- Mica Silver (effect pigments) line stabilised with 30 % reduction in energy consumption.
- Solar and wind energy comprises 25 % of total energy mix that is being used across Roha and Mahad locations.
- Solvent recovery improvement and re-use of methanol has resulted in 30 % reduction in losses and minimisation of environmental releases in all HPP pigments area.
- In multiple products, yield and process improvements resulted in reduction of emissions across the locations.
- 35 to 40% (1800 m³/day) reduction in water consumption at Mahad location through filter press process optimisation and water recycling implementation.

The Company has procedures in place for sustainable sourcing including transportation. The Company has implemented Standard Operating Procedures for Ethical Sourcing, Child Labour Policy, Pricing mechanism for all Mica Grades. Transportation factor is included in commercial buying contract itself. Any new Mica source is always on-boarded post Regulatory Team Site visit and Audit approval. 100 % natural Mica Sourcing is from India and is sourced sustainably.

Further, investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology, resulting in progress towards becoming world-class manufacturing facilities. The Company endeavors to embed the principles of sustainability, as far as practicable, into the various stages of product or service lifecycle, including procurement of raw material / service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' detail the Company's approach in this respect.

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis. Creating a smartly tailored process design can ensure 100% conversion of waste into a desired mix without leaving scope for secondary pollution. Your Company has a dedicated Research & Development Team that is focused on creating innovative products for its customers that meet global standards and are environmentally sustainable, reflecting its commitment to environmental sustainability.

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

A climate of creativity and innovation coupled with a culture of care and concern enables employees of the Company to enhance value for all its stakeholders. The superior capability

Business Responsibility Report

of the Company's talent pool is premised on a work culture that nurtures quality talent and promotes a conducive work environment that combines the need to focus on performance and results with a caring and compassionate work ethos. Policies on 'Equal Opportunity' and 'Environment, Health and Safety', among others, guide the management approach on specific elements of the Company's work practices.

The Company's Policy on 'Equal Opportunity' is anchored in its fundamental belief that employees with diverse cultural backgrounds bring their own unique experiences, perceptions, knowledge and skills, which when harnessed, strengthen the Company's productivity and ability to proactively respond to changing conditions. Equally, exposure to new ideas, cultures and perspectives encourages the personal growth of employees. The Policy also ensures a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, color, ancestry, marital status or affiliation with a political, religious or union organisation or majority / minority group. In FY 2021-22, there were no cases of discriminatory employment.

The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace

(Prevention, Prohibition and Redressal) Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints and to ensure their resolution in a fair and just manner. During the year under review, no such complaint was received.

It is ensured that no person below the age of eighteen years is employed in the workplace and forced or compulsory labour is prohibited in all units. The Company does not engage vendors and suppliers who resort to using child and / or forced labour.

The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups and other benefits provided in accordance with medical needs. To capture 'employee voice', a critical component in ensuring employee well-being, the Company conducts periodic employee engagement surveys wherein employees share their views on the workplace. Sports programs and recreational events that encourage

the creative talents of both employees and their families are organised periodically. In some units, participation is extended to employees of service providers as well. Enabling physical and mental / spiritual well-being, periodic health / medical camps, awareness programs on a healthy lifestyle and development of wellness plans are organised across units. Employees also have an opportunity to volunteer for various social programs.

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

For the Company, learning and development is a critical priority for enhancing capability, strengthening the leadership pipeline and fostering employee engagement. Five capability platforms relevant to making businesses future ready have been identified which are, Strategic, Value Chain, Leadership, Innovation and Human Resources Development.

These platforms are also designed to strengthen organisational systems to facilitate speedy and competitively superior responses to market opportunities. In FY 2021-22 formal training was provided to employees at various levels dedicated specifically to environment, health and safety issues. The details regarding the total number of employees, total number of employees hired on temporary/contractual/casual basis, number of permanent women employees, number of permanent employees with disabilities are covered in other section of Annual Report.

Also details regarding Child labour/forced labour/involuntary labour, Sexual harassment, Discriminatory employment are covered in other section of Annual Report. The Company has an employee association for only Permanent Workers at our manufacturing locations (Roha & Mahad). All permanent workers are members of employee association.

The Company has also formed a Covid - Health Committee. The Committee assisted the employees for precautions and medical help from time to time during the year.

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

The Company believes in effective stakeholder engagement, which focuses on identifying and engaging with stakeholders that include shareholders, customers, employees, suppliers,

Business Responsibility Report

communities etc. The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of all-round growth. Accordingly, it anchors its stakeholder engagement on the following principles:

- a) Materiality prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- b) Complete understanding of key concerns of stakeholders and their expectations
- c) Responsiveness Responding coherently and transparently to such issues and concerns.

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

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

PRINCIPLE 5: Business should respect and promote human rights

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

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

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

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001 and the British Sword of Honour which extends to the Group /Joint Ventures/ Suppliers/Contractors/ NGOs/others. The Company has in place an aspect -impact study of each process/operations and it is updated and reviewed periodically. Within the purview of certified management systems, contingency plans are developed and implemented to prevent, mitigate and control environmental disasters. An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators.

Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy. Furthermore, the Company has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom- made risk based training programs have been implemented at several units, which has resulted in improved safety performance. These principles are enshrined in your Company's EHS Policy, which is also displayed and implemented at the manufacturing locations.

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

- a. Identifying, assessing and minimising risks to the employees and their surroundings, by taking following measures.
- b. Setting objectives to continually our performance in EHS.
- c. Complying with EHS legislations.
- d. Adopting suitable safety and environmental practices and proactive measures to minimise associated hazards and risk arising due to our industrial activities.
- e. Designing our processes and plant operations to minimise risk and wastage.
- f. Enhancing the skill and competence of our employees through training.

Business Responsibility Report

- g. Reducing our consumption of energy and natural resources.
- h. Communicating our policy to all our employees, contractors, vendors and all other interested parties regularly.
- i. The Company has set-up Co-Generation Facility at Roha and Mahad site.
- j. The Company has set-up Solar and Windmill projects to ensure alternate use of energy.

Environmental benefits of the co-gen, solar and wind mill facility are:

- a. Suspended Particulate matter in the environment less than 30mg /Nm³
- b. Uninterrupted power supply to process consistent quality of product
- c. High efficiency will result in less fuel consumption
- d. The Company uses 23,626 MW of solar energy 5,510 MW of wind energy and recycles 600 m³ of water across its operations annually.

The Company has installed control equipments of appropriate capacity to limit air emissions within the standards. The noise monitoring is being done regularly and the test reports are being obtained from the laboratory to ensure compliance. The vigilance sample report from MPCB shows compliance to consent conditions. The quantity of solid waste and hazardous wastes generated are being disposed of strictly in adherence to the conditions of consent / authorisation.

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

- 1. Reduction in Non-Hazardous Waste by 5%
- 2. Reduction in Specific Water consumption M³/MT product by 10% (Baseline FY 2021-22 consumption)
- 3. Specific Waste reduction MT/MT by 5% (ETP) - Hazardous form ETP
- 4. Reduction in noise levels at work place and improvement in illumination levels - Occupational Health meeting FA limits or lesser
- 5. Build a strong EHS Culture and Safe work environment
- 6. Ensure Compliance to EHS Statutory requirements.

- 7. Implementation of Process Safety Management (PSM) system

This will cover most of the safety and health requirements.

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

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

As on 31st March 2022, your Company is a member of the following trade associations:

- a) Confederation of Indian Industries (CII)
- b) Mahratta Chamber of Commerce and Industry and Agriculture (MCCIA)
- c) ETAD- The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers
- d) CHEMEXCIL
- e) Roha Industrial Association
- f) Mahad Industrial Association
- g) Pigment Manufacturers' Association of India (PMAI)

PRINCIPLE 8: Business should support inclusive growth and equitable development

Your Company subscribes to Corporate Social Responsibility and seeks to be a responsible organisation by engaging in strategic community development interventions that are aimed at enhancing skills and developing social infrastructure to uplift communities residing in the vicinity of Company's

Business Responsibility Report

plants at Roha, Mahad and Sutarwadi and improve their quality of life.

The details of the CSR initiatives undertaken by your Company are set out separately of this Annual Report.

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

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

Our customer centric approach encompasses:

1. Delivering value added products conforming to requirements.
2. Practicing stringent quality standards to ensure safe, effective and easy to use products.

3. Soliciting customers' feedback, insights and timely addressing their issues.

The Company connects with its customers through a two-way engagement process by which detailed information for all products is given, which also complies with all applicable labelling codes and specifications. We deal with customers in a transparent and ethical manner, eliminating any form of miscommunication or misunderstanding. Our Code of Conduct also guides our employees while engaging with customers and also gain consistent feedback from customers and immediately address the issues, if any. Our 'Customer Centric Policy' also directs our employees to be receptive towards customers' needs and concerns. The Company carries out a customer satisfaction survey at regular intervals in line with our stipulated IMS processes. There is no anti-competitive, abuse of dominant position or unfair trade practices case pending against the Company.

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

Date: 26th May 2022

Place: Pune

MR. P. R. RATHI

CHAIRMAN

Report on Corporate Governance

A. CORPORATE GOVERNANCE

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

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

B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

Sudarshan Values:

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

Seva (Service)

Courage

Commitment and Passion

Respect

Trust

Integrity of Financial Reporting:

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

Report on Corporate Governance

Rights of Shareholders:

The Company believes in protecting the rights of the shareholders and ensures adequate and timely disclosure of all information to the shareholders in compliance with applicable laws. Shareholders are furnished with sufficient and timely information concerning critical matters 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.

C. BOARD OF DIRECTORS

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

As on 31st March 2022, the Company's Board consists of 11 Members. The composition of the Board, as on 31st March 2022, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations, 2015') as amended, 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 Listing Regulations, 2015.

A brief profile of Directors seeking appointment / re-appointment has been given in the Notice convening the 71st Annual General Meeting of the Company.

Composition:

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

Sr. No.	Category of Directors	Name of 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 - Executive 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 2021-22, which in the judgment of the Board may affect independence of judgment of the Directors.
- The Directors mentioned at Serial No. 2 above fall within the expression of "Independent Directors" as mentioned in Regulation 16(1)(b) of the Listing Regulations, 2015.
- None of the Directors are related to each other in terms of Regulation 2(zd) of SEBI Listing Regulations, 2015.

Report on Corporate Governance

Board Skill Matrix:

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

Sr. No.	Name Of 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 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.

Report on Corporate Governance

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 2021-22 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 26th May 2022.

Succession Plan:

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

Familiarisation program for Independent Directors:

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

website at <https://www.sudarshan.com/perch/resources/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 in a quarter to review among other things, quarterly performance of the Company and financial results. The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Whenever it is not practical to attach or send the relevant information as a part of agenda papers, the same are

Report on Corporate Governance

tabled at the meeting and / or the presentations are made in respect thereof. The information as specified in Regulation 17(7) of the SEBI Listing Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI") is regularly made available to the Board, whenever applicable, for discussion and consideration.

Post Meeting follow up system:

The Company has an effective post Board Meeting follow up procedure. Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board. The Board has established

procedures to periodically review compliance report of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

Meetings and Attendance:

During the Financial Year 2021-22, 7 (Seven) meetings of the Board of Directors were held on 23rd April 2021, 28th May 2021, 6th August 2021, 28th October 2021, 24th January 2022, 28th February 2022 and 28th March 2022.

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 2021-22 and at the last Annual General Meeting held on 6th August 2021 are given below:-

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

Details of Directorship(s) and Committee membership(s) in Companies as on 31st March 2022:

(No. of Companies)

Name of Director	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. Rath	4	1	6	4	1
Mr. R. B. Rath	1	1	5	1	-
Mr. A. N. Rath	1	-	4	-	-
Mr. D. N. Damania	3	1	-	6	2
Mr. S. Padmanabhan	3	3	2	5	2
Mr. S. K. Asher	7	2	6	10	5
Mrs. R. F. Forbes	1	1	1	1	-
Mrs. S. A. Panse	3	-	-	3	1
Mr. N. T. Raisinghani	1	-	1	-	-
Dr. Deepak Parikh	2	-	-	2	-
Mr.A. Vij	1	-	-	-	-

Report on Corporate Governance

* (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 2022:

Name of Director	Name of the Listed entities where he/she holds Directorship	Category of Directorship
Mr. P. R. Rath	1. Sudarshan Chemical Industries Limited	Promoter Director
	2. Sanghvi Movers Limited	Independent Director
	3. Finolex Industries Limited	
	4. Clean Science and Technology Limited	
Mr. R. B. Rath	1. Sudarshan Chemical Industries Limited	Promoter Director
Mr. A. N. Rath	1. Sudarshan Chemical Industries Limited	Non-Executive and Non-Independent
Mr. A. Vij	1. Sudarshan Chemical Industries Limited	Executive 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. Force Motors Limited	
	3. Sanghvi Movers Limited	
Mr. S. K. Asher	1. Sudarshan Chemical Industries Limited	Independent Director
	2. Ashok Leyland Limited	
	3. Sonata Software Limited	
	4. Tribhovandas Bhimji Zaveri 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	

Report on Corporate Governance

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 2021-22
Mrs. S. A. Panse	Chairperson	7
Mr. D. N. Damania	Member	7
Mr. S. K. Asher	Member	7

Meetings during the year:

During the Financial Year 2021-22, 7 (Seven) meetings of the Audit Committee were held on 23rd April 2021, 26th May 2021, 28th May 2021, 6th August 2021, 28th October 2021, 24th January 2022 and 28th March 2022. The maximum gap between any two meetings of the Committee held during the year was not more than 120 days. Mr. Pradeep Rathi, Chairman, Mr. Rajesh Rathi, Managing Director, Mr. Vivek Thakur, General Manager - Finance 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.

Chairperson of the Committee was present at the Annual General Meeting of the Company held on 6th August, 2021 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 2021-22
Mr. D.N.Damania	Chairperson	3
Mr. S. K. Asher	Member	3
Mr. N. T. Raisinghani	Member	3
Mrs. R. F. Forbes	Member	3

During the Financial Year 2021-22, 3 (Three) meetings of Nomination and Remuneration Committee were held on 23rd April 2021, 28th May 2021 and 14th June 2021.

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 Whole Time Director(s).

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

Report on Corporate Governance

performance of the Managing Director and Wholetime Director, recommending revision to the remuneration of the Managing Director and Wholetime Director, etc.

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

Chairman of the Committee was present at the Annual General Meeting of the Company held on 6th August, 2021 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
Mr. P. R. Rathi	Member
Mr. R. B Rathi	Member

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 Committee was held on 28th March 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 five complaints from Investors during the year, and one complaint from the previous year was carried forward to this year, as it remained unresolved at the end of previous year. All these six complaints, including the one complaint received in the previous year, were resolved during the year.

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

Chairman of the Committee was present at the Annual General Meeting of the Company held on 6th August, 2021 to answer queries of shareholders.

Name, Designation and address of Compliance Officer:

Mr. Mandar Velankar, Company Secretary and Compliance Officer

Sudarshan Chemical Industries Limited,

162 Wellesley Road, Pune 411 001, 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 2021-22
Mr. D. N. Damania	Chairperson	2
Mr. S. Padmanabhan	Member	2
Mr. N. T. Raisinghani	Member	2
Mrs. S. A. Panse	Member	2
Mr. P. R. Rathi	Member	2
Mr. R. B. Rathi	Member	2
Mr. A. Vij	Member	1
Mr. Nilkanth Natu	Member	2
Mr. V. V. Thakur	Member	2

Report on Corporate Governance

During the Financial Year 2021-22, 2 (Two) meetings of Risk Management Committee were held on 24th September 2021 and 15th March 2022.

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
Mr. P. R. Rath	Member
Mr. R. B. Rath	Member

The CSR Committee meeting was held on 28th May 2021 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. Rath, Mr. R. B. Rath and Mr. S. K. Asher constitute as members of the Committee. Mrs. S. A. Panse is the Chairperson of the Committee.

Meetings of the Committee are held on a need basis.

2. **Shares Committee:** The terms of the committee are to consider, inter alia proposals for transfer, transmission, transposition, demat, remat etc. as applicable based on the report of the Company's Registrar and Transfer Agent, M/s. Link Intime India Private Limited. Mr. P. R. Rath, Mr. R. B. Rath and Mr. Ashish Vij, Directors constitute members of the Shares Committee. Meetings of the Committee are held at convenient intervals to ensure transfer, 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 14th March 2022 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 Non-Executive Directors are paid remuneration by way of Sitting Fees. Further, commission is proposed to be paid to the Non-Executive Directors (computed in accordance with Section 198 of the Companies Act, 2013) for the Financial Year 2021-22, after adoption of accounts by shareholders at the ensuing Annual General Meeting.

Report on Corporate Governance

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.

Information on shareholding of Directors:

The Annual Return of the Company as on 31st March 2022

in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.sudarshan.com/notices.php>.

Remuneration to Executive and Non-Executive Directors for the year ended 31st March 2022:

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	240,000	1,000,000	-	4,178,206	5,418,206
Mr. R. B. Rathi	Managing Director	-	-	68,337,376	-	68,337,376
Mr. A. Vij	Executive Director	-	-	17,987,342	-	17,987,342
Mr. D. N. Damania	Independent Director	380,000	1,500,000	-	-	1,880,000
Mr. S. Padmanabhan	Independent Director	200,000	1,000,000	-	-	1,200,000
Mrs. S. A. Panse	Independent Director	340,000	1,500,000	-	-	1,840,000
Mrs. R. F. Forbes	Independent Director	180,000	1,000,000	-	-	1,180,000
Mr. N. T. Raisinghani	Independent Director	240,000	1,000,000	-	-	1,240,000
Mr. S. K. Asher	Independent Director	380,000	1,000,000	-	-	1,380,000
Dr. D. Parikh	Independent Director	140,000	1,000,000	-	-	1,140,000
Mr. A. N. Rathi	Non- Executive and Non-Independent Director	120,000	1,000,000	-	-	1,120,000

*Commission shall be paid after adoption of the Financial Statements at the ensuing 71st Annual General Meeting.

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

Report on Corporate Governance

- Provide protection against victimisation.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website at <https://www.sudarshan.com/perch/resources/whistle-blower-policy-vigil-mecahnism-policy.pdf>. In terms of the Whistle Blower Policy / Vigil Mechanism Policy, it is affirmed that no personnel have been denied access to the Audit Committee. During the year under review, 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. During the year under review, the said Company's Code was amended in line with the amendments issued by SEBI from time to time. The Company Directors, Key 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's name has been included in the Top 1000 list of companies for market capitalisation as on 31st March 2022 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.

Report on Corporate Governance

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

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

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

Examples of activities affected by this Policy include:

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, 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, exceed 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. In line with amendments to the SEBI Listing Regulations, 2015, the criteria for determining material transactions with related parties has been changed to 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, effective 1st April, 2022.

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 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 2021-22 as required under Indian Accounting Standards is set out separately in this Annual Report.

Report on Corporate Governance

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 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
FY 2018-2019	7 th August 2019 At 11:30 am	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	10

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

Date of AGM	Details of Special Resolutions passed	Remarks
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
7 th August 2019	1. To re-appoint Mr. S. N. Inamdar as an Independent Director of the Company for a period of 5 years 2. To re-appoint Mr. S. Padmanabhan as an Independent Director of the Company for a period of 5 years 3. To re-appoint Mr. D. N. Damania as an Independent Director of the Company for a period of 5 years 4. To re-appoint Mr. S. K. Asher as an Independent Director of the Company for a period of 5 years 5. To re-appoint Mrs. R. F. Forbes as an Independent Director of the Company for a period of 5 years	All resolutions were passed with Requisite majority

Approval of Members and Procedure through Postal Ballot: Not Applicable for FY 2021-22.

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

The Board of Directors at its meeting held on 28th March 2022, has accorded its approval for issue of unsecured non-convertible debentures up to ₹ 200 crores, in one or more tranches / series, on private placement basis, subject to approval of shareholders by way of Special Resolution, through Postal Ballot. The Company has completed dispatch of Notice of Postal Ballot on 13th April, 2022, to those Shareholders whose emails were available with the Company, as per the circulars issued by The Ministry of

Report on Corporate Governance

Corporate Affairs and SEBI. The said Special Resolution was passed with requisite majority by Shareholders on 13th May 2022, i.e. subsequent to the close of Financial Year 2021-22

Disclosure:

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

The Company does not have any material un-listed Indian subsidiary Company. However, in the interest of good governance, Independent Directors have been appointed on the Board of RIECO Industries Limited, an unlisted non-material Indian Wholly Owned Subsidiary. The Company's Wholly Owned Subsidiary in Europe, Sudarshan Europe B.V. is a material unlisted subsidiary since its income exceeds 10% of the consolidated income of the Group. However, since income or net worth of Sudarshan Europe B.V. does not exceed 20% of the consolidated income or net worth of the Group, it is not required to have an Independent Director of the Company on the Board of Sudarshan Europe B.V. The Policy for determining "Material" subsidiaries can be accessed from the Company website <https://www.sudarshan.com/perch/resources/material-subsiary-policy.pdf>. The Audit Committee also reviews presentations.

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

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

Details regarding number of complaints filed during the financial year, complaints disposed 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 ₹ 6,590,000/- (Rupees Sixty Five lakhs Ninety Thousand Only).

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 2021-22 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 2021-22:

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) 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 2022, respectively.

Report on Corporate Governance

5) 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 already compliant with this requirement.

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

Secretarial Audit:

The Board had appointed Dr. K.R. Chandratre, Practising Company Secretary, (FCS No. 1370, C. P. No. 5144) to conduct Secretarial Audit for the FY 2021-22. The Secretarial Audit Report for the financial year ended 31st March 2022 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 71st AGM, are being sent only by email to eligible members of the Company.

Members are requested to refer to the Notice of 71st AGM containing detailed instructions to register/update email addresses.

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

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 Listing Regulations, 2015. The annual certificate given by the Managing Director and the CFO in terms of Regulation 17(8) is published as **Annexure II** to this Report.

Compliance Certificate of the Auditors:

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

Code of Conduct:

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

Report on Corporate Governance

Company for the period from 1st April 2021 to 31st March 2022. A declaration dated 23rd May 2022 received from Mr. R. B. Rath, Managing Director in this regard is given below:

To,

The Board of Directors

Sudarshan Chemical Industries Limited

162 Wellesley Road, Pune - 411001

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

I, Rajesh B. Rath, 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 2021-22.

Date: 23rd May 2022

Place: Pune

Rajesh B. Rath

Managing Director

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

Date: 26th May 2022

Place: Pune

Pradeep R. Rath

CHAIRMAN

Report on Corporate Governance

ANNEXURE I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 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	8 th November 1995
2.	Mr. Rajesh B. Rathi	00018628	23 rd May 2008
3.	Mr. Dara N. Damania	00403834	20 th November 1984
4.	Mr. Subramanian Padmanabhan	00001207	25 th September 2002
5.	Mr. Sanjay K. Asher	00008221	24 th January 2009
6.	Mrs. Shubhalakshmi A. Panse	02599310	27 th May 2015
7.	Mr. Naresh T. Raisinghani	00568298	13 th February 2015
8.	Dr. Deepak R. Parikh	06504537	1 st April 2019
9.	Mrs. Rati F. Forbes	00137326	29 th March 2014
10.	Mr. Ashish Vij	08140194	24 th May 2018
11.	Mr. Anuj N. Rathi	00018683	8 th August 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
Rajesh Karunakaran
Company Secretary
C.P. -6581
FCS No. 7441

UDIN - F007441D000367900
Peer Review Certificate No. 1260/2021 dated 28th June 2021
Pune, 23rd May 2022

Report on Corporate Governance

ANNEXURE II

CERTIFICATE OF MANAGING DIRECTOR AND CFO

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

To,

The Board of Directors

Sudarshan Chemical Industries Limited

162 Wellesley Road

Pune 411 001

In respect of the Financial Statements of the Company for the Year ended 31st March 2022, 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 2022, 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: 26th May 2022

R. B. Rathi

Managing Director

Nilkanth Natu

Chief Financial Officer

Report on Corporate Governance

ANNEXURE III

AUDITORS' CERTIFICATE

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

To the Members of

Sudarshan Chemical Industries Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 2nd May 2019 and addendum to the engagement letter dated 23rd May 2022.
2. We have examined the compliance of conditions of Corporate Governance by Sudarshan Chemical Industries Limited ("the Company"), for the year ended 31st March 2022, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents.
4. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditor's responsibility

5. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.
6. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March 2022.
7. We conducted our examination of the corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this Certificate. The Guidance Note on Reports or Certificates for Special Purpose requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

Report on Corporate Governance

Restrictions on use

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

For **BSR & Associates LLP**

Chartered Accountants

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

Raajnish Desai

Partner

Membership number: 101190

UDIN: 22101190AJRQQU3344

Place: Pune

Date: 26th May 2022

Shareholders' Information

1. ANNUAL GENERAL MEETING:

Day and Date	Tuesday, 9 th August 2022
Time	4:00 P.M. (IST)
Venue	The Annual General Meeting ("AGM") would be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"). The venue of the meeting shall be deemed to be the Registered and Global Head Office of the Company at 162 Wellesley Road, Pune - 411 001, Maharashtra, India.

As per the applicable circulars issued by the Securities and Exchange Board of India ("SEBI") and the Ministry of Corporate Affairs ("MCA"), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) on or before 31st December 2022, and also copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent only in electronic mode to Members whose e-mail address is registered with the Company / Registrar and Transfer Agent ("RTA") or Depository Participant(s) ("DP"). As per the applicable circulars 70th AGM of the Company was conducted through VC / OAVM.

2. FINANCIAL CALENDAR (TENTATIVE): APRIL 2022 TO MARCH 2023 (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 2022	Thursday, 26 th May 2022
2	Unaudited Quarterly Results for the Quarter ended 30 th June 2022	Within 45 days of the Quarter ended June 2022
3	71 st Annual General Meeting	Tuesday, 9 th August 2022
4	Unaudited Quarterly Results for the Quarter and half year ended 30 th September 2022	Within 45 days of the Quarter and half year ended September, 2022
5	Unaudited Quarterly Results for the Quarter and nine months ended 31 st December 2022	Within 45 days of the Quarter and nine months ended December 2022
6	Audited Annual Results for the Quarter and year ended on 31 st March 2023	Within 60 days of the Quarter and year ended March, 2023

3. RECORD DATE :

Tuesday 2nd August 2022 for the purpose of Dividend to be paid to shareholders.

4. DIVIDEND PAYMENT DATE:

The Board of Directors have recommended a Final Dividend of ₹ 5/- per Equity Share (i.e. 250%) per Equity Share of ₹ 2/- each for the FY 2021-22.

The Final Dividend shall be paid to the Shareholders between 22nd August 2022 to 29th August 2022, if approved at the 71st Annual General Meeting of the Company.

5. DIVIDEND TREND FOR PAST FIVE YEARS:

Sr. No	Dividend Year	Dividend %	Dividend per share
1	FY 2020-21 (Final Dividend)	300.00	₹6.00 per share of ₹2 each
2	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)
3	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)
4	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
5	FY 2016-17 (Interim Dividend) FY 2016-17 (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.

Shareholders' Information

6. LISTING ON STOCK EXCHANGES AND STOCK CODE:

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

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

The Company has paid the Annual Listing fees of BSE Limited and National Stock Exchange of India Limited for FY 2022-23.

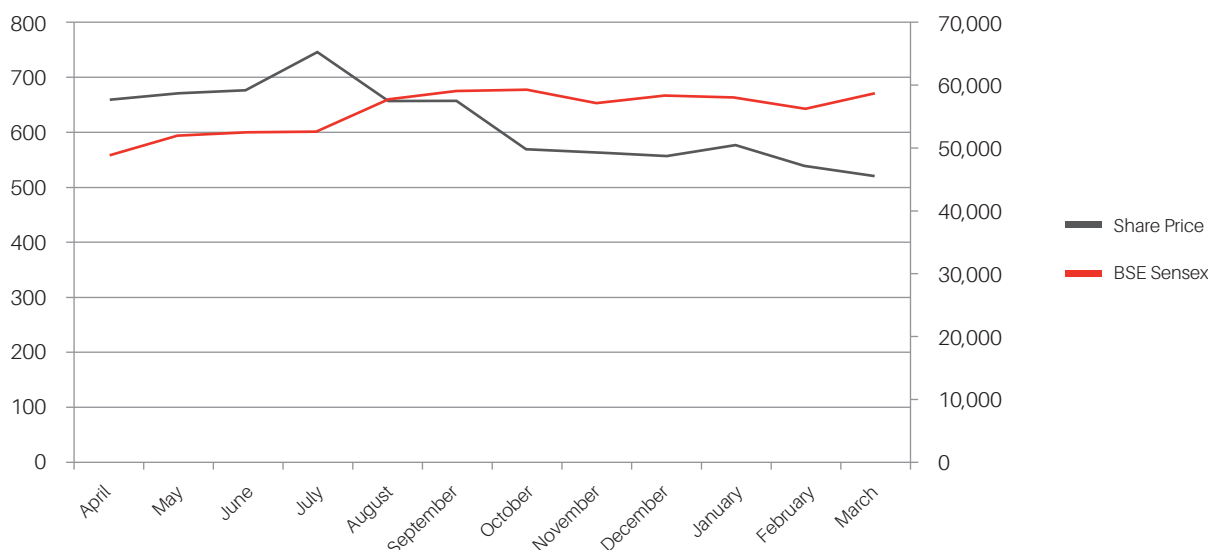
7. STOCK PRICES:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	729.00	510.85	730.00	510.30
May, 2021	717.00	630.20	717.00	630.00
June, 2021	754.00	642.00	755.00	641.00
July, 2021	791.95	682.25	794.00	682.10
August, 2021	785.50	563.20	788.00	562.30
September, 2021	697.75	630.00	698.00	630.00
October, 2021	714.85	552.65	714.90	550.25
November, 2021	610.00	533.00	610.40	530.20
December, 2021	594.00	505.50	594.20	505.00
January, 2022	609.90	531.55	609.90	531.50
February, 2022	635.50	520.10	640.00	519.35
March, 2022	576.00	505.10	579.00	505.00

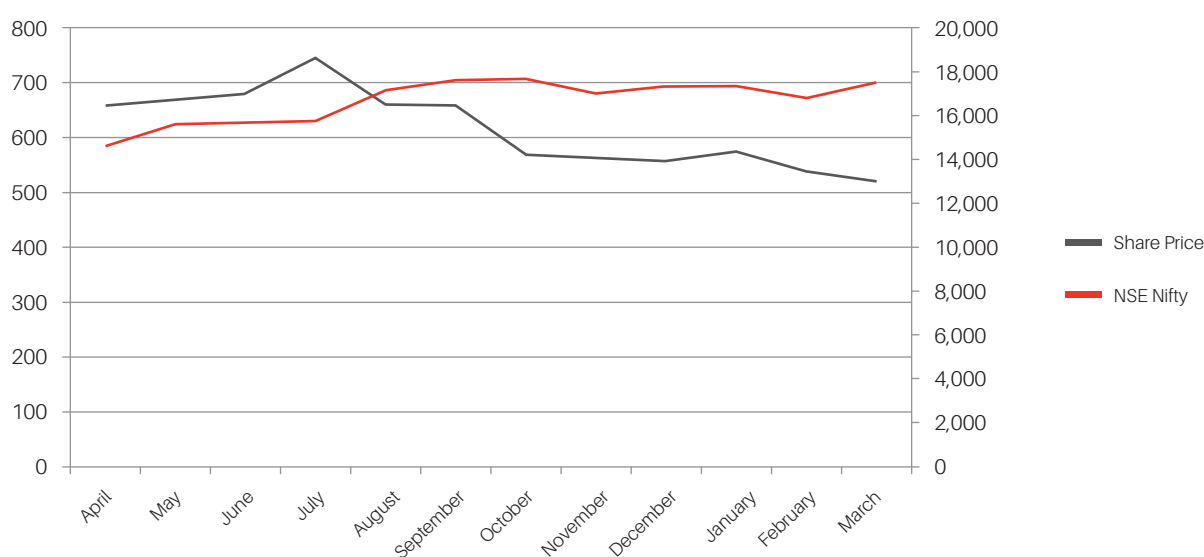
(Source: BSE and NSE - Websites)

Shareholders' Information

Comparison of Sudarshan's share price with BSE Sensex - April 2021 to March 2022:



Comparison of Sudarshan's share price with NSE Nifty - April 2021 to March 2022:



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.

Shareholders' Information

9. REGISTRAR AND TRANSFER AGENTS:

Link Intime India Private Limited, Pune (SEBI Registration No. INR000004058) are acting as the Company's Registrar and Transfer Agents to handle requests for 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.

11. DISTRIBUTION OF SHAREHOLDING:

(As on 31st March 2022)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 3000	70,553	99.05	9,482,398	13.70
3001 - 5000	282	00.39	1,155,171	1.67
5001 & Above	405	00.56	58,589,681	84.63
Total	71,240	100.00	69,227,250	100.00

12. SHAREHOLDING PATTERN:

(As on 31st March 2022)

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	428,711	0.62
FII's / FPIs / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	13,170,528	19.02
Corporate Bodies	6,058,541	8.75
Non Promoter Directors / Resident Individuals / Others	24,770,428	35.79
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 2013-14 to the fund and no claim shall lie against the Company or the fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Members are hereby informed that the seven consecutive years period for payment of the dividend pertaining to Financial Years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest. The Company has uploaded the details of unclaimed dividend on the Company's website at www.sudarshan.com under the tab 'Investors' and also on website specified by the Ministry of Corporate Affairs www.iepf.gov.in/IEPF/service.

Shareholders' Information

Dates of transfer of Unclaimed Dividend to the fund:

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years
1.	FY 2014-15 (Final Dividend)	14 th August 2015	13 th September 2022
2.	FY 2015-16 (Interim Dividend)	10 th March 2016*	10 th April 2023
3.	FY 2015-16 (Final Dividend)	12 th August 2016	11 th September 2023
4.	FY 2016-17 (Interim Dividend)	10 th February 2017*	13 th March 2024
5.	FY 2016-17 (Final Dividend)	10 th August 2017	10 th September 2024
6.	FY 2017-18 (Interim Dividend)	8 th February 2018*	9 th March 2025
7.	FY 2017-18 (Final Dividend)	9 th August 2018	8 th September 2025
8.	FY 2018-19 (Final Dividend)	7 th August 2019	6 th September 2026
9.	FY 2019-20 (Interim Dividend)	28 th February 2020*	30 th March 2027
10.	FY 2020-21 (Final Dividend)	6 th August 2021	5 th September 2028

* Declared by the Board of Directors

14. DETAILS OF UNCLAIMED SHARES:

Particulars	No. of shareholders	No. of shares outstanding
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	794	578,990
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	9	12,460
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	9	12,460
Number of Shares transferred to Demat Suspense Account during 1 st April 2021, to 31 st March 2022	0	0
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	785	566,530

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 16,722 shares to the IEPF Account during the year under review.

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

16. DEMATERIALISATION OF SHARES AND LIQUIDITY:

The Company's shares are presently traded on the BSE and NSE in dematerialised form. The International Securities Identification Number (ISIN) allotted to the Company's Shares under the Depository System is INE659A01023. The Company's shares are actively traded on the stock exchanges. The Company's market capitalisation stood at approx. ₹ 36,012 million as on 31st March 2022. Promoters' shareholding is held in dematerialised form. As on 31st March 2022, 97.98 % of the total shareholding in the Company is held in dematerialised form which includes the promoters' shareholding of 35.82%.

Shareholders' Information

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

Not applicable as not issued.

18. POSTAL BALLOT AND E-VOTING:

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

19. CREDIT RATING:

India Ratings & Research (Ind-Ra), a Fitch Group Company has vide their letter dated 5th April 2022 has affirmed Company's Long-Term Issuer Rating at 'IND AA-', and has also affirmed Short-Term Rating at IND A1+. The outlook is stable.

20. PLANT LOCATIONS:

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

21. ADDRESS FOR CORRESPONDENCE:

- 1) Mr. Mandar Velankar
Company Secretary and Compliance Officer
Sudarshan Chemical Industries Limited,
162 Wellesley Road, Pune - 411 001, Maharashtra
Tel No. : 020- 68281200
Email: shares@sudarshan.com
- 2) Registrar and Transfer Agents (RTA)
Link Intime India Private Limited,
"Akshay Complex"
Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple,
Pune- 411001, Maharashtra Tel. No.: 020 - 2616 0084, 020 - 2616 1629
Telefax : 020-2616 3503
E-mail : pune@linkintime.co.in

Financial Section

Standalone - 113 - 195

Consolidated - 196 - 274

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Sudarshan Chemical Industries Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

Description of Key Audit Matter

The key audit matter	How our audit addressed the key audit matter
Revenue from contracts with customer The Company's revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customers. The Company uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue may be overstated because of fraud, resulting from the pressure management may feel to achieve performance targets. Revenue is also an important element of how the Company measures its performance, upon which management is incentivized. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before control has been transferred. (Refer note 2(C)(i), 21 and 49 to the standalone financial statements)	We have performed the following procedures over revenue recognition: • We assessed the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from contracts with Customers") including adequacy of disclosures; • We evaluated the design, tested the implementation and operating effectiveness of key internal controls including general IT controls and key IT application controls over recognition of revenue; • We performed substantive testing by selecting samples using statistical sampling of revenue transactions recorded during the year by testing the underlying documents which included customer purchase orders, invoices, lorry receipts, customer acceptances and shipping documents (as applicable) to assess revenue is recognised after the transfer of control to customers as per the terms of the contract; • We carried out analytical procedures on revenue recognised during the year to identify unusual variances; • We tested, on a sample basis, specific revenue transactions recorded around the financial year end date to determine whether the revenue had been recognised in the appropriate financial period; and
Impairment assessment for investments in subsidiaries The Company has investments in subsidiaries. These investments are accounted for at cost less impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its value in use. Value in use of the above investments are estimated in order to determine the extent of the impairment loss. Identification of indicators for impairment of these investments and measurement of value in use involves significant estimates and judgements of the Management, including those related to the possible effects of the resurgence of the COVID-19 pandemic. These investments are significant. This is identified as a key audit matter due to inherent uncertainties involved in projecting future cash flows and discount rate which are the basis of impairment assessment. (Refer note 2(C)(d) and note 5 to the standalone financial statements)	Our audit procedures included: • Evaluated the design, implementation and operating effectiveness of key internal controls around identification of impairment indicators including Management's controls over estimation of the value in use of the investments in subsidiaries; • Evaluated impairment risk to identify impairment indicators for any investment in a subsidiary based on consideration of external and internal factors affecting the value and performance of the investment; • Evaluated Company's assessment of value in use for investments where impairment risk is identified; • Evaluated key inputs used in and the arithmetical accuracy of the cash flow projections; • We challenged underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance. We took assistance of our valuation specialists for the above testing; • We evaluated the adequacy of disclosures of key assumptions, judgements and sensitivities in respect of impairment assessment for investment in subsidiaries; and • Assessed impact, if any of the resurgence of the COVID-19 pandemic on Management's estimate.

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

Other Information

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

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

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

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the

Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

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 Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements
 - b) 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 18(c) to the standalone financial statements
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

- d) (i) The management has represented that, to the best of its knowledge and belief, 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:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, 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:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Associates LLP**

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNPJ9150

Place: Pune

Date: 26 May 2022

Annexure A to the Independent Auditors' Report on standalone financial statements - 31 March 2022

- (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 2 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and where applicable, confirmation from the custodian, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or 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, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for

inward goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments or provided security or granted any loans or advances in the nature of loans to companies, firms, limited liability partnership or any other parties. Accordingly, provisions of clauses 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company. The Company has provided guarantee to Company during the year, in respect of which the requisite information is as below.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided/ stood guarantee to any other entity as below:

Particulars	Nature of dues
Aggregate amount during the year -Subsidiaries	660,000,000
Balance outstanding as at balance sheet date -Subsidiaries	1,260,000,000

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided during the year and the terms and conditions of the guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

Annexure A to the Independent Auditors' Report on standalone financial statements - 31 March 2022

- (iv) According to the information and explanations given to us and based on a legal opinion obtained by the management, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") in respect of investments made and loans, guarantees and security, as applicable.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has complied with the provisions of Sections 73 to 76 or other relevant provisions of the Act and the rules framed thereunder where applicable and the directives issued by the Reserve Bank of India as applicable, with regard to deposits or amounts which are deemed to be deposits. As informed to us, there have been no proceedings before the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this matter and no order has been passed by any of the aforesaid authorities in this regard.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July

2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as of 31 March 2022 for a period of more than six months from the date they became payable. or other which have not been deposited on account of any dispute are as follows:

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Gross amount involved (Rs. Lakhs)	Amount paid under protest* (Rs. Lakhs)	Period to which amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	11.6	10.9	2004-05 to 2010-11	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	274.1	19.0	2010-11 to 2013-14	Custom, Excise & Service Tax Appellate Tribunal
Maharashtra VAT Act, 2002	VAT	6.2	6.2	2007-08	Joint Commissioner of Sales Tax (Appeal)
Tamil Nadu VAT Act, 2006	VAT	6.2	6.2	2003-04	Assistant Commissioner, Commercial Tax Department Coimbatore
Andhra Pradesh VAT Act, 2005	VAT	8.3	8.3	2007-08	Assistant Commissioner (CT) Tax Department (LTU)
Customs Act, 1962	Custom duty	330.4	-	2006-07 to 2008-09, 2011-12 to 2012-13	Custom, Excise & Service Tax Appellate Tribunal

* includes refunds adjusted by the authorities

Annexure A to the Independent Auditors' Report on standalone financial statements - 31 March 2022

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the 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) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

Annexure A to the Independent Auditors' Report on standalone financial statements - 31 March 2022

- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation 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 the 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Associates LLP**

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNPJ9150

Place: Pune

Date: 26 May 2022

Annexure B to the Independent Auditors' report on the financial statements of Sudarshan Chemical Industries Limited for the period ended 31 March 2022.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Sudarshan Chemical Industries Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure B to the Independent Auditors' report on the financial statements of Sudarshan Chemical Industries Limited for the period ended 31 March 2022.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

For **B S R & Associates LLP**

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNPJ9150

Place: Pune

Date: 26 May 2022

Standalone Balance Sheet

as at 31st March 2022

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

Particulars	Note No.	As at 31 st March 2022	As at 31 st March 2021
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	78,365.4	57,148.7
(b) Capital work-in-progress	3	27,045.9	26,857.6
(c) Other Intangible assets	4	2,682.3	2,449.5
(d) Intangible assets under development	4	1,114.8	950.6
(e) Right of use assets	48	160.8	176.8
(f) Investments in subsidiaries	5	5,348.4	5,348.4
(g) Financial assets			
i Investments	6 (a)	166.6	127.6
ii Other financial assets	6 (b)	74.4	72.1
(h) Other non-current assets	7	1,464.4	5,197.9
(i) Non-current tax assets (net)	8 (a)	1,968.4	1,769.8
		118,391.4	100,099.0
II Current Assets			
(a) Inventories	9	47,825.3	32,186.0
(b) Financial assets			
i Trade receivables	10 (a)	46,407.9	49,024.8
ii Cash and cash equivalents	10 (b)	1,455.3	1,002.4
iii Bank balances other than (ii) above	10 (c)	451.4	410.1
iv Loans	10 (d)	206.9	502.8
v Derivative assets	10 (e)	1,218.1	473.0
vi Other financial assets	10 (f)	1,192.7	2,624.4
(c) Other current assets	11	4,802.8	5,982.3
		103,560.4	92,205.8
		221,951.8	192,304.8
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	81,840.7	75,666.9
		83,225.2	77,051.4
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	36,369.7	30,588.0
ii Lease liabilities	48	23.6	35.5
iii Other financial liabilities	14 (b)	167.3	170.1
(b) Provisions	15	2,474.4	2,272.2
(c) Deferred tax liabilities (net)	16	5,140.4	4,669.6
(d) Other non-current liabilities	17	1,248.1	1,006.8
		45,423.5	38,742.2
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	18 (a)	39,735.9	25,703.5
ii Lease liabilities	48	19.0	19.8
iii Trade payables			
1. Dues to micro and small enterprises	18 (b)	1,926.7	755.6
2. Other than (1) above	18 (b)	45,678.3	41,044.1
iv Derivative liabilities	18 (c)	59.1	314.9
v Other financial liabilities	18 (d)	4,874.0	7,568.8
(b) Other current liabilities	19	665.2	872.6
(c) Provisions	20	223.8	217.3
(d) Current tax liabilities (net)	8 (b)	121.1	14.6
		93,303.1	76,511.2
		221,951.8	192,304.8
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP

Chartered Accountants

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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. . 02599310

P.R.RATHI

Chairman

DIN No. 00018577

NILKANTH NATU

Chief Financial

Officer

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

R.B.RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Pune : 26th May 2022

Standalone Statement of Profit & Loss

for the year ended 31st March 2022

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

Particulars	Note No.	Year ended 31 st March 2022	Year ended 31 st March 2021
Income			
Revenue from operations	21	191,891.1	170,850.1
Other Income	22	838.2	592.2
Total Income		192,729.3	171,442.3
Expenses			
Cost of materials consumed	23	125,331.6	96,776.1
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(12,187.4)	3,982.8
Employee benefits expense (net)	25	12,925.4	10,872.6
Finance costs (net)	26	1,731.1	1,640.0
Depreciation and amortisation expense	27	8,689.5	8,514.5
Other expenses (net)	28	42,493.3	32,604.7
Total Expenses		178,983.5	154,390.7
Profit before exceptional items and tax from operations		13,745.8	17,051.6
Exceptional Items	44	-	1,072.8
Profit before tax from operations		13,745.8	18,124.4
Tax Expense	30		
Current tax		3,237.4	3,828.0
Tax adjustment related to earlier year (net)		-	(102.8)
Deferred tax		470.8	525.9
Deferred tax / current tax related to exceptional items		-	249.9
Total Tax Expense		3,708.2	4,501.0
Profit for the year		10,037.6	13,623.4
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(110.2)	(103.2)
Income tax relating to above		27.7	26.0
		(82.5)	(77.2)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		360.3	166.9
Income tax related to gain / (loss) on hedging instruments in cash flow hedges		(90.7)	(42.0)
		269.6	124.9
Total other comprehensive income for the year (net of taxes)		187.1	47.7
Total comprehensive income for the year		10,224.7	13,671.1
Earnings per share	29		
[Nominal Value per share ₹ 2 (31st March 2021 - ₹ 2)]			
Basic ₹ per share		14.5	19.7
Diluted ₹ per share		14.5	19.7
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

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

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

Pune: 26th May 2022

For and on behalf of the Board of Directors

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. . 02599310

P.R.RATHI

Chairman

DIN No. 00018577

R.B.RATHI

Managing Director

DIN No. 00018628

NILKANTH NATU

Chief Financial

Officer

MANDAR VELANKAR

Company Secretary

Pune: 26th May 2022

Standalone Statement of Changes in Equity

for the year ended 31st March 2022

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

A. Equity Share Capital

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

	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
Share Capital Amount	1,384.5	-	-	-	1,384.5
Number of shares	69,227,250	-	-	-	69,227,250
	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
Share Capital Amount	1,384.5	-	-	-	1,384.5
Number of shares	69,227,250	-	-	-	69,227,250

B. Other Equity

	Reserves and Surplus				Share options (ESOP) outstanding account	Total
	Securities Premium	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss *	Effective portion of Cash Flow Hedge	
Balance as at 1st April 2020	1,321.2	0.4	21,340.5	39,776.0	(568.4)	61,869.7
Total comprehensive income for the year ended 31st March 2021						
Profit for the year	-	-	-	13,623.4	-	13,623.4
Other Comprehensive Income (net of tax)	-	-	-	(77.2)	124.9	47.7
Amortised amount of share based payments (ESOPs) to employees	-	-	-	-	-	126.1
Total	1,321.2	0.4	21,340.5	53,322.2	(443.5)	75,666.9
Transactions with owners, recorded directly in equity						
Equity Dividend (refer note 12)	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-
Balance as at 31st March 2021	1,321.2	0.4	21,340.5	53,322.2	(443.5)	75,666.9

Standalone Statement of Changes in Equity

for the year ended 31st March 2022

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

	Reserves and Surplus			Effective portion of Cash Flow Hedge	Share options (ESOP) outstanding account	Total
	Securities Premium	Capital Reserve	General Reserve	Surplus in the Statement of Profit and Loss *		
Total comprehensive income for the year ended 31st March 2022						
Profit for the year	-	-	-	10,037.6	-	10,037.6
Other Comprehensive Income (net of tax)	-	-	-	(82.5)	-	187.1
Amortised amount of share based payments (ESOPs) to employees	-	-	-	-	102.7	102.7
Total	1,321.2	0.4	21,340.5	63,277.3	228.8	85,994.3
Transactions with owners, recorded directly in equity						
Equity Dividend (refer note 12)	-	-	-	(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	228.8	81,840.7
* Includes remeasurement of defined employee benefit plans						
Summary of significant accounting policies and key accounting estimates and judgments						
		2				

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

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

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

Pune : 26th May 2022

For and on behalf of the Board of Directors

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. : 02599310

P.R.RATHI

Chairman

DIN No. 00018577

NILKANTH NATU

Chief Financial

Officer

R.B.RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Standalone Cash Flow Statement

for the year ended 31st March 2022

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Cash flow from operating activities		
Profit before tax and exceptional items from operations	13,745.8	17,051.6
Adjustment for		
Depreciation / amortisation	8,689.5	8,514.5
Gain on sale or write off of property, plant and equipment and Intangible assets	(23.2)	(18.2)
Liabilities no longer required, written back	(39.5)	(97.3)
Provision for employee stock option scheme	102.7	126.1
Unrealised foreign exchange Loss / (Gain)	825.0	(425.4)
(Reversal) / Provision for Inventory Obsolescence	(100.5)	763.6
Fair value Gain on derivatives	(1,000.9)	(265.4)
Income on Financial Guarantees	(37.6)	(36.1)
Provision for expected credit loss established / (reversed) and bad debts	69.7	(170.9)
Finance costs	1,731.1	1,640.0
Dividend from subsidiary	(331.2)	-
Interest income	(261.5)	(190.6)
Operating profit before working capital changes	23,369.4	26,891.9
Working capital adjustments :		
Changes in trade payables	5,697.7	7,091.2
Changes in provisions	98.5	217.0
Changes in other liabilities	33.9	10.7
Changes in other financial liabilities	(612.3)	567.3
Changes in trade receivables	2,784.2	(13,327.2)
Changes in inventories	(15,538.8)	997.1
Changes in other assets	1,993.3	(3,586.1)
Changes in other financial assets	1,947.3	281.5
Changes in other bank balances	(41.3)	32.7
Cash generated from operations	19,731.9	19,176.1
Income taxes paid (net of refunds)	(3,392.5)	(3,659.5)
Net cash flow from operating activities from operations (A)	16,339.4	15,516.6
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	(30,244.1)	(26,022.2)
Proceeds from sale of property, plant and equipment and intangible assets	104.7	180.3
Loans proceeds from / (given to) subsidiaries	295.9	(401.5)
Interest received	222.5	190.6
Dividend from subsidiary	331.2	-
Net cash flow (used in) investing activities (B)	(29,289.8)	(26,052.8)

Standalone Cash Flow Statement

for the year ended 31st March 2022

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Cash flows from financing activities :		
Proceeds from long-term borrowings	18,681.8	22,753.5
Repayment of long-term borrowings	(13,448.5)	(5,615.4)
Dividend and tax thereon	(4,112.3)	-
Proceeds from / (Repayments of) short-term borrowings (net)	14,032.4	(4,176.3)
Finance costs paid	(1,731.1)	(1,628.3)
Payment of lease liabilities	(19.0)	(27.4)
Net cash flow from / (used in) financing activities (C)	13,403.3	11,306.1
Net increase in cash and cash equivalents (A + B + C)	452.9	769.9
Cash and cash equivalents at the beginning of the year	1,002.4	232.5
Cash and cash equivalents at the end of the year (refer note 10 (b))	1,455.3	1,002.4
Components of cash and cash equivalents		
Cash on hand	8.1	7.4
On current account	1,447.2	995.0
Total cash and cash equivalents	1,455.3	1,002.4

Reconciliation of borrowings	Note No.	Year ended 31 st March 2022	Year ended 31 st March 2021
Balance at the beginning of year			
Non-current borrowings	note 14(a)	30,588.0	22,499.9
Current maturities of non-current borrowings	note 18(a)	12,648.9	4,735.7
Proceeds from borrowings		18,681.8	22,753.5
Repayment of borrowings		(13,448.5)	(5,615.4)
Unrealised foreign exchange gain / (loss) (net)		2,296.9	(1,136.8)
Balance at the end of year			
Non-current borrowings	note 14(a)	36,369.7	30,588.0
Current maturities of non-current borrowings	note 18(a)	14,397.4	12,648.9

Notes :

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

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

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

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP

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

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI

Chairman
DIN No. 00018577

NILKANTH NATU

Chief Financial
Officer

RAAJNISH SHRIKRISHNA DESAI

Partner
Membership No.: 101190

R.B.RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Pune : 26th May 2022

Notes to the Standalone Financial Statements as at and for the year ended 31st March 2022

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

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

A. Reconciliation of carrying amount

	Other than Research and Development						Research and Development					Capital Work-in-Progress	
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		Total
Gross amount as at 1 st April 2020	1,188.9	136.3	9,141.0	66,442.2	628.0	760.4	159.9	1,154.9	2,122.1	909.9	37.9	82,681.5	4,402.6
Additions	234.6	-	1,214.0	4,135.6	7.4	1.3	26.3	-	120.6	7.2	-	5,747.0	28,831.9
Less : Transferred to right to use	-	136.3	-	-	-	-	-	-	-	-	-	136.3	-
Less : Disposals	-	-	-	-	15.0	-	-	-	-	-	-	15.0	6,376.9
Gross amount as at 3 ^{1st} March 2021	1,423.5	-	10,355.0	70,577.8	620.4	761.7	186.2	1,154.9	2,242.7	917.1	37.9	88,277.2	26,857.6
Accumulated depreciation as at 1 st April 2020	-	7.4	898.9	20,663.0	327.6	183.6	89.2	66.0	704.1	214.7	21.7	23,176.2	-
Depreciation for the year	-	-	293.7	7,131.5	88.2	72.7	25.5	20.4	235.8	86.7	7.2	7,961.7	-
Less : Transferred to right to use	-	7.4	-	-	-	-	-	-	-	-	-	7.4	-
Less : Disposals	-	-	-	-	2.0	-	-	-	-	-	-	2.0	-
Accumulated depreciation as at 3 ^{1st} March 2021	-	-	1,192.6	27,794.5	413.8	256.3	114.7	86.4	939.9	301.4	28.9	31,128.5	-
Net amount as at 3 ^{1st} March 2021	1,423.5	-	9,162.4	42,783.3	206.6	505.4	71.5	1,068.5	1,302.8	615.7	9.0	57,148.7	26,857.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

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

	Other than Research and Development							Research and Development				Capital Work-in-Progress	
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		Total
Gross amount as at 1 st 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	-	3,683.3	24,763.5	191.4	224.0	27.2	98.3	367.1	-	-	29,393.8	19,926.6
Less : Disposals	-	-	-	13.6	63.2	60.8	67.5	-	-	5.7	-	210.8	-
Transfers to Property Plant and Equipments	-	-	-	-	-	-	-	-	-	-	-	-	19,738.3
Gross amount as at 31 st 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	117,460.2	27,045.9
Accumulated depreciation as at 1 st 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	-
Less : Disposals	-	-	-	8.2	62.1	56.9	65.3	-	-	5.4	-	197.9	-
Accumulated depreciation as at 31 st 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 31 st 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

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

C. Property, plant and equipment pledged as security: Please refer details of security provided in note 32.

D. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is ₹ 3,288 lakhs as at 31st March 2022 (₹ 3,780.0 lakhs as at 31st March 2021).

E. For directly attributable expenses and borrowing cost capitalised during the year, refer note 47.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

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

F. Following is the ageing schedule for Capital-work-in progress ("CWIP").

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	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

As at 31st March 2021

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	23,819.8	2,831.0	206.8	-	26,857.6
Projects temporarily suspended	-	-	-	-	-
	23,819.8	2,831.0	206.8	-	26,857.6

G. Following is the CWIP completion schedule for capital-work-in progress, whose completion is overdue or has exceeded its costs compared to its original plan.

As at 31st March 2022

Particulars	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Pigment 1	9,924.6	-	-	-
Pigment 2	6,390.4	-	-	-
Pigment 3	2,927.1	-	-	-
Other projects	7,803.8	-	-	-
	27,045.9	-	-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

1. BACKGROUND:

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

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

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

The Standalone Financial Statements of the Company for the year ended 31st March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 26th May 2022.

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

(A) Basis of preparation:

(a) Statement of Compliance:

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

(b) Basis for preparation of standalone financial statements:

These Standalone Financial Statements are presented in Indian rupees ("₹") which is also the Company's functional currency. All amounts have been reported in Indian Rupees lakhs, except for share and earnings per share data, unless otherwise stated. These standalone financial statements

have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments and defined benefit plans which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Schedule III of the Act.

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

(B) Critical accounting Estimates, Assumptions and Judgments:

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are included in following notes:

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

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's property, plant and equipment and intangible assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes C(b) and C(c)

(b) Recognition of deferred tax assets:

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

(c) Defined benefit obligation:

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

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

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

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

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

(e) Expected credit losses on financial assets:

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions including implications, if any arising from the resurgence of COVID 19 as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained in Note C (g) (6)

(f) Provision for inventory obsolescence:

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

(g) Uncertainty associated with resurgence of COVID-19:

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

(C) Significant accounting policies:

(a) Foreign Currency Translation:

Transactions and balances:

- (1) The functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates) is the Indian Rupee ("INR") or ("₹")
- (2) Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such

transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the year-end are generally recognised in the Standalone Statement of Profit and Loss and reported within foreign exchange gains / (losses)

- (3) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation
- (4) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs
- (5) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange differences are recognised in the statement of profit or loss except exchange difference arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively)

(b) Property, Plant and Equipment:

(i) Recognition and measurement:

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

recognition principles are applied to the costs incurred initially to acquire an item of PPE, to the pre-operative and trial run costs incurred (net of sales), if any, and also to the costs incurred subsequently to add to, or to replace any part of, or service it.

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

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

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

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

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

(c) Intangible Assets and Intangible under development:

(i) Intangible assets:

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

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

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

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

(ii) Amortisation:

- (1) The useful lives of intangible assets are assessed as either finite or indefinite.
- (2) Intangible assets i.e. registrations, computer software and technical know-how which have finite useful lives, are amortised on a straight-line basis over the period of expected future benefits/ useful life of the projects.

- (3) Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The details of estimated useful life is as follows:

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.

(d) Investment in Subsidiaries:

Investment in subsidiaries are carried at cost less impairment, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts is recognised in the standalone statement of Profit and Loss.

(e) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is determined under the moving weighted average price basis and includes all costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials:

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

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

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

(iii) Stores and spares and packing material:

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

(iv) Traded goods:

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

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

(f) Cash and Cash Equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks (which are unrestricted for withdrawal and usage) and cash on hand and short-term deposits with original maturity of three

months or less, which are subject to an insignificant risk of changes in value. In the Statements of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above which are considered as integral part of the Company's cash management.

(g) Financial Instruments:

(i) Financial Assets:

(1) Initial recognition:

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

(2) Subsequent measurement:

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

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income

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

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

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

(3) Trade receivables and loans:

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

(4) Derivatives financial instruments and hedge accounting:

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

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

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

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

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

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

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

(5) Derecognition:

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

(6) Impairment of Financial Assets:

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

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

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

(ii) Financial Liabilities:

(1) Initial recognition and measurement:

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

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

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

(2) Subsequent measurement:

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

(3) Derecognition:

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

(iii) Offsetting of Financial Instruments:

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

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require specified payments to be made to reimburse the holder for a loss it incurs because the

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

specified debtor fails to make a payment when due in accordance with the terms of a debt instrument

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation

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

(h) Provisions and Contingent Liabilities:

- (i) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation
- (ii) Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost
- (iii) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control

of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made

- (iv) Contingent assets are not disclosed in the standalone financial statements unless an inflow of economic benefits is probable

(i) Revenue:

(i) Revenue from contracts with customers:

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability. Due to the short nature of credit period given to customers, there is no financing component in the contract

Sale of goods:

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

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

(j) Employee Benefits:

(vii) Short-Term Employee Benefits:

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short-term

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

(viii) Post-Employment Benefits:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

Re-measurements are not reclassified to the profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the standalone statement of Profit and Loss as past service cost

(3) Compensated absences:

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

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

(k) Borrowing Costs:

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as

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

Interest income or expense is recognised using the effective interest method

(l) Taxation:

Income tax expense for the year comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income

Current Tax:

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

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

Deferred Tax:

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

- (1) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

- (2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- (3) taxable temporary differences arising on the initial recognition of goodwill

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

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

(m) Impairment of Non-Financial Assets:

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

Asset / CGU whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment. An impairment loss is recorded in the statement of profit and loss account. Assessment is also done at each Balance Sheet date as to

whether there is indication that an impairment loss recognised for an asset/ CGU in prior accounting periods no longer exists or may have decreased, consequent to which such reversal of impairment loss is recognised in the Standalone Statement of Profit and Loss

(n) Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset

Company as a lessee

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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

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

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

(o) Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average

number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

(p) Dividends:

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

(q) Government Grants:

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

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

(r) Share based payments:

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

The expense is recognised in the statement of profit and loss with a corresponding increase to the 'share option outstanding account', which is a component of equity

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

(s) Segment reporting:

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

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

(t) Rounding-off of amounts:

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

(u) Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April 2022, as below:

- (1) **Ind AS 103 - Reference to Conceptual Framework** - The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes

do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements

(2) Ind AS 16 - Proceeds before intended use -

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements

(3) Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract -

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements

(4) Ind AS 109 - Annual Improvements to Ind AS (2021) -

The amendment clarifies which fees an entity includes when it applies the '10 %' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements

(5) Ind AS 106 - Annual Improvements to Ind AS (2021) -

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares (including SAP ERP)	Technical Know-how (Acquired)	Technical Know-how (Internally Generated)	Registrations (Acquired)	Other Intangible Assets	Total	Intangible assets under development
Gross amount as at 1st April 2020	561.9	187.9	781.4	1,206.5	150.0	2,887.7	395.6
Additions	1,198.3	-	-	82.9	-	1,281.2	555.0
Less: Disposals / Transfer	-	-	-	292.1	-	292.1	-
Gross amount as at 31st March 2021	1,760.2	187.9	781.4	997.3	150.0	3,876.8	950.6
Accumulated amortisation as at 1st April 2020	348.3	186.0	51.7	409.3	45.3	1,040.6	-
Amortisation for the year	223.1	-	168.0	123.6	15.0	529.7	-
Less: Disposals	-	-	-	143.0	-	143.0	-
Accumulated amortisation as at 31st March 2021	571.4	186.0	219.7	389.9	60.3	1,427.3	-
Net amount as at 31st March 2021	1,188.8	1.9	561.7	607.4	89.7	2,449.5	950.6
Gross amount 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
Less: Disposals / Transfer	-	-	-	133.9	-	133.9	285.8
Gross amount 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	-
Less: 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

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

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

B. Following is the ageing schedule for Intangible assets under development ("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	450.0	555.0	109.8	-	1,114.8
Projects temporarily suspended	-	-	-	-	-
	450.0	555.0	109.8	-	1,114.8

As at 31st March 2021

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	555.0	395.6	-	-	950.6
Projects temporarily suspended	-	-	-	-	-
	555.0	395.6	-	-	950.6

C. Following is the completion schedule for IAUD, whose completion is overdue, or has exceeded its costs compared to its original plan.

As at 31st March 2022

Particulars	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Cost capitalised for the various ongoing projects	1,114.8	-	-	-
	1,114.8	-	-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

5 INVESTMENT IN SUBSIDIARIES

	As at 31 st March 2022	As at 31 st March 2021
Unquoted, Fully paid up		
Carried at cost		
Investments in Equity Instruments		
Sudarshan Europe B.V.		
28,100 (Previous Year : 28,100) Equity shares of EURO 100 each	1,916.4	1,916.4
Sudarshan Japan Limited		
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
(Impairment reversed during the previous year, refer note 44)		
	5,348.4	5,348.4
<i>Aggregate amount of quoted investments and market value thereof</i>	-	-
<i>Aggregate amount of unquoted investments</i>	5,348.4	5,348.4
<i>Aggregate amount of unquoted investments held for sale</i>	-	-
<i>Aggregate amount of impairment in the value of investments</i>	-	-
Note:		
As per the Company's policy, investments in subsidiaries include the fair value of financial guarantees issued as security for loans taken by subsidiaries. The details of such fair values included in the investments above is as shown below:		
RIECO Industries Limited	89.3	89.3
Sudarshan Europe B.V.	7.4	7.4
	96.7	96.7

6 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) INVESTMENTS		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : 2,600) Equity shares of ₹ 10 each	165.5	126.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

6 FINANCIAL ASSETS : NON-CURRENT (CONTD.)

	As at 31 st March 2022	As at 31 st March 2021
Pigment Manufacturers Association of India		
1,000 (Previous Year : Nil) Equity shares of ₹ 10 each	0.1	-
	166.6	127.6
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	166.6	127.6
Aggregate amount of impairment in the value of investments	-	-
(b) OTHER FINANCIAL ASSETS		
(unsecured considered good unless stated otherwise)		
Security deposits	65.0	72.1
Tender deposit	9.4	-
	74.4	72.1

7 OTHER NON-CURRENT ASSETS

	As at 31 st March 2022	As at 31 st March 2021
(a) Capital advances		
Considered good	72.9	2,992.6
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	72.9	2,992.6
(b) Advances other than capital advances		
Balances with Government Authorities	117.0	875.6
Prepaid expenses	504.5	543.2
Stamp duty receivable	276.1	276.1
Others	493.9	510.4
	1,391.5	2,205.3
	1,464.4	5,197.9

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March 2022	As at 31 st March 2021
(a) Non-current tax assets (net)		
Income tax assets	20,443.2	28,049.5
Income tax liabilities	18,474.8	26,279.7
Net income tax assets	1,968.4	1,769.8
(b) Current tax liabilities (net)		
Income tax liabilities	16,406.1	5,339.6
Income tax assets	16,285.0	5,325.0
Net income tax liabilities	121.1	14.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March 2022	As at 31 st March 2021
(a) Raw Materials	13,191.9	11,443.0
Raw Materials in transit	2,305.1	2,319.8
	15,497.0	13,762.8
(b) Work-in-progress	8,071.4	5,837.0
(c) Finished Goods	13,755.0	8,674.4
Finished Goods in transit	5,537.6	665.2
	19,292.6	9,339.6
(d) Stores and Spares	4,678.8	2,949.6
(e) Packing Materials	285.5	297.0
	47,825.3	32,186.0

During the current year, an amount of (₹ 100.5) lakhs (Previous Year : ₹ 763.6 lakhs) was (reversed) / charged off to the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.

For details of inventory pledged as security refer note 32.

10 FINANCIAL ASSETS : CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
(refer note 41 for details of related party balances)		
Trade receivables considered good	46,681.8	49,229.0
Less: Allowance for expected credit loss	273.9	204.2
	46,407.9	49,024.8
Trade receivables which are credit impaired	697.5	697.5
Less: Allowance for expected credit loss	697.5	697.5
	-	-
	46,407.9	49,024.8

Following is the ageing schedule for trade receivable.

Particulars	As at 31 st March, 2022						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 does not include provision for expected credit loss amounting to ₹ 971.4 lakhs.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

10 FINANCIAL ASSETS: CURRENT (CONTD.)

Particulars	As at 31 st March, 2021						Total
	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	38,395.2	9,553.1	210.5	78.0	788.0	-	49,024.8
Undisputed - which have significant increase in credit risk	14.8	16.9	9.2	26.0	137.3	-	204.2
Undisputed - Credit impaired	-	-	-	-	-	-	-
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	38,410.0	9,570.0	219.7	104.0	925.3	697.5	49,926.5

Note :- Above figures does not include provision for expected credit loss amounting to ₹ 901.7 lakhs.

	As at 31 st March 2022	As at 31 st March 2021
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	8.1	7.4
Balance with Banks		
In Current Accounts	1,447.2	995.0
	1,455.3	1,002.4
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	360.5	319.2
Margin money deposits	90.9	90.9
	451.4	410.1
(d) LOANS		
(Unsecured and considered good unless otherwise stated)		
Loans to related parties (refer note 41)	206.9	502.8
	206.9	502.8
(e) DERIVATIVE ASSETS		
Foreign exchange forward contracts	233.1	473.0
Interest rate / currency swap contracts	985.0	-
	1,218.1	473.0
(f) OTHER FINANCIAL ASSETS		
Receivable from subsidiaries (refer note 41)	27.9	45.1
Export benefits receivable	591.3	1,469.1
Other receivables (includes interest accrued on deposits)	573.5	1,110.2
	1,192.7	2,624.4

11 OTHER CURRENT ASSETS

	As at 31 st March 2022	As at 31 st March 2021
Advances other than capital advances		
Prepaid expenses	922.9	576.3
Balances with Government authorities	2,449.6	4,344.9
Other advances	1,430.3	1,061.1
	4,802.8	5,982.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

12 EQUITY SHARE CAPITAL

	As at 31 st March 2022	As at 31 st March 2021
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) Equity Shares of ₹ 2 each.	1,500.0	1,500.0
ISSUED :		
*69,227,750 (Previous Year : 69,227,750) Equity Shares of ₹ 2 each.	1,384.5	1,384.5
SUBSCRIBED AND PAID-UP :		
*69,227,250 (Previous Year : 69,227,250) Equity Shares of ₹ 2 each fully paid up.	1,384.5	1,384.5

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

(a) Reconciliation of the share capital

	As at 31 st March 2022		As at 31 st March 2021	
	Quantity in nos.	₹	Quantity in nos.	₹
At the beginning of the year	69,227,250	1,384.5	69,227,250	1,384.5
Add : Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	69,227,250	1,384.5	69,227,250	1,384.5

(b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share (Previous Year : ₹ 2 each). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors has recommended a dividend of ₹ 5/- per share (Previous Year : ₹ 6.0/- per share) on Face value of ₹ 2/- per share (i.e. 250%) for the FY 2021-22, which is subject to approval of shareholders at the 71st Annual General Meeting of the Company.

During the previous year the Board of Directors had recommended a dividend of 6/- per share on face value of ₹ 2/- per share (i.e. 300%) for the FY 2020-21 amounting to ₹ 4,153.6 lakhs, which was further approved by the shareholders at the 70th Annual General Meeting of the Company dated 6th August 2021.

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

	As at 31 st March 2022		As at 31 st March 2021	
	No.	% of total shares in class	No.	% of total shares in class
Mr. P. R. Rath	4,186,240	6.05	3,823,450	5.52
Mr. R. P. Rath	3,023,859	4.37	4,754,540	6.87
Mr. A. N. Rath	5,447,620	7.87	5,447,620	7.87
Mr. R. B. Rath	4,050,359	5.85	3,995,429	5.77
Mr. Akash Bhanshali	2,055,000	2.97	4,255,000	6.15

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

12 EQUITY SHARE CAPITAL (CONTD.)

(d) For a period of five years immediately preceding 31st March 2022

- 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 2022

Promoter name	No of shares as at 31 st March 2022	% of total shares	No of shares as at 31 st March 2021	% change during the year
Mr. A. N. Rathi	5,447,620	7.87	5,447,620	-
Mr. R. P. Rathi	3,023,859	4.37	4,754,540	(2.5)
Mr. P. R. Rathi	4,186,240	6.05	3,823,450	0.5
Mr. R. B. Rathi	4,050,359	5.85	3,995,429	0.1
Mr. A. B. Rathi	2,073,660	3.00	2,073,660	-
Mrs. S. P. Rathi	1,313,680	1.90	1,313,680	-
Mr. R. B. Rathi (As Trustee - SOW Rachna Rathi Family Trust)	1,208,250	1.75	1,208,250	-
Ajoy Balkrishna Rathi (HUF)	1,175,325	1.70	1,175,325	-
Mr. M. A. Rathi	827,900	1.20	827,900	-
Mr. N. J. Rathi	437,650	0.63	797,650	(0.5)
Mrs. N. A. Rathi	400,404	0.58	719,370	(0.5)
Anuj Narayandas Rathi (HUF)	-	-	567,770	(0.8)
Balkrishna Rathi Finance Private Limited	462,550	0.67	462,550	-
Mrs. K. R. Rathi	-	-	362,790	(0.5)
Rajesh Balkrishna Rathi (HUF)	177,425	0.26	177,425	-
Mrs. R. R. Rathi	14,120	0.02	5,000	-

- (f) Other disclosures mandated by Schedule III are not applicable to the Company and hence have not been made.

13 OTHER EQUITY

	As at 31 st March 2022	As at 31 st March 2021
(a) Capital Reserve	0.4	0.4
(b) Securities Premium	1,321.2	1,321.2
(c) General Reserve	21,340.5	21,340.5
(d) Effective portion of Cash Flow Hedge	(173.9)	(443.5)
(e) Shares Options (ESOP) outstanding account	228.8	126.1
(f) Retained Earnings	59,123.7	53,322.2
	81,840.7	75,666.9
MOVEMENTS IN OTHER EQUITY		
(a) Capital Reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Securities Premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(c) General Reserve		
Balance at the beginning of the year	21,340.5	21,340.5
Additions during the year	-	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

13 OTHER EQUITY (CONTD.)

	As at 31 st March 2022	As at 31 st March 2021
Deductions during the year	-	-
Balance at the end of the year	21,340.5	21,340.5
(d) Effective portion of Cash Flow hedge		
Balance at the beginning of the year	(443.5)	(568.4)
Additions during the year	-	-
Deductions during the year	(269.6)	(124.9)
Balance at the end of the year	(173.9)	(443.5)
(e) Shares Options (ESOP) outstanding account (refer note 46)		
Balance at the beginning of the year	126.1	-
Additions during the year	102.7	126.1
Deductions during the year	-	-
Balance at the end of the year	228.8	126.1
(f) Retained Earnings		
Balance at the beginning of the year	53,322.2	39,776.0
Add : Profit after tax for the year	10,037.6	13,623.4
Other Comprehensive Income recognised directly in retained earnings	(82.5)	(77.2)
Less : Appropriations (refer note 12(b))	4,153.6	-
Final Equity Dividend	59,123.7	53,322.2
	81,840.7	75,666.9

Description of nature and purpose of each reserve

- Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.
- Capital Reserve includes surplus on re-issue of shares in the FY 1996-97 ₹ 0.4 lakhs.
- General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income.
- Cash flow hedging reserve -
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs.
- Shares Options (ESOP) outstanding account -
It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. (refer note 46)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	2,400.0	2,700.0
Foreign Currency Loans	33,969.7	27,888.0
Borrowings are disclosed net of unamortised finance cost - ₹ 315.2 lakhs (Previous Year: ₹ 392.1 lakhs) (refer note 32 for details of security and terms of repayment)		
	36,369.7	30,588.0
(b) OTHER FINANCIAL LIABILITIES		
Security deposits	167.3	170.1
	167.3	170.1

15 PROVISIONS : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
PROVISION FOR EMPLOYEE BENEFITS		
Provision for pension (refer note 31)	1,007.7	1,027.5
Provision for gratuity (refer note 31)	758.5	607.3
Provision for compensated absences (refer note 31)	708.2	637.4
	2,474.4	2,272.2

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March 2022	As at 31 st March 2021
The major components of the deferred tax liabilities are		
Property, plant and equipment	5,480.0	5,047.5
Others	136.4	112.1
	5,616.4	5,159.6
The major components of the deferred tax assets are		
Allowance for expected credit loss	244.5	227.0
Expenditure allowed on actual payment [Section 43B of Income tax, Others]	231.5	263.0
	476.0	490.0
	5,140.4	4,669.6

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

For movement in deferred tax assets and liabilities refer note 30

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

17 OTHER NON-CURRENT LIABILITIES

	As at 31 st March 2022	As at 31 st March 2021
Deferred Government Grant	1,248.1	1,006.8
	1,248.1	1,006.8

18 FINANCIAL LIABILITIES : CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) BORROWINGS		
Secured		
Loans repayable on demand / Loans repayable within 12 months		
From banks :		
Rupee Loans	6,499.8	2,514.0
Foreign Currency Loans	4,668.9	-
Current maturities of non-current borrowings	14,397.4	12,648.9
Unsecured		
Loans repayable on demand / Loans repayable within 12 months		
From banks :		
Rupee Loans	14,169.8	10,540.6
(refer note 32 for details of security and terms of repayment)		
	39,735.9	25,703.5
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises (refer note 33)	1,926.7	755.6
Other than Micro and Small Enterprises	45,678.3	41,044.1
	47,605.0	41,799.7

Following is the ageing schedule for trade payable

	As at 31 st March 2022					
Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Micro and Small Enterprises	1,922.0	4.4	-	0.3	-	1,926.7
Others	31,302.5	12,204.9	2,068.7	15.1	42.5	45,633.7
Disputed Micro and Small Enterprises	-	-	-	-	-	-
Disputed Others	-	11.1	33.5	-	-	44.6
Total	33,224.5	12,220.4	2,102.2	15.4	42.5	47,605.0

	As at 31 st March 2021					
Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Micro and Small Enterprises	398.0	348.4	9.3	-	-	755.7
Others	32,233.9	8,582.2	-	210.4	-	41,026.5
Disputed Micro and Small Enterprises	-	-	-	-	-	-
Disputed Others	1.5	16.0	-	-	-	17.5
Total	32,633.4	8,946.6	9.3	210.4	-	41,799.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

18 FINANCIAL LIABILITIES: CURRENT (CONTD.)

	As at 31 st March 2022	As at 31 st March 2021
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	56.6	72.0
Interest rate / currency swap contracts	2.5	242.9
	59.1	314.9
(d) OTHER FINANCIAL LIABILITIES		
Unclaimed dividend	360.4	319.1
Unpaid matured deposits including interest thereon (refer note 35)	20.4	21.4
Capital creditors	1,642.1	4,249.0
Employee dues	2,275.5	2,252.6
Other Liabilities (includes commission payable to directors and commission payable on sales)	575.6	726.7
	4,874.0	7,568.8

19 OTHER CURRENT LIABILITIES

	As at 31 st March 2022	As at 31 st March 2021
Statutory Dues	443.5	373.2
Deferred Government Grant	88.2	88.2
Other Liabilities (includes advances from customers)	133.5	411.2
	665.2	872.6

20 PROVISIONS: CURRENT

	As at 31 st March 2022	As at 31 st March 2021
PROVISION FOR EMPLOYEE BENEFITS		
Provision for pension (refer note 31)	153.1	139.1
Provision for compensated absences (refer note 31)	70.7	78.2
	223.8	217.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

21 REVENUE FROM OPERATIONS

	Year ended 31 st March 2022	Year ended 31 st March 2021
Sale of products	190,142.2	168,906.1
Other operating revenues		
Export Incentives	961.9	1,394.0
Miscellaneous Operating Income	787.0	550.0
(refer note 43 and 49)	191,891.1	170,850.1

22 OTHER INCOME

	Year ended 31 st March 2022	Year ended 31 st March 2021
Interest Income from financial assets carried at amortised cost		
Bank Deposits	20.4	47.2
Others	241.1	143.4
Other Non-Operating Income		
Liabilities no longer required, written back	39.5	97.3
Income on Financial Guarantees	37.6	36.1
Dividend from Subsidiary	331.2	-
Profit on Sale / Disposal of Fixed Assets (Net)	23.2	18.2
Miscellaneous Income	145.2	250.0
	838.2	592.2

23 COST OF MATERIALS CONSUMED

	Year ended 31 st March 2022	Year ended 31 st March 2021
Inventory of raw materials (including raw materials in transit) at the beginning of the year	13,762.8	12,414.9
Add : Purchases	127,065.8	98,124.0
	140,828.6	110,538.9
Less: Inventory of raw materials (including raw materials in transit) at the end of the year	15,497.0	13,762.8
	125,331.6	96,776.1

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

	Year ended 31 st March 2022	Year ended 31 st March 2021
Inventory at the end of the year		
Finished Products	19,292.6	9,339.6
Work-in-progress / Semi-finished Products	8,071.4	5,837.0
	27,364.0	15,176.6
Inventory at the beginning of the year		
Finished Products	9,339.6	13,294.0
Work-in-progress / Semi-finished Products	5,837.0	5,822.5
Stock-in-Trade	-	42.9
	15,176.6	19,159.4
	(12,187.4)	3,982.8

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

25 EMPLOYEE BENEFITS EXPENSE (NET)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Salaries, wages and bonus	11,368.2	9,676.3
Contribution to Provident and Other Funds	637.9	526.2
Share based payments (refer note 46)	102.7	126.1
Staff welfare expenses	816.6	544.0
	12,925.4	10,872.6

(refer note 47 for Employee benefits expense capitalised during the year)

26 FINANCE COSTS (NET)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Interest expenses on financial liabilities measured at amortised cost*	1,594.5	1,559.6
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	136.6	80.4
	1,731.1	1,640.0

*Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 681.9 lakhs (Previous year : ₹ 245.3 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 1.64% to 2.46% per annum for the year ended 31st March 2022. (31st March 2021: 1.99% per annum)

(refer note 47 for Finance cost capitalised during the year)

27 DEPRECIATION AND AMORTISATION

	Year ended 31 st March 2022	Year ended 31 st March 2021
Depreciation of property, plant and equipment	8,164.2	7,959.8
Amortisation of right of use assets	16.0	23.1
Amortisation of other intangible assets	509.3	531.6
	8,689.5	8,514.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

28 OTHER EXPENSES (NET)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Consumption of stores and spares	2,841.3	2,299.4
Consumption of packing material	2,536.4	1,867.6
Power and fuel	13,242.2	8,234.6
Water charges	1,337.6	1,366.0
Labour charges	4,909.5	4,659.2
Rent	225.8	272.3
Repairs and maintenance	3,692.2	2,815.7
Insurance	716.9	499.6
Rates and taxes (excluding taxes on income)	188.6	164.9
Advertisement	63.1	100.5
Auditors' Remuneration (refer note 34)	62.8	58.5
(Reversal) / provision for expected credit loss allowance (refer note 42)	69.7	(170.9)
Bank charges	163.3	135.0
Commission to selling agents	1,777.2	1,614.4
Freight and forwarding expenses	2,082.3	1,942.8
Directors' sitting fees	23.1	23.7
Foreign exchange (gain) / loss (net)	46.7	(773.0)
Consumables related to IT hardware	442.8	344.2
Legal, professional and consultancy charges	2,940.1	3,162.1
Printing, stationery and communication expenses	372.5	335.7
Travelling and conveyance	229.0	186.3
Cost recharge from subsidiaries	814.1	966.2
Expenditure towards Corporate Social Responsibility (refer note 36)	307.1	297.7
Miscellaneous expenses	3,409.0	2,202.2
	42,493.3	32,604.7

(refer note 47 for Other expenses capitalised during the year)

29 EARNINGS PER SHARE

	Year ended 31 st March 2022	Year ended 31 st March 2021
Profit for the year	10,037.6	13,623.4
Equity Shares outstanding as at the end of the year		
Number of Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted average Equity Shares outstanding as at the end of the year	69,227,250	69,227,250
Add: Dilutive impact of employee stock options	157,813	89,494
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	69,385,063	69,316,744
Nominal Value per Equity Share (in ₹)	2.0	2.0
Basic ₹ per share	14.5	19.7
Diluted ₹ per share	14.5	19.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

30 INCOME TAX

	Year ended 31 st March 2022	Year ended 31 st March 2021
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year	3,237.4	3,828.0
	3,237.4	3,828.0
Tax adjustment related to earlier year (b) (refer note D below)		
Current tax related to earlier year	-	427.0
Deferred tax related to earlier year	-	(529.8)
	-	(102.8)
Deferred tax (c)		
Relating to origination and reversal of temporary differences	470.8	525.9
	470.8	525.9
Tax on Exceptional Items (on exceptional items) (d)	-	249.9
Total tax expenses (a+b+c+d)	3,708.2	4,501.0
B Reconciliation of effective tax rate		
Profit before tax from operations	13,745.8	17,051.6
	13,745.8	17,051.6
Tax using Statutory tax rate @25.17%	3,459.8	4,291.9
Tax effect of:		
- non deductible expenses	74.9	35.7
- tax adjustment related to earlier year (refer note D)	-	(102.8)
- tax adjustment related to cess (refer note E)	111.6	-
- income taxable at lower rate	(25.1)	-
- tax on exceptional items	-	249.9
- others	87.0	26.3
Income tax expenses	3,708.2	4,501.0

C. Movement in deferred tax liabilities and assets

Deferred tax liabilities

	Property, Plant and Equipments	Other deferred tax liabilities	Total
As at 1st April 2020	5,459.9	87.6	5,547.5
Charged / (credited)			
- to Statement of Profit and Loss	(412.4)	24.5	(387.9)
- to Other Comprehensive Income	-	-	-
As at 31st March 2021	5,047.5	112.1	5,159.6
Charged / (credited)			
- to Statement of Profit and Loss	432.5	24.3	456.8
- to Other Comprehensive Income	-	-	-
As at 31st March 2022	5,480.0	136.4	5,616.4

Deferred tax assets

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

30 INCOME TAX (CONTD.)

	Allowance for Expected Credit Loss	Deferred tax recognised on Impairment	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1st April 2020	374.8	249.9	407.1	92.1	1,123.9
(Charged) / credited					
- to Statement of Profit and Loss	(147.8)	(249.9)	(144.1)	(92.1)	(633.9)
- to Other Comprehensive Income	-	-	-	-	-
As at 31st March 2021	227.0	-	263.0	-	490.0
(Charged) / credited					
- to Statement of Profit and Loss	17.5	-	(31.5)	-	(14.0)
- to Other Comprehensive Income	-	-	-	-	-
As at 31st March 2022	244.5	-	231.5	-	476.0

- D While finalising the tax return for the FY 2019-2020, the Company opted for the New Tax Regime (Section 115BAA of the Income Tax Act, 1961) since it was beneficial considering various recent developments and uncertainties associated with tax deductions under old regime. The effect of this change in accounting estimate, amounting to charge of ₹ 960.7 lakhs on current tax expense and reversal of deferred tax amounting to ₹ 529.8 lakhs (net tax impact of ₹ 430.9 lakhs) was recorded in the year ended 31st March 2021. Further, during the year ended 31st March 2021, the Company has reversed excess provisions for income tax of ₹ 533.7 lakhs arising from completion of tax assessments and receipt of tax refunds. The net impact of the above of ₹ 102.8 lakhs, is presented as "Tax adjustment related to earlier year" in the Standalone Financial Statements.
- E During the current 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

31 EMPLOYEE BENEFITS

A Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Employer's Contribution to Provident Fund and other funds	603.0	490.9
Employer's Contribution to Superannuation Fund	34.9	35.3

Company's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The Company makes contributions to the Superannuation Scheme, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation to the scheme beyond its annual contributions.

B Defined Benefit Plans

I Gratuity

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. These benefits are funded with an insurance company in the form of a qualifying insurance policy.

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

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Current service cost	190.6	171.2
Net interest (income) / expense	33.3	16.8
Net expense	223.9	188.0

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Defined benefit obligation as at the beginning of the year	2,616.6	2,476.3
Interest cost	170.3	154.6
Current service cost	190.6	171.2
Benefit payments from plan assets	(153.5)	(184.7)
Others	-	-
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	115.4	11.7
Actuarial (gain) / loss - Financial and Demographic	(54.8)	(12.5)
Defined benefit obligation as at the end of the year	2,884.6	2,616.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

31 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Fair value of plan assets at the beginning of the year	2,009.3	2,060.1
Expected returns on plan assets	137.0	137.8
Employer contributions	135.1	10.2
Mortality charges and taxes	-	-
Benefits paid	(153.5)	(184.8)
Others	-	-
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(1.8)	(14.0)
Fair value of plan assets at the end of year	2,126.1	2,009.3

As at 31st March 2022 and 31st March 2021 plan assets were 100% invested in insurer managed funds.

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
(Gain) / loss on defined benefit obligation - Experience	115.4	11.7
(Gain) / loss on defined benefit obligation - Financial	(54.8)	(12.5)
(Gain) / loss on plan assets - Experience	1.8	14.0
Amount recognised in the statement of OCI	62.4	13.2

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

Particulars	As at 31 st March 2022	As at 31 st March 2021
Defined Benefit Obligation	2,884.6	2,616.6
Fair value of plan assets	2,126.1	2,009.3
Closing net defined benefit liability / (asset)	758.5	607.3

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 31 st March 2022	As at 31 st March 2021
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

Particulars	As at 31 st March 2022	As at 31 st March 2021
Discount rate	7.2%	6.8%
Expected rate of increment in compensation levels	7% to 8%	7.0%

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

31 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March 2022		As at 31 st March 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(158.7)	176.2	(151.7)	168.7
Expected rate of increment in compensation levels	174.7	(160.4)	166.7	(152.8)

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

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

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March 2022	As at 31 st March 2021
Within the next 12 months	274.9	239.4
Between 2 and 5 years	1,469.6	982.5
Beyond 5 years	3,066.0	3,081.3

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 13 years (Previous Year : 12.4 years).

II Pension

The Company provides for Pension, a defined benefit retirement plan covering eligible employees. The plan provides for monthly pension payments to retired employees or family pension to their eligible family members till such period as stipulated in the Board approved policy. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

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

Net employee benefit expense on account of pension recognised in employee benefit expenses.

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Current service cost	5.0	4.6
Net interest (income) / expense	74.8	70.9
Net expense	79.8	75.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

31 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	As at 31 st March 2022	As at 31 st March 2021
Defined benefit obligation as at the beginning of the year	1,166.6	1,122.5
Interest cost	74.8	70.9
Current service cost	5.0	4.6
Benefit payments directly by employer	(133.4)	(121.4)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(44.2)	(14.3)
Actuarial (gain) / loss - Financial and Demographic	92.0	104.3
Defined benefit obligation as at the end of the year	1,160.8	1,166.6

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
(Gain) / loss on defined benefit obligation - Experience	(44.2)	(14.3)
(Gain) / loss on defined benefit obligation - Financial and Demographic	92.0	104.3
Amount recognised in the statement of OCI	47.8	90.0

Net Defined Benefit Liability / (Asset) for the period

Particulars	As at 31 st March 2022	As at 31 st March 2021
Defined Benefit Obligation	1,160.8	1,166.6
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,160.8	1,166.6

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 31 st March 2022	As at 31 st March 2021
Discount rate	7.2%	6.8%
Pension increase rate	10.0%	10.0%
Retirement Age	80 years	80 years

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

31 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March 2022		As at 31 st March 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(95.2)	113.6	(98.7)	118.9
Pension increase rate	22.4	(21.1)	25.3	(24.2)

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

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

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March 2022	As at 31 st March 2021
Within the next 12 months	153.1	139.1
Between 2 and 5 years	781.4	710.4
Beyond 5 years	1,505.0	1,368.2

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Company's liability for sick and earned leave (includes net employee benefit of discontinued operations)

The amount of the provision settled within 12 months is presented as current, since the Company does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

Particulars	As at 31 st March 2022	As at 31 st March 2021
Current leave obligations expected to be settled within the next 12 Months	70.7	78.2
Leave obligations expected to be settled beyond 12 months	708.2	637.4

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

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

Demographic Assumptions

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

Particulars	31 st March 2022	31 st March 2021
Discount rate	7.2%	6.8%
Expected rate of increment in compensation levels	7% - 8%	7.0%
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%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

32 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION

A. SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at		As at	
				31 st March 2022	Non-Current	31 st March 2021	Non-Current
				Current	Current	Current	Current
a) SECURED							
i) Foreign currency term loans / ECBs from banks							
Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune and further secured by way of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune	30-Dec-21	18 equal quarterly installments	3 months EURIBOR + 1.55%	-	-	1,363.4	-
	26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	1,473.5	-	1,499.5	1,252.0
	31-Jan-23	20 equal quarterly installments	3 month LIBOR + 1.25%	953.2	-	919.5	906.0
	27-Sep-25	17 equal quarterly installments	3 month LIBOR + 1.40%	4,091.9	9,497.3	2,838.2	13,103.2
	31-Aug-25	18 equal quarterly installments	3 month LIBOR + 1.50%	7,578.8	16,863.3	5,728.3	12,626.8
	31-Dec-26	14 equal quarterly installments	6 month LIBOR + 1.25%	-	7,609.1	-	-
The bankers are							
- Standard Chartered Bank							
- The Hong Kong and Shanghai Banking Corporation Limited							
- Citi Bank N.A.							
- State Bank of India							
- Axis Bank Limited							
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), Amravezadi, 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), Amravezadi, Dist. Pune.	03-Aug-23	03 annual installments	7.75%	300.0	2,400.0	300.0	2,700.0
The banker is ICICI Bank							
iii) Working capital loans repayable on demand from banks / Loan repayable within 12 months							
Working Capital Borrowings from Bank of Maharashtra, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the movable and immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amravezadi, Dist. Pune by registered mortgage.	1-3 months	Repayable on demand	4.20% to 4.60%	11,168.7	-	2,514.0	-

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

32 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION (CONTD.)

Security	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at		As at	
				31 st March 2022	Non-Current	31 st March 2021	Non-Current
b) UNSECURED							
i) Working capital loans repayable on demand from banks / Loan repayable within 12 months							
The Bankers are	1 month	Repayable on demand	4.48% to 4.60%	14,169.8	-	10,540.6	-
- Kotak Mahindra Bank							
- HDFC Bank Limited							
- IDFC First Bank							
ii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	20.4	-	21.4	-
				39,756.3	36,369.7	25,724.9	30,588.0
The bifurcation of total borrowings is as follows:							
Non-current borrowings	Note 14(a)			-	36,369.7	-	30,588.0
Current borrowings	Note 18(a)			25,338.5	-	13,054.6	-
Current maturities of long-term debts	Note 18(a)			14,397.4	-	12,648.9	-
Unpaid matured deposits including interest thereon (refer note 35)	Note 18(d)			20.4	-	21.4	-
				39,756.3	36,369.7	25,724.9	30,588.0

B. OTHER REGULATORY INFORMATION

- a) The Company files monthly/ quarterly statement for its current assets with banks. The Company reconciles the quarterly statements filed with the banks with amounts as per financial statements. 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. Following is the reconciliation of amount stated in financial statements and amount stated in revised statements of current assets as on 31st March 2022 with banks.

Amount stated in Financial Statements		As at	As at
		31 st March 2022	31 st March 2021
Trade Receivable		46,407.9	49,024.8
Inventories		47,825.3	32,186.0
Total amount of current assets disclosed in the Financial Statements		94,233.2	81,210.8
Amount stated in statement of current assets furnished with banks		94,233.2	81,210.8
Total amount of current assets furnished to Bankers		94,233.2	81,210.8

- b) The charges or satisfaction on the assets of the Company are registered with Registrar of Companies within the the statutory period. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
- c) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

33 DISCLOSURE FOR MICRO AND SMALL ENTERPRISE CREDITORS

Outstanding to Micro and Small Enterprise : ₹1,926.7 lakhs (Previous Year : ₹ 755.6 lakhs). The identification of suppliers under "Micro and Small Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company. Total outstanding dues of Micro and Small Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	As at 31 st March 2022	As at 31 st March 2021
(a) Principal amount due	1,926.7	755.6
(b) Interest paid under MSMED Act, 2006	-	-
(c) Interest due	84.8	62.3
(d) Interest accrued and due	-	-
(e) Interest due and payable till actual payment	84.8	62.3

34 AUDITOR'S REMUNERATION

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
(a) Audit Fees	41.5	36.5
(b) Tax Audit Fees	2.0	2.0
(c) Other services - Certification and Limited Review	17.8	18.5
(d) Reimbursement of Expenses	1.5	1.5
	62.8	58.5

35 FIXED DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As At 31 st March 2022	As At 31 st March 2021
(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	21.4
	20.4	21.4

36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

The Company is covered under section 135 of the Companies Act, the Company is required to contribute towards activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto.

Company's CSR activities 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 2022	Year Ended 31 st March 2021
a) Amount required to be spent by the Company during the year,	308.4	285.1
b) Amount of expenditure incurred,	307.1	297.7
c) Shortfall / (Excess) at the end of the year,	1.3	(12.6)
d) Total of previous years shortfall,	-	-
e) Reason for shortfall,	refer note below	NA
f) Details of related party transactions (Sudarshan CSR Foundation)	201.0	245.5
g) Movement of provisions	NA	NA

Lesser amount is incurred in the current year (shortfall ₹ 1.3 lakhs) to utilise the excess amount incurred in the previous year (excess of ₹ 12.6 lakhs).

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

37 DISCLOSURE REQUIRED UNDER SEC. 186 (4) OF COMPANIES ACT, 2013:

Amount of loan outstanding from subsidiaries / Corporate guarantee given on standalone basis and transactions during the year.

(a) Loans

Year Ended 31 st March 2022					
Name of the Company	Given during the year	Maximum Outstanding	Repaid during the year	Rate of Interest	Purpose
Sudarshan Japan Limited	-	502.8	286.8	4.00%	General Corporate Purpose

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

(b) Corporate guarantee given for loans availed by subsidiaries

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 *	USD 3 million	2,193.2	-	-	2,273.6	General Corporate Purpose
Sudarshan Europe B.V. *	EURO 6 million	5,141.3	-	-	5,052.0	
RIECO Industries Limited	-	6,000.0	6,600.0	-	12,600.0	
Sudarshan (Shanghai) *	USD 1 million	731.1	-	-	757.9	

For further details of loans and guarantees given to related party refer note 41. For details of Investments made refer note 5.

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

38 COMMITMENTS AND CONTINGENCIES:

Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	As at 31 st March 2022	As at 31 st March 2021
Excise duty	255.8	255.8
VAT / CST	20.7	282.7
Custom duty	330.4	330.4
Electricity duty on Power Generation	2,043.7	1,667.6

- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The Company does not expect any reimbursements in respect of the above contingent liabilities.
- The Company's pending litigations comprise of claims against the Company pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- The Company has obtained an opinion from a subject-matter expert ('SME') on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Company has a good case of success in the proceedings.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

39 ADDITIONAL REGULATORY INFORMATION AS REQUIRED BY NOTIFICATION ISSUED BY MINISTRY OF CORPORATE AFFAIRS DATED 24TH MARCH, 2021 ON AMENDMENTS ON SCHEDULE III.

- (a) The title deeds of all the immovable properties are held in the name of the Company.
- (b) The Company has not revalued its Property, Plant and Equipment or Intangible Assets during financial year ended 31st March 2022 and 31st March 2021
- (c) 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.
- (d) The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (e) The Company is not a declared wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. The Company has been paying the due installments on time and has not defaulted on any installments.
- (f) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (g) 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.
- (h) 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).
- (i) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (j) (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:
 - i) 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
 - ii) 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:
 - i) 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
 - ii) 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 2022

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

40 RATIOS BASED ON STANDALONE FINANCIAL STATEMENTS

	Times/ Percentage	As at 31 st March 2022	As At 31 st March 2021	% Change	Comments where variance exceeds 25%
a) Current Ratio (Current assets / Current liabilities)	Times	1.11	1.21	(8%)	
b) Debt-Equity Ratio (Total borrowings / Equity (Share capital+reserves))	Times	0.91	0.73	25%	This increase is due to higher borrowings for financing expansion projects as well as working capital loans.
c) Debt Service Coverage Ratio (Net operating income / Current debt obligations) (Net operating income is Profit after tax + Interest + Depreciation) (Current debt obligations is current maturity of long term debts and interest payment)	Times	1.27	1.59	(20%)	
d) Return on Equity Ratio (Profit after tax / Average Shareholder's Equity)	Percentage	12.53%	19.42%	(36%)	This has declined due to dip in profitability during the current year.
e) Inventory turnover ratio (Cost of good sold / Average Inventory)	Times	2.83	3.05	(7%)	
f) Trade receivables turnover ratio (Sale of goods / Average Trade receivables)	Times	3.98	3.94	1%	
g) Trade payables turnover ratio (Purchase of goods / Average Trade payables)	Times	2.84	2.54	12%	
h) Net capital turnover ratio (Sale of goods / Working capital) Working capital is current assets minus current liabilities)	Times	18.54	10.76	72%	The ratio has improved due to i) higher turnover ii) lower working capital
i) Net profit ratio (Net profit / Sale of goods)	Percentage	5.28%	8.07%	(35%)	This has declined due to dip in profitability during the current year.
j) Return on Capital employed (Earning before interest and taxes "EBIT" / Capital Employed) (Capital Employed is Tangible Net Worth + Total Debt + Deferred Tax Liability)	Percentage	9.64%	13.90%	(31%)	This is because of i) increase in Capital employed on account of increase in borrowing for financing expansion projects and ii) dip in profitability during the current year.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

41 RELATED PARTY TRANSACTION (AS PER IND AS 24 ON RELATED PARTY DISCLOSURES SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013)

A List of Related Parties and description of relationship

(a) Key Management Personnel

- Mr. P. R. Rath	Chairman
- Mr. R. B. Rath	Managing Director
- Mr. A. V. Vij	Wholtime Director
- Mr. A. N. Rath	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

(b) Relatives of Key Management Personnel

- Mrs. R. R. Rath	Wife of Mr. R. B. Rath
- Mr. R. P. Rath	Son of Mr. P. R. Rath
- Mrs. Jayashree Mantri	Sister of Mr. P. R. Rath
- Mrs. K. B. Rath	Mother of Mr. R. B. Rath
- Mr. A. B. Rath	Brother of Mr. R. B. Rath
- Mrs. Meena Maheshwari	Sister of Mr. R. B. Rath
- Late Mrs. K. R. Rath	Mother of Mr. P. R. Rath
- Late Mr. B. J. Rath	Father of Mr. R. B. Rath
- Late Mr. R. J. Rath	Father of Mr. P. R. Rath
- Mrs. S. P. Rath	Wife of Mr. P. R. Rath
- Mrs. V. R. Rath	Wife of Mr. R. P. Rath
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rath
- Mr. Rishab Agarwal	Husband of Mrs. R.R. Agarwal
- Mr. N. J. Rath	Father of Mr. A.N. Rath
- Mrs. A. N. Rath	Mother of Mr. A.N. Rath
- Mrs. A. A. Rath	Wife of Mr. A. N. Rath
- Mrs. Rachna Biyani	Sister of A.N. Rath
- Mr. Dhruv R. Rath	Son of Mr. R. P. Rath
- Ms. Anushka R. Rath	Daughter of Mr. R. P. Rath
- Ms. Smriti R. Rath	Daughter of Mr. R. B. Rath
- Ms. Tanvi R. Rath	Daughter of Mr. R. B. Rath
- Mr. Armaan A. Rath	Son of Mr. A. N. Rath
- Mr. Rohan A. Rath	Son of Mr. A. N. Rath

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

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

(c) Subsidiary Companies 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.)

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

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

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 2022

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

41 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 2022				For the year ended 31 st March 2021			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies
a Salary, Pension, Reimbursement of expenses etc.:	982.8	152.7	-	-	1,135.6	940.9	160.1	-
Mr. R.B.Rathi	683.4	-	-	-	683.4	634.5	-	-
Mr. A.V.Vij	179.9	-	-	-	179.9	170.3	-	-
Others	119.6	152.7	-	-	272.3	136.1	160.1	-
b Commission (Subject to Shareholders' approval):	-	100.0	-	-	100.0	108.0	-	-
Mr. P.R.Rathi	-	10.0	-	-	10.0	10.0	-	-
Mr. S. N. Inamdar	-	-	-	-	-	8.0	-	-
Mr. D. N. Damania	-	15.0	-	-	15.0	15.0	-	-
Mr. S. Padmanabhan	-	10.0	-	-	10.0	10.0	-	-
Mrs. S. A. Panse	-	15.0	-	-	15.0	15.0	-	-
Mr. S. K. Asher	-	10.0	-	-	10.0	10.0	-	-
Others	-	40.0	-	-	40.0	40.0	-	-
c Sitting fees:	22.2	-	-	-	22.2	22.9	-	-
Mr. S.K.Asher	3.8	-	-	-	3.8	3.8	-	-
Mr. S.N.Inamdar	-	-	-	-	-	2.6	-	-
Mr. D.N.Damania	3.8	-	-	-	3.8	3.4	-	-
Mrs.S.A.Panse	3.4	-	-	-	3.4	2.6	-	-
Mrs. Rati F. Forbes	2.0	-	-	-	2.0	2.4	-	-
Mr. N.T. Raisinghani	2.4	-	-	-	2.4	2.4	-	-
Others	6.8	-	-	-	6.8	5.7	-	-
d Sale of Property Plant and Equipment:	-	36.1	-	-	36.1	15.5	-	-
Mr. R. P. Rathi	-	12.4	-	-	12.4	-	-	-
Mr. N.J. Rathi	-	23.7	-	-	23.7	-	-	-
Mr. R.B. Rathi	-	-	-	-	-	15.5	-	-
								15.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

4.1 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 2022					For the year ended 31 st March 2021				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
e Sale of Goods :	-	-	37,075.6	17.2	37,092.8	-	-	33,379.6	7.8	33,387.4
Sudarshan Europe B.V.	-	-	24,613.3	-	24,613.3	-	-	22,877.5	-	22,877.5
Sudarshan North America, Inc.	-	-	8,478.2	-	8,478.2	-	-	6,098.6	-	6,098.6
Others	-	-	3,984.1	17.2	4,001.3	-	-	4,403.5	7.8	4,411.3
f Purchase of Goods / Services :	-	-	647.0	35.6	682.7	-	-	1,267.1	88.2	1,355.3
Sudarshan Europe B. V.	-	-	258.7	-	258.7	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Limited	-	-	-	-	-	-	-	1,033.5	-	1,033.5
RIECO Industries Limited	-	-	386.4	-	386.4	-	-	224.9	-	224.9
Others	-	-	1.9	35.6	37.6	-	-	8.7	88.2	96.9
g Professional Fees Paid :	-	-	-	50.1	50.1	-	-	-	71.8	71.8
Breakthrough Management Group	-	-	-	49.6	49.6	-	-	-	71.8	71.8
Others	-	-	-	0.5	0.5	-	-	-	-	-
h Dividend received	-	-	331.2	-	331.2	-	-	-	-	-
Sudarshan Europe B.V.	-	-	331.2	-	331.2	-	-	-	-	-
i Unsecured Loans given :	-	-	-	-	-	-	-	401.4	-	401.4
Sudarshan Japan Limited	-	-	-	-	-	-	-	401.4	-	401.4
j Unsecured Loans repayments received :	-	-	286.8	-	286.8	-	-	-	-	-
Sudarshan Japan Limited	-	-	286.8	-	286.8	-	-	-	-	-
k Interest received / accrued :	-	-	10.3	-	10.3	-	-	10.6	-	10.6
Sudarshan Japan Limited	-	-	10.3	-	10.3	-	-	10.6	-	10.6
l Commission on Sales (Incl. Taxes):	-	-	-	1,415.5	1,415.5	-	-	-	1,296.1	1,296.1
Rabro Speciality Chemicals Private Limited	-	-	-	1,415.5	1,415.5	-	-	-	1,296.1	1,296.1
m Rent received (Incl. Taxes) :	-	-	-	10.4	10.4	-	-	5.9	10.4	16.3
Rabro Speciality Chemicals Private Limited	-	-	-	5.8	5.8	-	-	-	5.8	5.8
RIECO Industries Limited	-	-	-	-	-	-	-	5.9	-	5.9
Others	-	-	-	4.6	4.6	-	-	-	4.6	4.6
n Rent payable for vehicle hire (Incl. Taxes) :	-	-	30.8	-	30.8	-	-	-	-	-
RIECO Industries Limited	-	-	30.8	-	30.8	-	-	-	-	-
o Donation Paid :	-	-	201.0	-	201.0	-	-	245.5	-	245.5
Sudarshan CSR Foundation	-	-	201.0	-	201.0	-	-	245.5	-	245.5

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

41 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 2022				For the year ended 31 st March 2021			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies
p Reimbursement (Net) / Cross Charges from subsidiaries:	-	-	950.8	(1.5)	949.3	-	-	1,121.8
Sudarshan Europe B.V.	-	-	357.6	-	357.6	-	-	500.6
Sudarshan Japan Limited	-	-	560.7	-	560.7	-	-	441.3
Sudarshan (Shanghai) Trading Co. Limited	-	-	86.3	-	86.3	-	-	113.5
RIECO Industries Limited	-	-	(50.1)	-	(50.1)	-	-	41.0
Others	-	-	(3.7)	(1.5)	(5.2)	-	-	25.4
q Interest on corporate guarantee received:	-	-	40.1	-	40.1	-	-	39.0
Sudarshan Europe B.V.	-	-	21.7	-	21.7	-	-	18.4
RIECO Industries Limited	-	-	16.4	-	16.4	-	-	19.4
Others	-	-	2.0	-	2.0	-	-	1.2
r Corporate guarantee given during the year	-	-	6,600.0	-	6,600.0	-	-	-
RIECO Industries Limited	-	-	6,600.0	-	6,600.0	-	-	-
s Car Deposit Repayment	-	50.7	-	-	50.7	7.7	-	7.7
Mr. R. P. Rathi	-	21.9	-	-	21.9	-	-	-
Mr. N. J. Rathi	-	28.9	-	-	28.9	-	-	-
Mr. A.V.Vij	-	-	-	-	-	7.7	-	7.7

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

41 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 2022					As at 31 st March 2021				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
a Customer / (Vendor) Account	-	-	11,422.3	(154.5)	11,267.8	-	-	10,357.2	(180.8)	10,176.4
Sudarshan Europe B.V.	-	-	4,885.0	-	4,885.0	-	-	4,869.4	-	4,869.4
Sudarshan North America, Inc.	-	-	3,401.7	-	3,401.7	-	-	2,963.6	-	2,963.6
Sudarshan (Shanghai) Trading Co. Limited	-	-	(239.5)	-	(239.5)	-	-	38.6	-	38.6
Sudarshan Mexico S. de R.L. de C.V.	-	-	3,486.1	-	3,486.1	-	-	2,944.8	-	2,944.8
Sudarshan Japan Limited	-	-	(122.7)	-	(122.7)	-	-	(427.5)	-	(427.5)
Others	-	-	11.7	(154.5)	(142.8)	-	-	(31.7)	(180.8)	(212.5)
b Loan outstanding	-	-	206.9	-	206.9	-	-	502.8	-	502.8
Sudarshan Japan Limited	-	-	206.9	-	206.9	-	-	502.8	-	502.8
c Corporate guarantee given	-	-	20,683.5	-	20,683.5	-	-	14,065.6	-	14,065.6
Sudarshan North America Inc. (in USD)	-	-	30.0	-	30.0	-	-	30.0	-	30.0
Sudarshan North America Inc. (in ₹)	-	-	2,273.6	-	2,273.6	-	-	2,193.2	-	2,193.2
Sudarshan Europe B.V. (in EUR)	-	-	60.0	-	60.0	-	-	60.0	-	60.0
Sudarshan Europe B.V. (in ₹)	-	-	5,052.0	-	5,052.0	-	-	5,141.3	-	5,141.3
RIECO Industries Limited	-	-	12,600.0	-	12,600.0	-	-	6,000.0	-	6,000.0
Sudarshan (Shanghai) Trading Co. Limited (in USD)	-	-	10.0	-	10.0	-	-	10.0	-	10.0
Sudarshan (Shanghai) Trading Co. Limited (in ₹)	-	-	757.9	-	757.9	-	-	731.1	-	731.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

41 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 2022					As at 31 st March 2021				
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	Others	Total
d Guarantee Fee Receivable	-	-	27.9	-	27.9	-	-	45.1	-	45.1
Sudarshan Europe B.V.	-	-	21.7	-	21.7	-	-	45.1	-	45.1
RIECO Industries Limited	-	-	-	-	-	-	-	-	-	-
Sudarshan (Shanghai) Trading Co. Limited	-	-	6.2	-	6.2	-	-	-	-	-
e Salary and Commission Payable	100.0	-	-	-	100.0	114.5	-	-	-	114.5
Mr. P.R.Rathi	10.0	-	-	-	10.0	10.0	-	-	-	10.0
Mr. S. N. Inamdar	-	-	-	-	-	8.0	-	-	-	8.0
Mr. D. N. Damania	15.0	-	-	-	15.0	15.0	-	-	-	15.0
Mr. S. Padmanabhan	10.0	-	-	-	10.0	10.0	-	-	-	10.0
Mrs. S. A. Panse	15.0	-	-	-	15.0	15.0	-	-	-	15.0
Mr. S. K. Asher	10.0	-	-	-	10.0	10.0	-	-	-	10.0
Mr. N. J. Rathi	-	-	-	-	-	-	-	-	-	-
Others	40.0	-	-	-	40.0	46.5	-	-	-	46.5
f Car deposit payable	67.9	-	-	-	67.9	96.8	-	-	-	96.8
Mr. N.J. Rathi	-	-	-	-	-	28.9	-	-	-	28.9
Mr. P.R. Rathi	49.0	-	-	-	49.0	49.0	-	-	-	49.0
Mr. R.B. Rathi	18.9	-	-	-	18.9	18.9	-	-	-	18.9

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

42 RISK MANAGEMENT AND CAPITAL MANAGEMENT

A Financial instruments risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, trade and other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Company. The ERM team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31st March 2022 and 31st March 2021.

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 ₹ 190.3 lakhs and (2020-21: ₹ 140.8 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The risk also includes highly probable foreign currency cash flows.	The Company has exposure arising out of export, import, loans and other transactions. The Company hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Company's Risk Management policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to financial statements, the Company has calculated the impact on the Statement of Profit and Loss. The following tables demonstrate the sensitivity to a possible change in EUR and USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional loss of ₹ 1,016.6 lakhs. (2020-21: loss of ₹ 588.6 lakhs). A 2% decrease would have led to an increase in additional gain of ₹ 1,016.6 lakhs. (2020-21: gain of ₹ 588.6 lakhs).

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

42 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

(₹ in lakhs)

Foreign currency exposure and sensitivity	As at 31 st March 2022		As at 31 st March 2021	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivables	19,809.0	6,179.4	21,786.0	6,068.9
Forward contracts for trade receivables	(26,337.4)	(5,737.1)	(19,565.7)	(8,533.5)
Foreign currency borrowings	(48,720.9)	(4,159.3)	(36,198.3)	(4,374.3)
Trade payables	(8,774.9)	(550.8)	(7,619.7)	(554.9)
Forward contracts for trade payable	2,911.5	-	650.6	-
Forward contracts for borrowings	13,077.9	1,473.5	12,850.8	6,058.1
Total	(48,034.8)	(2,794.3)	(28,096.3)	(1,335.7)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31 st March 2022	Year ended 31 st March 2021
Balance at beginning of the year	(706.8)	(873.7)
Changes in the fair value of effective portion of derivatives – gain / (loss)	882.4	(6.0)
Net Gain / (Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	(522.1)	172.9
Balance at end of the year	(346.5)	(706.8)
Tax impact	172.6	263.3

The Company bases their assessment believes that the probability of the occurrence of their highly probable forecasted transactions is not significantly impacted by the COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

Disclosure

How the risk arises	How Company manages risks
The Company has a significant portion of its revenue in foreign currency (other than ₹). This exposure in foreign exchange risk affects the profitability and financial position of the group due to variation in the foreign exchange rates.	The risk management strategy is as follows: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.
The Company has certain amount of its purchases in foreign currency (other than ₹) 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

42 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

How the risk arises	How Company manages risks
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

The following are the principal amounts of outstanding non derivative contracts (Foreign Currency Loans) entered into by the Company which have been designated as Cash Flow Hedges:

As at 31st March 2022

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss) in Other Comprehensive Income
Non-derivative contracts	17.5	EUR	(71.8)
(i.e. Foreign Currency Loans)	616.9	USD	(274.7)

As at 31st March 2021

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain/ (loss) in Other Comprehensive Income
Non-derivative contracts	51.1	EUR	(279.1)
(i.e. Foreign Currency Loans)	495.2	USD	(427.7)

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

42 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 ₹ 51,742.9 lakhs and ₹ 49,024.8 lakhs for 31 st March 2022 and 31 st March 2021 respectively. Against these receivables, a provision for expected loss allowance is recognised.

Reconciliation of provision for expected credit loss

Balance as at 1st April 2020	1,072.6
Provision (reversed) / recognised for expected credit loss	(170.9)
Balance as at 31st March, 2021	901.7
Provision (reversed) / recognised for expected credit loss	69.7
Balance as at 31st March, 2022	971.4

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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

42 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 Company will not be able to settle or meet its obligation on time or at a reasonable price or there could be excessive concentrations of risks. The Company's treasury department is responsible for liquidity, funding as well as settlement management Excessive concentrations of risks arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.	The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used to manage risk concentrations at both the relationship and industry levels.	The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low. The Company assessed the concentration of risk and concluded it to be low. The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

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 year to 5 years	more than 5 years	Total
As at 31st March 2022						
Borrowings - Current	18(a)	32,771.6	6,964.3	-	-	39,735.9
Borrowings - Non-current	14(a)	-	-	36,369.7	-	36,369.7
Other financial liabilities	14(b) and 18(d)	4,874.0	-	167.3	-	5,041.3
Lease liabilities	48	9.5	9.5	23.6	-	42.6
Trade payables	18(b)	47,605.0	-	-	-	47,605.0
Derivatives instruments	18(c)	59.1	-	-	-	59.1
Total		85,319.2	6,973.8	36,560.6	-	128,853.6
As at 31st March 2021						
Borrowings - Current	18(a)	18,409.4	7,294.1	-	-	25,703.5
Borrowings - Non-current	14(a)	-	-	30,588.0	-	30,588.0
Other financial liabilities	14(b) and 18(d)	7,568.8	-	170.1	-	7,738.9
Lease liabilities	48	9.9	9.9	35.5	-	55.3
Trade payables	18(b)	41,799.7	-	-	-	41,799.7
Derivatives instruments	18(c)	314.9	-	-	-	314.9
Total		68,102.7	7,304.0	30,793.6	-	106,200.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

42 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

B Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is debt divided by total equity.

	As at 31 st March 2022	As at 31 st March 2021
Total Debt	76,105.6	56,291.5
Total Equity (Share Capital + Reserves)	83,225.2	77,051.4
Debt - Equity ratio	0.91	0.73

43 OPERATING SEGMENTS

The disclosures under Ind AS 108 - Operating Segments have been included in the Consolidated Financial Statements and accordingly, not included in these Financial Statements. Refer note 42 of the Consolidated Financial Statements.

44 EXCEPTIONAL ITEMS

Gain on reversal of impairment of Investment in RIECO Industries Limited

The Company has investments in subsidiaries. These investments are accounted for at cost less any provision for impairment. Management assesses the operations of the subsidiaries / entities, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of accounts and, accordingly no additional provision is required to be made, other than the amounts already provided for in the books of accounts. The Company assessed its investment in RIECO Industries Limited and consequently provided for impairment amounting to ₹ 1,072.8 lakhs for the year ended 31st March 2019.

During the previous year, the Company performed a formal impairment test for its investment in RIECO Industries Limited. Due to the improvement in the long term business prospects of RIECO Industries Limited and based on a valuation performed by a subject matter specialist, the impairment provision of ₹ 1,072.8 lakhs recognised in the year ended 31st March 2019 has been reversed in the previous year.

The financial projections considered in 31st March 2022 and future cash flows basis which investments have been tested for impairment consider the increase in economic uncertainties due to the COVID-19 pandemic, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

45 FINANCIAL INSTRUMENTS - FAIR VALUES

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as on 31st March 2022.

	Amortised Cost	Financial assets / liabil- ities at fair value through profit and loss	Financial assets / liabil- ities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	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	1,267.1	-	-	1,267.1
Total	49,789.6	1,383.7	-	51,173.3
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	-	56.6	-	56.6
Interest rate / currency swap contracts	-	2.5	-	2.5
Other financial liabilities	5,041.3	-	-	5,041.3
Total	128,794.5	59.1	-	128,853.6

Below is a comparison, by class, of the carrying amounts of the Company's financial instruments as on 31st March 2021.

	Amortised Cost	Financial assets / liabil- ities at fair value through profit and loss	Financial assets / liabil- ities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	126.6	-	127.6
Loans	574.9	-	-	574.9
Trade receivables	49,024.8	-	-	49,024.8
Cash and cash equivalents	1,002.4	-	-	1,002.4
Bank balances other than cash and cash equivalents	410.1	-	-	410.1
Derivatives - Forward Contracts Receivable	-	473.0	-	473.0
Other financial assets	2,624.4	-	-	2,624.4
Total	53,637.6	599.6	-	54,237.2
Financial liabilities				
Borrowings	56,291.5	-	-	56,291.5
Lease liability	55.3	-	-	55.3
Trade payables	41,799.7	-	-	41,799.7
Derivative - Forward Contracts Payable	-	72.0	-	72.0
Interest rate / currency swap contracts	-	242.9	-	242.9
Other financial liabilities	7,738.9	-	-	7,738.9
Total	105,885.4	314.9	-	106,200.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

45 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTD.)

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- (i) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the 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 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.
- (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.

46 SHARE BASED PAYMENTS

During the FY 2018-19, the Board of Directors of the Company and its Shareholders' approved a Employee Stock Option Plan (ESOP) and reserved 1,384,545 common shares for issuance thereunder. During the 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	394,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 4 th year, 20% options vest after 5 th year, 20% options vest after 6 th year and 20% options vest after 7 th year from the date of respective grant.
d	Exercise price or pricing formula	₹ 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted is ₹ 169.21/-. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 - 10 years.

Inputs into the model were as follows:

a	Grant date share price	₹ 349.35
b	Exercise Price	₹ 349.35
c	Expected Volatility	45.64% - 47.51%
d	Expected life	6.5 to 9.5 years
e	Dividend yield	1.90% - 2.20%
f	Risk free interest rate	6.45% to 6.68%

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

46 SHARE BASED PAYMENTS (CONTD.)

Reconciliation of outstanding share options is as follows:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April 2020	-	-
Granted during the year	394,220	169
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 st March 2021	394,220	169
Exercisable as at 31 st March 2021	-	-
Outstanding as at 1 st April 2021	394,220	-
Granted during the year	-	169
Forfeited / lapsed during the year	(34,790)	-
Exercised during the year	-	-
Outstanding as at 31 st March 2022	359,430	169
Exercisable as at 31 st March 2022	-	-

Fair value of options vested during the year is ₹ nil (previous year ₹ nil)

Money realised by exercise of option during the year is ₹ nil (previous year ₹ nil).

The options outstanding at 31st March 2022 have an exercise price of ₹ 349.35 (31st March 2021: ₹ 349.35) and a weighted average remaining contractual life of 8.2 years (31st March 2021: 9.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2021-22 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 2022 is ₹ 102.7 lakhs (previous year: ₹ 126.1 lakhs)

47 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16 and Ind AS 38, the Company has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Expenses capitalised are as follows:

	Year ended 31 st March 2022	Year ended 31 st March 2021
Employee costs capitalised as property, plant and equipment and CWIP	397.2	340.3
Finance costs capitalised as property, plant and equipment and CWIP	681.9	245.3
Other expenses		
Capitalised as property, plant and equipment and CWIP	2,322.8	309.0
Capitalised as intangible assets and intangible assets under development	450.0	555.0
	3,851.9	1,449.6

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

48 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES

(a) Right of use assets

	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April 2020	-	-	-
Additions	-	71.0	71.0
Transferred from Property plant and equipment	136.3	-	136.3
Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March 2021	136.3	71.0	207.3
Accumulated depreciation as at 1st April 2020	-	-	-
Depreciation for the year	1.8	21.3	23.1
Transferred from Property plant and equipment	7.4	-	7.4
Disposals	-	-	-
Accumulated depreciation as at 31st March 2021	9.2	21.3	30.5
Net carrying amount as at 31st March 2021	127.1	49.7	176.8
	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April 2021	136.3	71.0	207.3
Additions	-	-	-
Disposals / Transfer	-	-	-
Gross carrying amount 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

(b) Lease liabilities

Particulars		
Balance as at 1st April 2020		-
Add: Addition during the year		71.0
Add: Interest Accrued on Lease liability		11.7
Less: Cash outflows for leases		(27.4)
Balance as at 31st March 2021		55.3
Balance as at 1st April 2021		55.3
Add: Addition during the year		-
Add: Interest Accrued on Lease liability		6.3
Less: Cash outflows for leases		(19.0)
Balance as at 31st March 2022		42.6
Bifurcation of liabilities	As at 31 st March 2022	As at 31 st March 2021
Current	19.0	19.8
Non-current	23.6	35.5
	42.6	55.3

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

48 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES (CONTD.)

(c) Interest expenses on lease liabilities

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Interest on lease liabilities	6.3	11.7
	6.3	11.7

(d) Amounts recognised in the Statement of Cash Flow

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Total cash outflow for leases	19.0	27.4
	19.0	27.4

(e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31 st March 2022	As at 31 st March 2021
Less than 1 year	9.8	19.0
1 to 5 years	42.0	51.8
More than 5 years	-	-

49 DISCLOSURE PURSUANT TO IND AS 115

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The Company generates revenue primarily from the Sale of Pigments. Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
i Revenue from contracts with customers	190,142.2	168,906.1
ii Other Revenue	1,748.9	1,944.0
	191,891.1	170,850.1

(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. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments.

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
1 Major Product Lines		
Sale of Pigments	190,142.2	168,906.1
Total	190,142.2	168,906.1

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

49 DISCLOSURE PURSUANT TO IND AS 115 (CONTD.)

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
2 Primary Geographical Market		
In India	102,526.3	85,063.2
Outside India	87,615.9	83,842.9
Total	190,142.2	168,906.1
3 Timing of revenue recognition		
Products transferred at point in time	190,142.2	168,906.1
Products transferred over a period of time	-	-
Total	190,142.2	168,906.1

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Receivables, which are included in 'Trade and Other Receivables'	46,407.9	49,024.8
Contract Assets	-	-
Contract Liabilities	-	-
	46,407.9	49,024.8

The receivable is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 971.4 lakhs (Previous year ₹ 901.7 lakhs).

Since the products of the Company are sold in such manner that the entire revenue is delivery at a point in time, and there are no contract assets and liabilities, the movements in the contracts assets and liabilities disclosure is not applicable

(d) Performance Obligation and Revenue Recognition Policies-

The Company satisfies its performance obligations pertaining to the sale of pigments at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract is a fixed price contract and does not contain any financing component. The payment is generally due within 45-90 days. There are no other significant obligations attached in the contract with customer.

50 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.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

50 FAIR VALUE HIERARCHY (CONTD.)

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 2022 and 31st March, 2021.

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 2022	31 st March 2022	233.1	-	233.1	-
As at 31 st March 2021	31 st March 2021	473.0	-	473.0	-
Interest rate / Swap contracts					
As at 31 st March 2022	31 st March 2022	985.0	-	985.0	-
As at 31 st March 2021	31 st March 2021	-	-	-	-
Investment in others					
As at 31 st March 2022	31 st March 2022	165.6	-	-	165.6
As at 31 st March 2021	31 st March 2021	126.6	-	-	126.6
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March 2022	31 st March 2022	59.1	-	59.1	-
As at 31 st March 2021	31 st March 2021	72.0	-	72.0	-
Interest Rate Swap Contracts					
As at 31 st March 2022	31 st March 2022	2.5	-	2.5	-
As at 31 st March 2021	31 st March 2021	242.9	-	242.9	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Notes to the Standalone Financial Statements

as at and for the year ended 31st March 2022

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

50 FAIR VALUE HIERARCHY : (CONTD.)

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating - rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable
Loans	The valuation model considers discounted cash flows using current lending rate. They are classified as level 2 fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

51 The previous years numbers have been regrouped wherever necessary to meet current year classification.

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

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

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

Pune : 26th May 2022

For and on behalf of the Board of Directors

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. . 02599310

P.R.RATHI

Chairman

DIN No. 00018577

R.B.RATHI

Managing Director

DIN No. 00018628

NILKANTH NATU

Chief Financial

Officer

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the branch auditors and other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
Revenue from contracts with customer The Group's revenue is derived primarily from sale of goods. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customers. The Group uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue may be overstated because of fraud, resulting from the pressure management may feel to achieve performance targets. Revenue is also an important element of how the Group measures its performance, upon which management is incentivized. The Group focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before control has been transferred. (Refer note 2(C)(h), 21 and 45 to the consolidated financial statements)	We have performed the following procedures over revenue recognition: • We assessed the appropriateness of the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from contracts with Customers") including adequacy of disclosures; • We evaluated the design, tested the implementation and operating effectiveness of key internal controls including general IT controls and key IT application controls over recognition of revenue; • We performed substantive testing by selecting samples using statistical sampling of revenue transactions recorded during the year by testing the underlying documents which included customer purchase orders, invoices, lorry receipts, customer acceptances and shipping documents (as applicable) to assess revenue is recognised after the transfer of control to customers as per the terms of the contract; • We carried out analytical procedures on revenue recognised during the year to identify unusual variances; and • We tested, on a sample basis, specific revenue transactions recorded around the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.
Impairment assessment of Goodwill The Group carries goodwill resulting from business acquisitions of one subsidiary company. The risk is that the carrying amount of Goodwill may not be backed up by performance of the Cash Generating Unit ('CGU') to which the Goodwill is allocated. The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Measurement of value in use involves significant estimates and judgements of the Group Management, including those related to the effects, if any, of the resurgence of the COVID-19 pandemic. Goodwill is a significant asset of the Group. This is identified as a key audit matter due to inherent uncertainties involved in projecting future cash flows and discount rate which are the basis of the impairment assessment. (Refer note 2(C)(c) and note 4 to the consolidated financial statements)	Our audit procedures included: • Evaluated the design, implementation and operating effectiveness of key Group Management's internal controls around identification of cash generating units ('CGUs') and allocation of Goodwill to the respective CGUs; • Evaluated the Group Management's controls over estimation of the value in use of the CGUs; • Evaluated the Group's assessment of value in use of CGUs to which Goodwill is allocated; • Evaluated key inputs used in and the arithmetical accuracy of the cash flow projections; • We assessed and challenged underlying key assumptions used to determine discount rate, sensitivity of the assumptions and cash flow projections against the historical performance. We took assistance of our valuation specialists for the above testing; • We evaluated the adequacy of disclosures of key assumptions, judgements and sensitivities in respect of impairment assessment for Goodwill; and • Assessed impact, if any of the resurgence of the COVID-19 pandemic on Management's estimate.

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

Other Information

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

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

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 Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 (A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information

INDEPENDENT AUDITOR'S REPORT

to the Members of Sudarshan Chemical Industries Limited

and according to the explanations given to us:

- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 37 to the consolidated financial statements.
- b) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 18(c) to the consolidated financial statements in respect of such items as it relates to the Group.
- c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
- d) (i) The management has represented that, to the best of its knowledge and belief, 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 its subsidiary 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:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded

in writing or otherwise, that the Holding Company or its subsidiary companies shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material mis-statement.
 - e) The dividend declared or paid during the year by the Holding Company and its subsidiary company, is in compliance with Section 123 of the Act.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company, is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Associates LLP

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNVQ2316

Place: Pune

Date: 26 May 22

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2022

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date, we report that:

In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks in the Companies (Auditor's Report) Order, 2020 report of the company incorporated in India and included in the consolidated financial statements.

For B S R & Associates LLP

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNVQ2316

Place: Pune

Date: 26 May 2022

Annexure B to the Independent Auditors' report on the consolidated financial statements of Sudarshan Chemical Industries Limited for the year ended 31 March 2022.

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (REFERRED TO IN PARAGRAPH 2(A)(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of Sudarshan Chemical Industries Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial

statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the 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

Annexure B to the Independent Auditors' report on the financial statements of Sudarshan Chemical Industries Limited for the period ended 31 March 2022.

of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

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

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management

override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**

Chartered Accountants

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

Raajnish Desai

Partner

Membership No. 101190

UDIN: 22101190AJRNVQ2316

Place: Pune

Date: 26 May 2022

Consolidated Balance Sheet

as at 31st March 2022

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

Particulars	Note No.	As at 31 st March 2022	As at 31 st March 2021
ASSETS			
I Non-current Assets			
(a) Property, plant and equipment	3	79,150.6	57,682.5
(b) Right-of-use-Assets	48	452.2	517.1
(c) Capital work-in-progress	3	27,322.6	26,857.6
(d) Goodwill	4	684.4	684.4
(e) Other Intangible assets	4	2,876.2	2,601.3
(f) Intangible assets under development	4	1,144.1	977.3
(g) Financial assets			
i Investments	5 (a)	166.6	127.6
ii Other financial assets	5 (b)	99.1	96.5
(h) Deferred tax assets (net)	6	765.5	388.7
(i) Other non-current assets	7	1,511.1	5,232.8
(j) Non-current tax assets (net)	8 (a)	2,186.0	2,015.0
		116,358.4	97,180.8
II Current Assets			
(a) Inventories	9	56,598.4	41,157.0
(b) Financial assets			
i Trade receivables	10 (a)	50,065.6	48,468.7
ii Cash and cash equivalents	10 (b)	2,531.6	1,597.7
iii Bank balances other than (ii) above	10 (c)	997.8	786.6
iv Derivative assets	10 (d)	1,218.1	473.0
v Other financial assets	10 (e)	3,533.3	3,884.8
(c) Other current assets	11	5,567.8	6,791.9
		120,512.6	103,159.7
		236,871.0	200,340.5
EQUITY AND LIABILITIES			
A Equity			
(a) Equity Share Capital	12	1,384.5	1,384.5
(b) Other Equity	13	81,934.4	72,973.1
		83,318.9	74,357.6
B Liabilities			
I Non-current Liabilities			
(a) Financial liabilities			
i Borrowings	14 (a)	36,857.6	30,813.9
ii Lease liabilities	48	333.1	377.3
iii Other financial liabilities	14 (b)	167.3	170.1
(b) Provisions	15	2,635.3	2,391.3
(c) Deferred tax liabilities (net)	16	5,952.9	5,288.8
(d) Other non-current liabilities	17	1,248.1	1,006.8
		47,194.3	40,048.2
II Current Liabilities			
(a) Financial Liabilities			
i Borrowings	18 (a)	45,016.4	30,596.2
ii Lease liabilities	48	51.3	46.6
iii Trade payables			
1. Dues to micro and small enterprises	18 (b)	2,679.0	1,133.8
2. Other than (1) above	18 (b)	49,497.0	42,981.1
iv Derivative liabilities	18 (c)	59.1	314.9
v Other financial liabilities	18 (d)	5,284.5	7,748.2
(b) Other current liabilities	19	3,219.5	2,837.5
(c) Provisions	20	246.9	230.3
(d) Current tax liabilities (net)	8 (b)	304.1	46.1
		106,357.8	85,934.7
		236,871.0	200,340.5
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP

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

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. 02599310

P.R.RATHI

Chairman
DIN No. 00018577

NILKANTH NATU

Chief Financial
Officer

RAAJNISH SHRIKRISHNA DESAI

Partner
Membership No.: 101190

R.B.RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Pune : 26th May 2022

Consolidated Statement of Profit & Loss

for the year ended 31st March 2022

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

Particulars	Note No.	Year ended 31 st March 2022	Year ended 31 st March 2021
Income			
Revenue from operations	21	220,080.6	186,411.2
Other Income	22	500.2	701.5
Total Income		220,580.8	187,112.7
Expenses			
Cost of materials consumed	23	137,397.6	102,057.5
Purchase of stock-in-trade	24	1,276.8	1,980.8
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(11,634.0)	2,007.5
Employee benefits expense (net)	26	18,397.0	15,566.2
Finance costs (net)	27	1,942.3	1,787.3
Depreciation and amortisation expense	28	8,925.9	8,650.9
Other expenses (net)	29	47,163.0	36,023.7
Total Expenses		203,468.6	168,073.9
Profit before tax from operations		17,112.2	19,038.8
Tax Expense	31		
Current tax		3,828.3	4,057.1
Tax adjustment related to earlier year (net)		-	(102.8)
Deferred tax		287.3	973.4
Total Tax Expense		4,115.6	4,927.7
Profit for the year		12,996.6	14,111.1
Other Comprehensive Income (OCI)			
(a) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on post employment benefits obligations		(106.0)	(132.8)
Income tax relating to above		26.6	33.5
		(79.4)	(99.3)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains / (losses) on hedging instruments in cash flow hedges		360.3	166.9
Gain / (loss) on translation of foreign operations		(174.6)	16.3
Income tax related to gain / (loss) on hedging instruments in cash flow hedges		(90.7)	(42.0)
		95.0	141.2
Total other comprehensive income for the year (net of taxes)		15.6	41.9
Total comprehensive income for the year		13,012.2	14,153.0
Earnings per share	30		
[Nominal Value per share ₹ 2 (31st March 2021 - ₹ 2)]			
- From Operations			
Basic ₹ per share		18.8	20.4
Diluted ₹ per share		18.7	20.4
Summary of significant accounting policies and key accounting estimates and judgments	2		

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

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP

Chartered Accountants

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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. 02599310

P.R.RATHI

Chairman

DIN No. 00018577

NILKANTH NATU

Chief Financial

Officer

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

R.B.RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Pune : 26th May 2022

Consolidated Statement of Changes in Equity

for the year ended 31st March 2022

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

A. Equity Share Capital

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

	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
Share Capital Amount	1,384.5	-	-	-	1,384.5
Number of shares	69,227,250	-	-	-	69,227,250
	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
Share Capital Amount	1,384.5	-	-	-	1,384.5
Number of shares	69,227,250	-	-	-	69,227,250

B. Other Equity

	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve	Surplus in the Statement of Profit and Loss *	Foreign Currency Translation Reserve	Effective Portion of Cash Flow Hedge	Share options (ESOP) outstanding account	Total
Balance as at 1st April 2020	1,321.2	0.4	410.0	21,340.5	35,695.3	495.1	(568.4)	-	58,694.1
Total comprehensive income for the year ended 31st March 2021									
Profit for the year	-	-	-	-	14,111.1	-	-	-	14,111.1
Other Comprehensive Income (net of tax)	-	-	-	-	(99.3)	16.3	124.9	-	41.9
Amortised amount of shared based payments (ESOPs) to employees	-	-	-	-	-	-	-	126.0	126.0
Total	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1
Transactions with owners, recorded directly in equity									
Equity Dividend (refer note 12)	-	-	-	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	1,321.2	0.4	410.0	21,340.5	49,707.1	511.4	(443.5)	126.0	72,973.1

Consolidated Statement of Changes in Equity

for the year ended 31st March 2022

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

	Reserves and Surplus				Foreign Currency Translation Reserve	Effective Portion of Cash Flow Hedge	Share options (ESOP) outstanding account	Total
	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve				
Total comprehensive income for the year ended 31st March 2022								
Profit for the year	-	-	-	-	12,996.6	-	-	12,996.6
Other Comprehensive Income (net of tax)	-	-	-	-	(79.4)	269.6	-	15.6
Amortised amount of shared based payments (ESOPs) to employees	-	-	-	-	-	-	102.7	102.7
Total					(174.6)	269.6	102.7	13,114.9
Transactions with owners, recorded directly in equity								
Equity Dividend (refer note 12)	-	-	-	-	(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	336.8	(173.9)	228.7	81,934.4
* includes remeasurement of defined employee benefit plans								
Summary of significant accounting policies and key accounting estimates and judgments 2								

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

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

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

Pune : 26th May 2022

For and on behalf of the Board of Directors

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. . 02599310

P.R.RATHI

Chairman

DIN No. 000 18577

NILKANTH NATU

Chief Financial

Officer

R.B.RATHI

Managing Director

DIN No. 000 18628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Consolidated Cash Flow Statement

for the year ended 31st March 2022

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Cash flow from operating activities		
Profit before tax from operations	17,112.2	19,038.8
Adjustment for		
Depreciation / amortisation	8,925.9	8,650.9
Gain on sale or write off of property, plant and equipments and Intangible assets	(23.2)	(13.7)
Liabilities no longer required, written back	(39.5)	(97.3)
Unrealised foreign exchange (Gain) / Loss	825.0	(425.4)
(Reversal) / Provision for Inventory Obsolescence	(75.4)	888.6
Provision for employee stock option scheme	102.7	126.0
Fair value Gain on derivatives	(1,000.9)	(265.4)
Provision for expected credit loss established / (reversed) and bad debts	175.0	(63.6)
Others	-	36.1
Finance costs	1,942.3	1,787.3
Interest income	(297.6)	(193.2)
Operating profit before working capital changes	27,646.5	29,469.1
Working capital adjustments :		
Changes in trade payables	7,993.3	7,558.6
Changes in provisions	154.6	250.6
Changes in other liabilities	536.0	284.8
Changes in other financial liabilities	(404.9)	443.1
Changes in trade receivables	(1,534.9)	(13,101.2)
Changes in inventories	(15,366.0)	(979.2)
Changes in other assets	1,953.4	(1,646.9)
Changes in other financial assets	852.9	(1,839.2)
Changes in other bank balances	(211.2)	(42.5)
Cash generated from operations	21,619.7	20,397.2
Income taxes paid (net of refunds) on operations	(3,805.5)	(3,880.5)
Net cash flow from operating activities from operations (A)	17,814.2	16,516.7
Cash flows from investing activities :		
Purchases of property, plant and equipment, intangible assets, intangible assets under development (including net movement in CWIP, capital advances and capital liabilities)	(31,020.7)	(26,957.2)
Proceeds from sale of property, plant and equipment/ Intangible assets	106.3	179.7
Interest received	258.6	193.2
Net cash flow (used in) investing activities (B)	(30,655.8)	(26,584.3)
Cash flows from financing activities :		
Proceeds from long-term borrowings	19,225.3	22,857.3
Repayment of long-term borrowings	(13,730.1)	(5,448.5)
Dividend and tax thereon	(4,112.3)	(37.6)
Proceeds from / (Repayments of) short-term borrowings (net)	14,420.2	(4,718.7)
Finance costs paid	(1,942.3)	(1,740.7)
Lease liabilities paid	(85.3)	(64.7)
Net cash flow from financing activities (C)	13,775.5	10,847.1

Consolidated Cash Flow Statement

for the year ended 31st March 2022

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Net increase in cash and cash equivalents (A+B+C)	933.9	779.5
Cash and cash equivalents at the beginning of the year	1,597.7	818.2
Cash and cash equivalents at the end of the year (refer note 10(b))	2,531.6	1,597.7
Components of cash and cash equivalents		
Cash on hand	8.4	7.8
On current account	2,523.2	1,589.9
Total cash and cash equivalents	2,531.6	1,597.7

Reconciliation of borrowings	Note No	Year ended 31 st March 2022	Year ended 31 st March 2021
Balance at the beginning of year			
Non-current borrowings	note 14(a)	30,813.9	22,499.9
Current maturities of non-current borrowings	note 18(a)	12,693.7	4,735.7
Proceeds from borrowings		19,225.3	22,857.3
Repayment of borrowings		(13,730.1)	(5,448.5)
Unrealised foreign exchange gain / (loss) (net)		2,541.0	(1,136.8)
Balance at the end of year			
Non-current borrowings	note 14(a)	36,857.6	30,813.9
Current maturities of non-current borrowings	note 18(a)	14,686.2	12,693.7

Notes :

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

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

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

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP

Chartered Accountants

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

S. A. PANSE

Independent Director &

Audit Committee Chairperson

DIN No. 02599310

P.R.RATHI

Chairman

DIN No. 00018577

NILKANTH NATU

Chief Financial

Officer

RAAJNISH SHRIKRISHNA DESAI

Partner

Membership No.: 101190

R.B.RATHI

Managing Director

DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Pune : 26th May 2022

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

1. BACKGROUND:

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

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

The Consolidated Financial Statements include the Financial Statements of the Company's wholly owned subsidiaries viz. RIECO Industries Limited (India), Sudarshan Europe B.V. (Netherlands), Sudarshan (Shanghai) Trading Company Limited (China), Sudarshan Japan Limited (Japan) and the step-down subsidiaries viz. Sudarshan North America Inc. (U.S.A.), Sudarshan Mexico S de R.L.de CV (Mexico). Together, the Company and its subsidiaries are referred to as "the Group".

The Group manufactures and sells a wide range of Organic and Inorganic Pigments, Effect Pigments. The Group also manufactures Pollution Control Equipment, Size Reduction Equipment and Grinding Equipments for industrial applications.

The Consolidated Financial Statements of the Group for the year ended 31st March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 26th May 2022.

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

(A) Basis of preparation:

(a) Statement of Compliance:

These Consolidated Financial Statements comply, in all material aspects, with Indian Accounting Standards ("Ind AS") as notified under the

Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"), Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(b) Basis of preparation:

The Consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

(c) Basis of Consolidation:

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at the reporting date.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The Financial Statements of the Group companies are consolidated on a line-by-line basis by adding together like items of assets and liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits/ losses from such transactions and cash flows. The financial statements of the Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

in similar circumstances as mentioned in those policies.

(B) Critical accounting Estimates, Assumptions and Judgments:

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

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

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

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

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's property, plant and equipment and intangible assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Consequently, the future depreciation charge could be revised and may have an impact on profit for future years. The policy for the same has been explained in notes C(b) and C(c).

(b) Recognition of deferred tax assets:

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither

accounting nor taxable profit or loss at the time of the transaction, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. The policy for the same has been explained under Note C(k).

(c) Defined benefit obligation:

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

(d) Impairment of goodwill, intangible assets and intangible assets under development and non-financial assets:

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

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

The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The policy for the same has been explained under Note C(l).

(e) Expected credit losses on financial assets:

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

(f) Provision for inventory obsolescence:

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

(g) Uncertainty associated with resurgence of COVID-19:

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

(C) Significant accounting policies:

(a) Foreign Currency Translation:

Transactions and balances:

(1) Items included in the financial statements

are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (₹), which is the Group's functional and presentation currency.

- (2) Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at the year-end are generally recognised in the Consolidated Statement of Profit and Loss and reported within foreign exchange gains / (losses).
- (3) A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.
- (4) Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs.
- (5) Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Exchange differences are recognised in the Statement of Profit and Loss except exchange difference arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

Other comprehensive income or profit or loss are also recognised in Other comprehensive income or profit or loss, respectively).

Foreign currency translation reserves:

For the preparation of the Consolidated Financial Statements, assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end; income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead. Differences arising on such translation are accumulated in foreign currency translation reserve.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

(b) Property, Plant and Equipment:

(i) Recognition and measurement:

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

Items of property, plant and equipment are stated at cost and include interest on borrowings directly attributable to the acquisition, construction, or production of the qualifying asset. A qualifying asset is

necessarily an asset which takes a substantial period of time to be made ready for its intended use or sale. Borrowing costs and other directly attributable costs are added to the cost of these assets until such time as the assets are ready for their intended use or sale, which coincides with the commission date of those assets. Assets are presented less accumulated depreciation and accumulated impairment losses, if any.

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

(ii) Subsequent expenditure:

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

(iii) Depreciation:

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

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

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

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

(c) Business combinations, Goodwill, Other Intangible Assets and Intangible under development:

(i) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the Consolidated Statement of Profit and Loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values

at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19-Employee benefits, respectively.

(ii) Goodwill:

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as Goodwill. If the excess is negative, then after re-assessing the fair values of the net assets and contingent liabilities, the excess (bargain purchase gain) is recognised as Capital reserve. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses, if any.

Measurement period adjustments are adjustments that arise from additional information during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(iii) Other intangible assets:

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

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

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

Internally generated intangible assets arising from development activity are recognised at cost when the project is clearly defined and the costs are separately identified and reliably

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

(iv) Amortisation:

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

Asset Class	Years
Registrations	10
Computer Software	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 Consolidated Statement of Profit and Loss.

(v) Capital work in progress and Intangibles under development:

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

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

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

(d) Inventories:

Inventories are valued at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is determined under the moving weighted average price basis and includes all costs incurred in bringing the inventories to their present location and condition.

(i) Raw materials:

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

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

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

(iii) Stores and spares and packing material:

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

(iv) Traded goods:

Traded goods are valued at lower of cost and net realisable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

condition. Cost is determined on weighted average price basis.

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

(e) Cash and Cash Equivalents:

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

(f) Financial Instruments:

(i) Financial Assets:

(1) Initial recognition:

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

(2) Subsequent measurement:

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

- **Financial assets at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income (FVTOCI):** A financial asset is subsequently measured

at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

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

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

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

(3) Trade receivables and loans:

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

(4) Derivatives financial instruments and hedge accounting:

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

certain forecasted transactions. The Group designates some of these forward contracts as hedge instruments and accounts for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

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

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

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies

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

(5) Derecognition:

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

(6) Impairment of Financial Assets:

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

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

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

(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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

(2) Subsequent measurement:

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

(3) Derecognition:

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

(iii) Offsetting of financial instruments:

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

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require specified payments to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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

(g) Provisions and Contingent Liabilities:

- (i) Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (ii) Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
- (iii) Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

(h) Revenue:

(i) Revenue from contracts with customers:

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

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

Sale of goods – Sale of pigments:

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

Sale of goods – Sale of Pollution control, size reduction and pneumatic conveying equipment:

The Company's subsidiary ('subsidiary') Rieco Industries Limited earns revenue primarily from manufacture and sale of pollution control equipment, size reduction equipment and pneumatic conveying systems. The equipment is customised based on specific customer requirements.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Most of the subsidiary's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions pertain to some contracts which include provision of erection and commissioning services, the pricing of which varies based on the time spent towards erection and commissioning. However, the effect of this variability is not material.

In respect of customised products based on specific customer requirement, each equipment/system is considered as a separate performance obligation. The performance obligations are satisfied over a period of time. Revenue on such contracts is recognised using the percentage of completion method. The subsidiary measures the progress towards complete satisfaction of performance obligation based on input method. The stage

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

of completion of the contract is measured by comparing the cost incurred on the project with the total estimated cost for the project. This is considered a faithful depiction of entity's performance to date.

Revenue is measured based on the transaction price, which is the consideration, adjusted for trade discounts, volume rebates, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts and there is unconditional right to receive cash, and only passage of time is required, as per contractual terms (only act of invoicing is pending).

Unearned and deferred revenue ("contract liability") is recognised when there are billings in excess of revenues.

In accordance with Ind AS 37, the Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

- (ii) Dividend income is recognised in profit or loss on the date on which the Group's right to receive the dividend income is established.
- (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) Income from export incentives such as duty drawback, MEIS and RoDTEP are accrued upon completion of export when there is a reasonable certainty of fulfilment of obligations as stipulated under respective export promotion schemes.
- (v) Insurance claims are accounted on the basis of claims admitted/ expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Other revenue is recognised when it is received or when the right to receive payment is established.

(i) Employee Benefits

(i) Short-Term Employee Benefits for the Company and its domestic subsidiary:

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

(ii) Post-Employment Benefits for the Company and its domestic subsidiary:

(1) Defined contribution plans:

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

(2) Defined benefit plans:

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

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

(3) **Compensated absences for the Company and its domestic subsidiary:**

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

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

(4) **Employee benefits for the overseas subsidiaries:**

In respect of overseas subsidiaries, the liabilities for employee benefits are determined and accounted as per the regulations and principles followed in the respective countries. The subsidiaries have defined contribution retirement savings plans. Participation is available to all employees. The subsidiaries match the contributions upto pre-defined limits and based on eligible compensation and contribution rate. Contributions are charged as an expense as they fall due.

(j) **Borrowing Costs:**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset till the date the asset is ready for intended use. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended period when active development activity on the qualifying asset is suspended. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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

(k) **Taxation:**

Income tax expense for the year comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

Deferred Tax:

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

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

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

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

(I) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Property, plant and equipment, intangible assets and intangible assets under development with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not

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

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

(m) Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Group as a lessee

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

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

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

(n) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding

during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(o) Dividends:

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

(p) Government Grants:

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

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

(q) Share based payments:

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortisation).

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

The share-based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

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

(r) Segment reporting:

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

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

(s) Rounding-off of amounts:

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

(t) Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April 2022, as below:

- (1) Ind AS 103 - Reference to Conceptual Framework** - The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and

liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements

(2) Ind AS 16 - Proceeds before intended use

- The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements

(3) Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract

- The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements

(4) Ind AS 109 - Annual Improvements to Ind AS (2021)

- The amendment clarifies which fees an entity includes when it applies the '10 %' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements

(5) Ind AS 106 - Annual Improvements to Ind AS (2021)

- The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

A. Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Capital Work-in-Progress	
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		Total
Gross amount as at 1 st April 2020	1,189.5	136.3	9,256.5	66,831.9	743.2	775.6	172.6	1,155.0	2,122.0	910.0	38.0	83,330.6	4,402.6
Additions	234.6	-	1,239.9	4,335.9	7.4	15.6	42.3	-	120.6	7.2	-	6,003.5	28,831.9
Less : Transferred to right to use	-	136.3	-	-	-	-	-	-	-	-	-	136.3	-
Less : Disposals	-	-	-	22.6	15.0	26.5	36.0	-	-	-	-	100.1	-
Less : Transfer to Property plant and equipment/ intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	6,376.9
Gross amount as at 31 st March 2021	1,424.1	-	10,496.4	71,145.2	735.6	764.7	178.9	1,155.0	2,242.6	917.2	38.0	89,097.7	26,857.6
Accumulated depreciation as at 1 st April 2020	-	7.4	917.6	20,854.9	379.3	186.6	95.2	66.0	704.0	214.7	21.7	23,447.4	-
Depreciation for the year	-	-	299.4	7,204.7	99.6	74.7	28.7	20.4	235.8	86.7	7.2	8,057.2	-
Less : Transferred to right to use	-	7.4	-	-	-	-	-	-	-	-	-	7.4	-
Less : Disposals	-	-	-	21.8	2.0	23.6	34.6	-	-	-	-	82.0	-
Accumulated depreciation as at 31 st March 2021	-	-	1,217.0	28,037.8	476.9	237.7	89.3	86.4	939.8	301.4	28.9	31,415.2	-
Net amount as at 31 st March 2021	1,424.1	-	9,279.4	43,107.4	258.7	527.0	89.6	1,068.6	1,302.8	615.8	9.1	57,682.5	26,857.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

A. Reconciliation of carrying amount

	Other than Research and Development							Research and Development				Capital Work-in-Progress	
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equipments	Buildings	Plant and Machinery	Furniture and Fixtures	Office Equipments		Total
Gross amount as at 1 st 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	-	3,689.2	25,099.1	195.6	240.4	55.4	98.3	367.1	-	-	29,784.1	20,199.1
Less : Disposals	-	-	-	23.0	63.2	60.8	67.5	-	-	5.7	-	220.2	-
Less : Transfers	-	-	-	-	-	-	-	-	-	-	-	-	19,734.1
Gross amount as at 31 st 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	118,661.6	27,322.6
Accumulated depreciation as at 1 st 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	-
Less : Disposals	-	-	-	17.1	62.1	56.9	65.3	-	-	5.4	-	206.8	-
Accumulated depreciation as at 31 st 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 31 st 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	79,150.6	27,322.6

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

C. Property, plant and equipment pledged as security: Please refer details of security provided in note 33.

D. Capital commitment: The estimated amount of contracts remaining to be executed on capital account, and not provided for is ₹ 3,346.2 lakhs as at 31st March 2022 (₹ 3,791.8 lakhs as at 31st March 2021).

E. For directly attributable expenses and borrowing cost capitalised during the year, refer note 47.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

F. Following is the ageing schedule for Capital-work-in progress ("CWIP").

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	15,484.9	9,133.7	2,704.0	-	27,322.6
Projects temporarily suspended	-	-	-	-	-
	15,484.9	9,133.7	2,704.0	-	27,322.6

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	23,819.8	2,831.0	206.8	-	26,857.6
Projects temporarily suspended	-	-	-	-	-
	23,819.8	2,831.0	206.8	-	26,857.6

As at 31st March 2021

G. Following is the CWIP completion schedule for capital-work-in progress, whose completion is overdue, or has exceeded its cost compared to its original plan.

Particulars	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Pigment 1	9,924.6	-	-	-
Pigment 2	6,390.4	-	-	-
Pigment 3	2,927.1	-	-	-
Other Projects	8,080.5	-	-	-
	27,322.6	-	-	-

As at 31st March 2022

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

4 INTANGIBLE ASSETS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

A. Reconciliation of carrying amount

	Computer Softwares (Including SAP ERP)	Technical Knowhow (Acquired)	Technical Knowhow (Internally Generated)	Registration (Acquired)	Other Intangible Assets	Total	Intangible Assets Under Development	Goodwill on acquisition of Business (refer note (D))
Gross amount as at 1st April 2020	676.6	187.9	781.4	1,206.5	150.0	3,002.4	395.6	684.4
Additions	1,236.7	59.3	-	82.9	-	1,378.9	581.7	-
Less : Disposals	-	-	-	292.1	-	292.1	-	-
Gross amount as at 31st March 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	977.3	684.4
Accumulated amortisation as at 1st April 2020	394.0	186.0	51.7	409.3	45.3	1,086.3	-	-
Amortisation for the year	237.9	-	168.0	123.6	15.0	544.5	-	-
Less : Disposals	-	-	-	142.9	-	142.9	-	-
Accumulated amortisation as at 31st March 2021	631.9	186.0	219.7	390.0	60.3	1,487.9	-	-
Net amount as at 31st March 2021	1,281.4	61.2	561.7	607.3	89.7	2,601.3	977.3	684.4
Gross amount as at 1st April 2021	1,913.3	247.2	781.4	997.3	150.0	4,089.2	977.3	684.4
Additions	155.7	28.0	285.9	113.0	317.0	899.6	479.3	-
Less : Disposals	-	-	-	133.9	-	133.9	312.5	-
Gross amount as at 31st March 2022	2,069.0	275.2	1,067.3	976.4	467.0	4,854.9	1,144.1	684.4
Accumulated amortisation as at 1st April 2021	631.9	186.0	219.7	390.0	60.3	1,487.9	-	-
Amortisation for the year	251.7	19.7	169.2	96.2	19.3	556.1	-	-
Less : 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	1,144.1	684.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

B. Following is the ageing schedule for Intangible Assets Under Development ("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	479.3	555.0	109.8	-	1,144.1
Projects temporarily suspended	-	-	-	-	-
	479.3	555.0	109.8	-	1,144.1

Particulars	As at 31 st March 2021				
	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	581.7	395.6	-	-	977.3
Projects temporarily suspended	-	-	-	-	-
	581.7	395.6	-	-	977.3

C. Following is the completion schedule for IAUD, whose completion is overdue, or has exceeded its cost compared to its original plan.

Particulars	As at 31 st March 2022			
	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Cost capitalised for the various ongoing projects	1,144.1	-	-	-
Others	-	-	-	-
	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 42). The estimated value in use of the CGU is based on future cash flows assuming an annual terminal growth rate of 5% for the period subsequent to the forecast period of 5 years and a discount rate of 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 2022

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

5 FINANCIAL ASSETS : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) INVESTMENTS		
Carried at cost		
I. Investment in Section 8 Company carried at cost		
Sudarshan CSR Foundation		
10,000 (Previous Year : 10,000) Equity shares of ₹ 10 each	1.0	1.0
II. Investment in others - carried at fair value through profit and loss		
AVADA Satara MH Private Limited		
2,600 (Previous Year : 2,600) Equity shares of ₹ 10 each	165.5	126.6
Pigment Manufacturers Association of India		
1,000 (Previous Year : Nil) Equity shares of ₹ 10 each	0.1	-
	166.6	127.6
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	166.6	127.6
Aggregate amount of impairment in the value of investments	-	-
(b) OTHER FINANCIAL ASSETS		
(Unsecured considered good unless stated otherwise)		
Security deposits	89.7	96.5
Others	9.4	-
	99.1	96.5

6 DEFERRED TAX ASSETS (NET)

	As at 31 st March 2022	As at 31 st March 2021
The major components of the deferred tax assets are		
Accumulated tax losses and unabsorbed depreciation	-	6.5
Unrealised profit on intra-group transfer of inventories	543.9	238.1
Allowance for expected credit loss	89.7	79.7
Others	168.0	95.1
	801.6	419.4
The major components of the deferred tax liabilities are		
Property, plant and equipment	36.1	30.7
	36.1	30.7
	765.5	388.7

For movement in deferred tax assets and liabilities refer note 31.

7 OTHER NON-CURRENT ASSETS

	As at 31 st March 2022	As at 31 st March 2021
(a) Capital advances		
Considered good	119.6	3,024.7
Considered doubtful	90.0	90.0
Less : Expected credit loss allowance	(90.0)	(90.0)
	119.6	3,024.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

7 OTHER NON-CURRENT ASSETS (CONTD.)

	As at 31 st March 2022	As at 31 st March 2021
(b) Advances other than capital advances		
Balances with Government Authorities	117.0	875.6
Prepaid expenses	504.5	546.0
Stamp duty receivable	276.1	276.1
Others	493.9	510.4
	1,391.5	2,208.1
	1,511.1	5,232.8

8 INCOME TAX ASSETS / LIABILITIES (NET)

	As at 31 st March 2022	As at 31 st March 2021
(a) Non-current tax assets (net)		
Income tax assets	21,191.3	28,861.6
Income tax liabilities	19,005.3	26,846.6
Net income tax assets	2,186.0	2,015.0
(b) Current tax liabilities (net)		
Income tax liabilities	17,209.9	5,752.5
Income tax assets	16,905.8	5,706.4
Net income tax liabilities	304.1	46.1

9 INVENTORIES

(Valued at lower of cost or net realisable value)

	As at 31 st March 2022	As at 31 st March 2021
(a) Raw Materials	14,017.3	11,925.2
Raw Materials in transit	2,305.1	2,319.8
	16,322.4	14,245.0
(b) Work-in-progress	8,841.5	6,468.9
(c) Finished Goods	20,872.0	17,131.4
Finished Goods in transit	5,537.6	16.8
	26,409.6	17,148.2
(d) Stores and Spares	4,739.4	2,997.9
(e) Packing Materials	285.5	297.0
	56,598.4	41,157.0

During the current year, an amount of ₹ (75.4) lakhs (Previous Year : ₹ 888.6 lakhs) was (reversed) / charged to the Statement of Profit and Loss on account of provision for slow-moving / non-moving inventory.

For details of inventory pledged as security refer note 33.

10 FINANCIAL ASSETS : CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
(refer note 40 for details of related party balances)		
Trade receivables considered good	50,622.2	48,879.5
Less: Allowance for expected credit loss	556.6	410.8
	50,065.6	48,468.7
Trade receivables which are credit impaired	868.6	905.5
Less: Allowance for expected credit loss	868.6	905.5
	-	-
	50,065.6	48,468.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

10 FINANCIAL ASSETS: CURRENT (CONTD.)

Following is the ageing schedule for trade receivable due for payment

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

Note :- Above figures does not include provision for expected credit loss amounting to ₹ 1,425.2 lakhs.

As at 31st March 2021

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	39,853.1	7,621.8	84.5	99.9	809.4	-	48,468.7
Undisputed - which have significant increase in credit risk	66.0	31.1	52.3	26.0	137.3	98.1	410.8
Undisputed - Credit impaired	-	-	-	208.0	-	-	208.0
Disputed - Considered good	-	-	-	-	-	-	-
Disputed - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	697.5	697.5
	39,919.1	7,652.9	136.8	333.9	946.7	795.6	49,785.0

Note :- Above figures does not include provision for expected credit loss amounting to ₹ 1,316.3 lakhs.

	As at 31 st March 2022	As at 31 st March 2021
(b) CASH AND CASH EQUIVALENTS		
Cash on hand	8.4	7.8
Balance with Banks		
In Current Accounts	2,523.2	1,589.9
	2,531.6	1,597.7
(c) BANK BALANCES OTHER THAN ABOVE		
Balances in unclaimed dividend accounts (including dividend on unclaimed shares)	360.5	319.2
Margin Money Deposits	637.3	467.4
	997.8	786.6
(d) DERIVATIVE ASSETS		
Foreign exchange forward contracts	233.1	473.0
Interest rate / currency swap contracts	985.0	-
	1,218.1	473.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

10 FINANCIAL ASSETS : CURRENT (CONTD.)

	As at 31 st March 2022	As at 31 st March 2021
(e) OTHER FINANCIAL ASSETS		
Export benefits receivable	661.5	1,526.7
Other receivables (includes interest accrued on deposits)	613.4	1,110.2
Unbilled revenue	2,198.4	1,178.6
Deposits	60.0	69.3
	3,533.3	3,884.8

11 OTHER CURRENT ASSETS

	As at 31 st March 2022	As at 31 st March 2021
Advances other than capital advances		
Prepaid expenses	1,023.3	667.5
Balances with Government authorities	2,570.7	4,593.0
Other advances	1,973.8	1,531.4
	5,567.8	6,791.9

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

12 EQUITY SHARE CAPITAL

	As at 31 st March 2022	As at 31 st March 2021
AUTHORISED :		
75,000,000 (Previous Year : 75,000,000) Equity Shares of ₹ 2 each.	1,500.0	1,500.0
ISSUED :		
*69,227,750 (Previous Year : 69,227,750) Equity Shares of ₹ 2 each.	1,384.5	1,384.5
SUBSCRIBED AND PAID-UP :		
*69,227,250 (Previous Year : 69,227,250) Equity Shares of ₹ 2 each fully paid up.	1,384.5	1,384.5

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

(a) Reconciliation of the share capital

	As at 31 st March 2022		As at 31 st March 2021	
	Quantity in nos.	₹	Quantity in nos.	₹
At the beginning of the year	69,227,250	1,384.5	69,227,250	1,384.5
Add : Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Outstanding at the end of the year	69,227,250	1,384.5	69,227,250	1,384.5

(b) Terms / Rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 2 per share (Previous Year : ₹ 2 each). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors has recommended a dividend of ₹ 5/- per share (Previous Year : ₹ 6.0/- per share) on Face value of ₹ 2/- per share (i.e. 250%) for the year FY 2021-22, which is subject to approval of shareholders at the 71st Annual General Meeting of the Company.

During the previous year the Board of Directors had recommended a dividend of 6/- per share on face value of ₹ 2/- per share (i.e. 300%) for the FY 2020-21 amounting to ₹ 4,153.6 lakhs, which was further approved by the shareholders at the 70th Annual General Meeting of the Company dated 6th August 2021.

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

	As at 31 st March 2022		As at 31 st March 2021	
	No.	% of total shares in class	No.	% of total shares in class
Mr. P. R. Rathi	4,186,240	6.05	3,823,450	5.52
Mr. R. P. Rathi	3,023,859	4.37	4,754,540	6.87
Mr. A. N. Rathi	5,447,620	7.87	5,447,620	7.87
Mr. R. B. Rathi	4,050,359	5.85	3,995,429	5.77
Mr. Akash Bhanshali	2,055,000	2.97	4,255,000	6.15

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

(d) For a period of five years immediately preceding 31st March 2022

- 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 2022

Promoter name	No of shares as at 31 st March 2022	% of total shares	No of shares as at 31 st March 2021	% Changes during the year
Mr. A. N. Rathi	5,447,620	7.87	5,447,620	-
Mr. R. P. Rathi	3,023,859	4.37	4,754,540	(2.5)
Mr. P. R. Rathi	4,186,240	6.05	3,823,450	0.5
Mr. R. B. Rathi	4,050,359	5.85	3,995,429	0.1
Mr. A. B. Rathi	2,073,660	3.00	2,073,660	-
Mrs. S. P. Rathi	1,313,680	1.90	1,313,680	-
Mr. R. B. Rathi (As Trustee - SOW Rachna Rathi Family Trust)	1,208,250	1.75	1,208,250	-
Ajoy Balkrishna Rathi (HUF)	1,175,325	1.70	1,175,325	-
Mr. M. A. Rathi	827,900	1.20	827,900	-
Mr. N. J. Rathi	437,650	0.63	797,650	(0.5)
Mrs. N. A. Rathi	400,404	0.58	719,370	(0.5)
Anuj Narayandas Rathi (HUF)	-	-	567,770	(0.8)
Balkrishna Rathi Finance Private Limited	462,550	0.67	462,550	-
Mrs. K. R. Rathi	-	-	362,790	(0.5)
Rajesh Balkrishna Rathi (HUF)	177,425	0.26	177,425	-
Mrs. R. R. Rathi	14,120	0.02	5,000	-

(f) Other disclosures mandated by Schedule III are not applicable to the Company and hence have not been made.

13 OTHER EQUITY

	As at 31 st March 2022	As at 31 st March 2021
(a) Capital Reserve	0.4	0.4
(b) Capital Redemption Reserve	410.0	410.0
(c) Securities Premium	1,321.2	1,321.2
(d) General Reserve	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve	336.8	511.4
(f) Effective Portion of Cash Flow Hedge	(173.9)	(443.5)
(g) Shares Options (ESOP) outstanding account	228.7	126.0
(h) Retained Earnings	58,470.7	49,707.1
	81,934.4	72,973.1
MOVEMENTS IN OTHER EQUITY		
(a) Capital Reserve		
Balance at the beginning of the year	0.4	0.4
Balance at the end of the year	0.4	0.4
(b) Capital Redemption Reserve		
Balance at the beginning of the year	410.0	410.0
Balance at the end of the year	410.0	410.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

13 OTHER EQUITY (CONTD.)

	As at 31 st March 2022	As at 31 st March 2021
(c) Securities Premium		
Balance at the beginning of the year	1,321.2	1,321.2
Balance at the end of the year	1,321.2	1,321.2
(d) General Reserve		
Balance at the beginning of the year	21,340.5	21,340.5
Additions during the year	-	-
Deductions during the year	-	-
Balance at the end of the year	21,340.5	21,340.5
(e) Foreign Currency Translation Reserve		
Balance at the beginning of the year	511.4	495.1
Add: Other comprehensive income not recognised directly in retained earnings	(174.6)	16.3
Balance at the end of the year	336.8	511.4
(f) Effective Portion of Cash Flow Hedge		
Balance at the beginning of the year	(443.5)	(568.4)
Add: Other comprehensive income not recognised directly in retained earnings	269.6	124.9
Balance at the end of the year	(173.9)	(443.5)
(g) Shares Options (ESOP) outstanding account (refer note 46)		
Balance at the beginning of the year	126.0	-
Additions during the year	102.7	126.0
Deductions during the year	-	-
Balance at the end of the year	228.7	126.0
(h) Retained Earnings		
Balance at the beginning of the year	49,707.1	35,695.3
Add: Profit after tax for the year	12,996.6	14,111.1
Remeasurement of defined benefit obligations (net of tax)	(79.4)	(99.3)
Less: Appropriations (refer note 12(b))		
Final Equity Dividend	4,153.6	-
	58,470.7	49,707.1
	81,934.4	72,973.1

Description of nature and purpose of each reserve

- Securities Premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.
- Capital Reserve includes surplus on re-issue of shares in the financial year 1996-97 ₹ 0.4 lakhs.
- Capital Redemption Reserve is created pursuant to redemption of Preference Share Capital (₹ 400.0 Lakhs) in the Financial Year 2013-14 and buy-back of Equity Shares (₹ 10.0 Lakhs) in the Financial Year 2006-07
- General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes.
- Cash flow hedging reserve -
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to Statement of Profit and Loss in the period in which the underlying hedged transaction occurs.
- Shares Options (ESOP) outstanding account -
It represents the fair value of services received against employees stock options (ESOP's) outstanding as at balance sheet date. (Refer note 46)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

14 FINANCIAL LIABILITIES : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) BORROWINGS		
Secured		
Term loans from Banks		
Rupee Loans	2,887.9	2,925.9
Foreign Currency Loans	33,969.7	27,888.0
Borrowings are disclosed net of unamortised finance cost - ₹ 315.2 lakhs (Previous Year: ₹ 392.1 lakhs) (refer note 33 for details of security and terms of repayment)		
	36,857.6	30,813.9
(b) OTHER FINANCIAL LIABILITIES		
Security deposits	167.3	170.1
	167.3	170.1

15 PROVISIONS : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 32)	1,007.7	1,027.5
Provision for gratuity (refer note 32)	828.5	658.5
Provision for compensated absences (refer note 32)	799.1	705.3
	2,635.3	2,391.3

16 DEFERRED TAX LIABILITIES (NET)

	As at 31 st March 2022	As at 31 st March 2021
The major components of the deferred tax liabilities are :		
Property, plant and equipment	5,480.0	5,047.5
Others	948.9	731.3
	6,428.9	5,778.8
The major components of the deferred tax assets are :		
Allowance for expected credit loss	244.5	227.0
Expenditure allowed on actual payment [Section 43B of Income tax, Others]	231.5	263.0
	476.0	490.0
	5,952.9	5,288.8

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

For movement in deferred tax assets and liabilities, refer note 31.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

17 OTHER LIABILITIES : NON-CURRENT

	As at 31 st March 2022	As at 31 st March 2021
Deferred Government Grant	1,248.1	1,006.8
	1,248.1	1,006.8

18 FINANCIAL LIABILITIES : CURRENT

	As at 31 st March 2022	As at 31 st March 2021
(a) BORROWINGS		
Secured		
Loans repayable on demand / Loan repayable within 12 months		
From banks :		
Rupee Loans	7,550.1	2,514.0
Foreign Currency Loans	8,610.3	4,847.9
Current Matutiries of long term debts	14,686.2	12,693.7
Unsecured		
Loans repayable on demand / Loan repayable within 12 months		
From banks :		
Rupee Loans	14,169.8	10,540.6
(refer note 33 for details of security and terms of repayment)		
	45,016.4	30,596.2
(b) TRADE PAYABLES		
Due towards Micro and Small Enterprises	2,679.0	1,133.8
Other than Micro and Small Enterprises	49,497.0	42,981.1
	52,176.0	44,114.9

Following is the ageing schedule for trade payable due for payment

Particulars	As at 31 st March 2022					
	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Micro and Small Enterprises	2,482.7	196.0	-	0.3	-	2,679.0
Others	31,225.6	16,170.7	1,953.5	28.8	73.9	49,452.5
Disputed Micro and Small Enterprises	-	-	-	-	-	-
Disputed Others	-	11.0	33.5	-	-	44.5
Total	33,708.3	16,377.7	1,987.0	29.1	73.9	52,176.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

Particulars	As at 31 st March 2021					
	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	466.2	658.4	9.3	-	-	1,133.9
Others	33,962.6	8,752.2	35.6	197.5	15.7	42,963.6
Disputed Micro and Small Enterprises						-
Disputed Others	1.5	15.9	-	-	-	17.4
Total	34,430.3	9,426.5	44.9	197.5	15.7	44,114.9

	As at 31 st March 2022	As at 31 st March 2021
(c) DERIVATIVE LIABILITIES		
Foreign exchange forward contracts	56.6	72.0
Interest rate / currency swap contracts	2.5	242.9
	59.1	314.9
(d) OTHER FINANCIAL LIABILITIES		
Unclaimed dividend	360.4	319.1
Unclaimed fixed deposits including interest thereon (refer note 35)	20.4	21.4
Capital creditors	1,642.1	4,249.0
Employee dues	2,686.0	2,431.9
Other liabilities (includes commission payable to directors and commission payable on sales)	575.6	726.8
	5,284.5	7,748.2

19 OTHER CURRENT LIABILITIES

	As at 31 st March 2022	As at 31 st March 2021
Statutory Dues	575.5	402.6
Deferred Government Grant	88.2	88.2
Deferred Revenue	39.2	330.3
Other liabilities (includes advances from customers)	2,516.6	2,016.4
	3,219.5	2,837.5

20 PROVISIONS : CURRENT

	As at 31 st March 2022	As at 31 st March 2021
PROVISION FOR EMPLOYEE BENEFITS :		
Provision for pension (refer note 32)	153.1	139.1
Provision for compensated absences (refer note 32)	93.8	91.2
	246.9	230.3

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

21 REVENUE FROM OPERATIONS

	Year ended 31 st March 2022	Year ended 31 st March 2021
Sale of products (including revenue based on POC method)	218,191.2	184,430.4
Sale of services	134.5	3.2
Other operating revenues		
Export Incentives	967.9	1,427.6
Miscellaneous Operating Income	787.0	550.0
(refer note 42 and 45)	220,080.6	186,411.2

22 OTHER INCOME

	Year ended 31 st March 2022	Year ended 31 st March 2021
Interest Income from financial assets carried at amortised cost		
Bank Deposits	20.4	47.2
Others	277.2	146.0
Other Non-Operating Income		
Liabilities no longer required, written back	39.5	97.3
Profit/ loss on sale of fixed assets	23.2	13.7
Miscellaneous Income	139.9	397.3
	500.2	701.5

23 COST OF MATERIALS CONSUMED

	Year ended 31 st March 2022	Year ended 31 st March 2021
Inventory of raw materials (including raw materials in transit) at the beginning of the year	14,245.0	12,512.9
Add : Purchases	139,475.0	103,789.6
	153,720.0	116,302.5
Less: Inventory of raw materials (including raw materials in transit) at the end of the year	16,322.4	14,245.0
	137,397.6	102,057.5

24 PURCHASE OF STOCK-IN-TRADE

	Year ended 31 st March 2022	Year ended 31 st March 2021
Purchase of Stock-in-Trade	1,276.8	1,980.8
	1,276.8	1,980.8

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

	Year ended 31 st March 2022	Year ended 31 st March 2021
Inventory at the end of the year		
Finished Products	26,409.6	17,148.2
Work-in-progress / Semi-finished Products	8,841.5	6,468.9
	35,251.1	23,617.1
Inventory at the beginning of the year		
Finished Products	17,148.2	19,128.9
Work-in-progress / Semi-finished Products	6,468.9	6,452.8
Stock-in-Trade	-	42.9
	23,617.1	25,624.6
	(11,634.0)	2,007.5

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

26 EMPLOYEE BENEFITS EXPENSE (NET)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Salaries, wages and bonus	16,323.0	13,944.9
Contribution to Provident and Other Funds	1,045.1	894.0
Share based payments (refer note 46)	102.7	126.0
Staff Welfare Expenses	926.2	601.3
	18,397.0	15,566.2

(refer note 47 for expenses capitalised from employee benefits expense)

27 FINANCE COSTS (NET)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Interest expenses on financial liabilities measured at amortised cost *	1,743.4	1,650.7
Other borrowing costs (Includes charges for guarantees, loan processing etc.)	198.9	136.6
	1,942.3	1,787.3

*Excludes borrowing costs capitalised during the year on qualifying assets amounting to ₹ 681.9 lakhs (Previous year: ₹ 245.3 lakhs) The weighted average rate for capitalisation of interest relating to specific borrowing was approximately 1.64% to 2.46% per annum for the year ended 31st March 2022. (31st March 2021: 1.99% per annum for specific borrowing)

(refer note 47 for expenses capitalised from finance costs)

28 DEPRECIATION AND AMORTISATION

	Year ended 31 st March 2022	Year ended 31 st March 2021
Depreciation of property, plant and equipment	8,302.6	8,055.3
Amortisation of right of use assets	67.2	49.2
Amortisation of other intangible assets	556.1	546.4
	8,925.9	8,650.9

29 OTHER EXPENSES (NET)

	Year ended 31 st March 2022	Year ended 31 st March 2021
Consumption of stores and spares	3,057.6	2,526.6
Consumption of packing material	2,536.4	1,867.6
Power and fuel	13,274.3	8,261.6
Water charges	1,337.6	1,366.0
Labour charges	5,778.1	5,035.3
Rent	641.8	934.5
Repairs and maintenance	3,799.3	2,926.2
Insurance	814.6	565.7
Rates and taxes (excluding taxes on income)	252.0	186.2
Advertisement	104.7	156.7
Auditors' remuneration (refer note 34)	65.9	61.6
Bad debts written off	66.1	131.9
(Reversal) / provision for expected credit loss allowance (refer note 41)	108.9	(195.3)
Advance written off	0.2	35.9
Bank charges	318.7	223.4
Commission to selling agents	1,881.0	1,724.3
Directors' sitting fees	23.1	23.7
Consumables related to IT hardware	442.8	344.2
Foreign exchange (gain) / loss (net)	92.1	(807.0)
Legal, professional and consultancy charges	3,722.1	4,089.5
Printing, stationery and communication expenses	441.3	406.0
Freight and forwarding	3,658.1	3,041.2
Travelling and conveyance	740.5	393.5
Expenditure towards Corporate Social Responsibility (refer note 36)	312.1	301.8
Miscellaneous expenses	3,693.7	2,422.6
	47,163.0	36,023.7

(refer note 47 for expenses capitalised from other expenses)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

30 EARNINGS PER SHARE

	Year ended 31 st March 2022	Year ended 31 st March 2021
Profit for the year	12,996.6	14,111.1
Equity Shares outstanding as at the end of the year		
Number of Equity Shares outstanding at the year end	69,227,250	69,227,250
Weighted average Equity Shares outstanding as at the end of the year	69,227,250	69,227,250
Add: Dilutive impact of employee stock options	157,813	89,494
Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	69,385,063	69,316,744
Nominal Value per Equity Share (in ₹)	2.0	2.0
Basic ₹ per share	18.8	20.4
Diluted ₹ per share	18.7	20.4

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

31 INCOME TAX

	Year ended 31 st March 2022	Year ended 31 st March 2021
A Income tax recognised in Statement of Profit and Loss		
Current tax (a)		
Current tax for the year for operations	3,828.3	4,057.1
	3,828.3	4,057.1
Tax adjustment related to earlier year (b) (refer note E below)		
Current tax related to earlier years	-	427.1
Deferred tax related to earlier years	-	(529.9)
	-	(102.8)
Deferred tax (c)		
Relating to origination and reversal of temporary differences	287.3	973.4
	287.3	973.4
Total tax expenses (a+b+c)	4,115.6	4,927.7
B Reconciliation of effective tax rate		
Profit before tax from operations	17,112.2	19,038.8
	17,112.2	19,038.8
Tax using Statutory tax rates	4,307.1	4,792.1
Tax effect of:		
- non deductible expenses	74.9	40.7
- tax adjustment related to earlier year (b) (refer note E below)	-	(102.8)
- tax adjustment related to cess (refer note F below)	111.6	-
- deferred tax recognised on undistributed reserves of subsidiary	188.3	283.6
- deferred tax assets recognised on carried forward losses of a subsidiary (refer note D below)	(351.9)	-
- deferred tax not recognised on loss making entities (refer note D below)	(12.1)	(88.2)
- tax implication on account of (higher)/ lower rates	(25.1)	-
- others	14.3	2.3
Income tax expenses	4,307.1	4,927.7

C. Movement in deferred tax liabilities and assets (refer note 6 and 16)

(i) Deferred tax liabilities

	Property, Plant and Equipments	Other deferred tax liabilities	Total
As at 1st April 2020	5,484.5	423.2	5,907.7
Charged / (credited)			
- to Statement of Profit and Loss	(406.3)	308.1	(98.2)
- to Other Comprehensive Income	-	-	-
As at 31st March 2021	5,078.2	731.3	5,809.5
Charged / (credited)			
- to Statement of Profit and Loss	437.9	217.7	655.6
- to Other Comprehensive Income	-	-	-
As at 31st March 2022	5,516.1	949.0	6,465.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

(ii) Deferred tax assets

	Unrealised profit on stock	Carried forwarded tax losses	Allowance for Expected Credit Loss	Expenditure allowed on actual payment	Minimum Alternate Tax	Total
As at 1st April 2020	294.8	100.0	461.4	502.8	92.1	1,451.1
(Charged) / credited						
- to Statement of Profit and Loss	(56.7)	(93.5)	(154.7)	(144.7)	(92.1)	(541.7)
- to Other Comprehensive Income	-	-	-	-	-	-
As at 31st March 2021	238.1	6.5	306.7	358.1	-	909.4
(Charged) / credited						
- to Statement of Profit and Loss	(46.0)	345.4	27.4	41.5	-	368.3
- to Other Comprehensive Income	-	-	-	-	-	-
As at 31st March 2022	192.1	351.9	334.1	399.6	-	1,277.7

The above movement of deferred tax assets and liabilities include the following balances

Particulars	As at 31 st March 2022	As at 31 st March 2021
Deferred tax assets (refer note 6)	765.5	388.7
Deferred tax (liabilities) (refer note 16)	(5,952.9)	(5,288.8)
Deferred tax assets / (liabilities) net	(5,187.4)	(4,900.1)

D 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 2022		As at 31 st March 2021	
	Gross Amount	Unrecognised Deferred tax Assets	Gross Amount	Unrecognised Deferred tax Assets
Sudarshan Japan Limited	239.3	59.8	114.5	34.4
Sudarshan (Shanghai) Trading Company Limited	490.6	122.7	533.9	160.2
Sudarshan North America Inc.	-	-	1,945.4	583.6
	729.9	182.5	2,593.8	778.2

- E While finalising the tax return for the financial year 2019-2020, the holding Company opted for the New Tax Regime (Section 115BAA of the Income Tax Act, 1961) since it was beneficial considering various recent developments and uncertainties associated with tax deductions under old regime. The effect of this change in accounting estimate, amounting to charge of ₹ 960.7 lakhs on current tax expense and reversal of deferred tax amounting to ₹ 529.8 lakhs (net tax impact of ₹ 430.9 lakhs) was recorded in the year ended 31st March 2021. Further, during the year ended 31st March 2021, the Company has reversed excess provisions for income tax of ₹ 533.7 lakhs arising from completion of tax assessments and receipt of tax refunds. The net impact of the above of ₹ 102.8 lakhs, is presented as "Tax adjustment related to earlier year" in the Consolidated Financial Statements.
- F During the current 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 holding 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 holding 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.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

32 EMPLOYEE BENEFITS

A Defined Contribution Plans in respect of the Holding Company and its domestic subsidiary

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Employer's Contribution to Provident Fund and other funds	708.7	563.3
Employer's Contribution to Superannuation Fund	32.0	35.3

The holding Company and its domestic subsidiary's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss. The holding Company and its domestic subsidiary makes contributions to the Superannuation Scheme, a defined contribution scheme administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The holding Company and its domestic subsidiary have no obligation to the scheme beyond its annual contributions.

B In respect of overseas subsidiaries, the liabilities for employee benefits contributions are determined and accounted as per the regulations and principles followed in the respective countries.

The overseas subsidiaries operate defined contribution schemes, under which costs of ₹ 304.4 lakhs (Previous year ₹ 295.4 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

The holding Company and its domestic subsidiary have a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age. These benefits are funded with an insurance Company in the form of a qualifying insurance policy.

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

Net employee benefit expense on account of gratuity recognised in employee benefit expenses.

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Current service cost	213.9	185.7
Net interest (income) / expense	35.5	16.8
Net expense	249.4	202.5

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Defined benefit obligation as at the beginning of the year	2,768.8	2,599.9
Interest cost	179.0	161.3
Current service cost	213.9	185.7
Benefit payments from plan assets	(186.8)	(207.3)
Others	-	-
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	116.8	44.7
Actuarial (gain) / loss - Financial	(63.3)	(15.5)
Defined benefit obligation as at the end of the year	3,028.4	2,768.8

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

32 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Fair value of plan assets at the beginning of the year	2,110.3	2,173.2
Expected returns on plan assets	143.5	144.5
Employer contributions	137.5	13.5
Mortality charges and taxes	-	-
Benefits paid	(186.8)	(207.3)
Others	-	-
Re-measurement gain / (loss) in other comprehensive income (OCI)		
Actuarial gain / (loss) - Experience	(4.6)	(13.6)
Fair value of plan assets at the end of year	2,199.9	2,110.3

As at 31st March 2022 and 31st March 2021 plan assets were 100% invested in insurer managed funds.

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

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
(Gain) / loss on defined benefit obligation - Experience	116.8	44.7
(Gain) / loss on defined benefit obligation - Financial	(63.3)	(15.5)
(Gain) / loss on plan assets - Experience	4.6	13.6
Amount recognised in the statement of OCI	58.1	42.8

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

Particulars	As at 31 st March 2022	As at 31 st March 2021
Defined Benefit Obligation	3,028.4	2,768.8
Fair value of plan assets	2,199.9	2,110.3
Closing net defined benefit liability / (asset)	828.5	658.5

The principal assumptions used in determining gratuity obligations for the Holding Company and its domestic subsidiary plan are shown below:

Demographic Assumptions

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

Attrition:

Particulars	As at 31 st March 2022	As at 31 st March 2021
Employee turnover		
age upto 30 years	6.7%	6.7%
age 31 - 45 years	3.9%	3.9%
age above 45 years	2.6%	2.6%
Retirement Age	58-80 years	58-80 years

Financial assumptions

Particulars	As at 31 st March 2022	As at 31 st March 2021
Discount rate	6.88% - 7.2%	6.4% - 6.8%
Expected rate of increment in compensation levels	5% - 8%	4% - 7%

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

32 EMPLOYEE BENEFITS (CONTD.)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Defined benefit obligation			
	As at 31 st March 2022		As at 31 st March 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(165.1)	184.7	(156.0)	173.3
Expected rate of increment in compensation levels	182.2	(166.0)	170.5	(156.4)

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.

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

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March 2022	As at 31 st March 2021
Within the next 12 months	307.1	271.6
Between 2 and 5 years	1,531.7	1,044.6
Beyond 5 years	3,119.9	3,135.1

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 13 years (Previous Year: 12.4 years).

II Pension

The Holding Company provides for Pension, a defined benefit retirement plan covering eligible employees. The plan provides for monthly pension payments to retired employees or family pension to their eligible family members till such period as stipulated in the Board approved policy. The Holding Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the liability as on the reporting date.

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

Net employee benefit expense on account of pension recognised in employee benefit expenses

Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
Current service cost	5.0	4.6
Net interest (income) / expense	74.8	70.9
Net expense	79.8	75.5

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

Particulars	As at 31 st March 2022	As at 31 st March 2021
Defined benefit obligation as at the beginning of the year	1,166.6	1,122.5
Interest cost	74.8	70.9
Current service cost	5.0	4.6
Benefit payments directly by employer	(133.5)	(121.4)
Re-measurement (gain) / loss in other comprehensive income (OCI)		
Actuarial (gain) / loss - Experience	(44.1)	(14.3)
Actuarial (gain) / loss - Financial	92.0	104.3
Defined benefit obligation as at the end of the year	1,160.8	1,166.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

32 EMPLOYEE BENEFITS (CONTD.)

Re-measurements for the period (Actuarial (gain) / loss)		
Particulars	Year ended 31 st March 2022	Year ended 31 st March 2021
(Gain) / loss on defined benefit obligation - Experience	(44.1)	(14.3)
(Gain) / loss on defined benefit obligation - Financial	92.0	104.3
Amount recognised in the statement of OCI	47.9	90.0

Net Defined Benefit Liability / (Asset) for the period		
Particulars	As at 31 st March 2022	As at 31 st March 2021
Defined Benefit Obligation	1,160.8	1,166.6
Fair value of plan assets	-	-
Closing net defined benefit liability / (asset)	1,160.8	1,166.6

The principal assumptions used in determining pension obligations for the Holding Company and its domestic subsidiary plan are shown below:

Demographic Assumptions

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

Financial assumptions

Particulars	As at 31 st March 2022	As at 31 st March 2021
Discount rate	7.2%	6.8%
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 2022		As at 31 st March 2021	
	Increase by 100 basis points	Decrease by 100 basis points	Increase by 100 basis points	Decrease by 100 basis points
Discount Rate	(95.1)	113.6	(98.7)	124.8
Pension increase rate	22.5	(21.0)	31.2	(18.3)

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

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

The following is the maturity profile of defined benefit obligation:

Particulars	As at 31 st March 2022	As at 31 st March 2021
Within the next 12 months	153.1	139.1
Between 2 and 5 years	781.4	710.4
Beyond 5 years	1,505.0	1,368.2

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

III Leave Encashment / Compensated Absences / Sick Leave

The leave obligations cover the Holding Company and its domestic subsidiary's liability for sick and earned leave.

The amount of the provision settled within 12 months is presented as current, since the Holding Company and its domestic subsidiary does not have an unconditional right to defer the settlement for any of these obligations. However, based on past experience, the Holding Company and its domestic subsidiary does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following table shows bifurcation of current and non-current provision for leave encashment.

Particulars	As at 31 st March 2022	As at 31 st March 2021
Current leave obligations expected to be settled within the next 12 Months	93.8	91.2
Leave obligations expected to be settled beyond 12 months	799.1	705.3

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

The principal assumptions used in determining Leave obligation for the Holding Company and its domestic subsidiary's are shown below:

Demographic Assumptions

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

Particulars	31 st March 2022	31 st March 2021
Discount rate	6.88% - 7.2%	6.4% - 6.8%
Expected rate of increment in compensation levels	5% - 8%	4% - 7%
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%
Leave availment	5.0%	5.0%
Retirement age	58-80	58-80

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

33 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION

A. SECURITY DETAILS AND REPAYMENT SCHEDULE

Security	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March 2022		As at 31 st March 2021	
				Current	Non Current	Current	Non Current
a) SECURED							
i) Foreign currency term loans / ECBs from banks							
Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune and further secured by way of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune The bankers are - Standard Chartered Bank - The Hong Kong and Shanghai Banking Corporation Limited - Citi Bank N.A. - State Bank of India - Axis Bank Limited	30-Dec-21	18 equal quarterly installments	3 months EURIBOR + 1.55%	-	-	1,363.4	-
	26-Mar-23	16 equal quarterly installments	3 months EURIBOR + 1.00%	1,473.5	-	1,499.5	1,252.0
	31-Jan-23	20 equal quarterly installments	3 month LIBOR + 1.25%	953.2	-	919.5	906.0
	27-Sep-25	17 equal quarterly installments	3 month LIBOR + 1.40%	4,091.9	9,497.3	2,838.2	13,103.2
	31-Aug-25	18 equal quarterly installments	3 month LIBOR + 1.50%	7,578.8	16,863.3	5,728.3	12,626.8
	31-Dec-26	14 equal quarterly installments	6 month LIBOR + 1.25%	-	7,609.1	-	-
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), Amravezadi, 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), Amravezadi, Dist. Pune The bankers are - ICICI Bank - Bank of Maharashtra	03-Aug-23	03 annual installments	7.75%	300.0	2,400.0	300.0	2,700.0
	20-Oct-24	36 monthly installments	7.50%	288.8	487.9	44.8	225.9

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

33 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION (CONTD.)

Security	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at 31 st March 2022		As at 31 st March 2021	
				Current	Non Current	Current	Non Current
iii) Working capital loans repayable on demand from banks / Loan repayable within 12 months							
Working Capital Borrowings from Bank of Maharashtra, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by first pari passu charge by hypothecation of stock-in-trade, book debts and receivables. These are further secured by second charge on the movable and immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrablewadi, Dist. Pune by registered mortgage. Subsidiary loans are secured by hypothecation of inventory and receivables and corporate guarantee of holding Company.	1-3 months	Repayable on demand	4.20% to 9.5%	16,160.4	-	7,361.9	-
b) UNSECURED							
i) Working capital loans repayable on demand from banks / Loan repayable within 12 months							
The Bankers are - Kotak Mahindra Bank - HDFC Bank Limited - IDFC First Bank	1 month	Repayable on demand	4.48% to 4.60%	14,169.8	-	10,540.6	-
ii) Loans and Advances from others							
Fixed Deposits	Various	Repayable on demand	10.25%	20.4	-	21.4	-
				45,036.8	36,857.6	30,617.6	30,813.9
The bifurcation of total borrowings is as follows:							
Non-current borrowings	Note 14(a)			-	36,857.6	-	30,813.9
Current borrowings	Note 18(a)			30,330.2	-	17,902.5	-
Current maturities of long-term debts	Note 18(a)			14,686.2	-	12,693.7	-
Unpaid matured deposits including interest thereon	Note 18(d)			20.4	-	21.4	-

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

33 BORROWINGS - SECURITY DETAILS, REPAYMENT SCHEDULE AND OTHER REGULATORY INFORMATION (CONTD.)

Security	Last Installment Payable on	Terms of Repayment	Effective Interest Rate p.a.	As at		As at	
				31 st March 2022	31 st March 2021	Non Current	Non Current
				Current	Current	36,857.6	30,813.9
						45,036.8	30,617.6

B. OTHER REGULATORY INFORMATION

- a) The holding Company and its domestic subsidiary files monthly/ quarterly statement for its current assets with banks. The holding Company and its domestic subsidiary reconciles the quarterly statements filed with the banks with amounts as per financial statements. Further, pursuant to subsequent adjustment if any post closures of yearly books and statutory audit, the holding Company and its domestic subsidiary files the revised return with the updated amounts at the year end. Following is the reconciliation of amount stated in financial statements and amount stated in revised statements of current assets as on 31st March 2022 with banks.

Amount stated in Financial Statements	Sudarshan Chemical Industries Limited			RIECO Industries Limited		
	As at 31 st March 2022	As at 31 st March 2021	As at 31 st March 2022	As at 31 st March 2021	As at 31 st March 2022	As at 31 st March 2021
Trade Receivable	46,407.9	49,024.8	3,519.9	3,519.9	2,127.0	2,127.0
Inventories	47,825.3	32,186.0	1,986.8	1,986.8	1,275.0	1,275.0
Total amount of current assets disclosed in the Financial Statements	94,233.2	81,210.8	5,506.7	5,506.7	3,402.0	3,402.0
Amount stated in statement of current assets furnished with banks	94,233.2	81,210.8	5,506.7	5,506.7	3,402.0	3,402.0
Total amount of current assets furnished to Banks	94,233.2	81,210.8	5,506.7	5,506.7	3,402.0	3,402.0

- 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 is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
- c) The group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

34 AUDITOR'S REMUNERATION

Particulars	Year Ended 31 st March 2022	Year Ended 31 st March 2021
(a) Audit Fees	44.5	39.5
(b) Tax Audit Fees	2.0	2.0
(c) Other services - Certification and Limited Review	17.8	18.5
(d) Reimbursement of Expenses	1.6	1.6
	65.9	61.6

35 FIXED DEPOSITS (ACCEPTED UNDER SECTION 76(1) OF THE COMPANIES ACT, 2013)

Particulars	As At 31 st March 2022	As At 31 st March 2021
(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	21.4
	20.4	21.4

36 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY:

The Group is covered under section 135 of the Companies Act, the Group is required to contribute towards activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto.

Group's CSR activities 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 2022	Year Ended 31 st March 2021
a) Amount required to be spent by the Group during the year,	315.3	289.2
b) Amount of expenditure incurred,	312.1	301.8
c) Shortfall at the end of the year,	3.2	(12.6)
d) Total of previous years shortfall,	-	-
e) Reason for shortfall,	refer note below	NA
f) Details of related party transactions (donation to Sudarshan CSR Foundation)	201.0	245.5
g) Movement of provisions	NA	NA

The holding Company has incurred lesser amount in the current year (shortfall ₹ 1.3 lakhs) to utilise the excess amount incurred in the previous year (excess of ₹ 12.6 lakhs). Domestic subsidiary Company has contributed ₹ 1.9 lakhs subsequently in the funds mentioned under relevant CSR rules.

37 COMMITMENTS AND CONTINGENCIES:

Contingent liabilities

Claims against the Group not acknowledged as debts

Particulars	As at 31 st March 2022	As at 31 st March 2021
Excise duty	255.8	255.8
VAT / CST	49.2	311.2
Custom duty	330.4	330.4
Electricity duty on Power Generation	2,043.7	1,667.6

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

37 COMMITMENTS AND CONTINGENCIES: (CONTD.)

- It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments / decisions pending with various forums / authorities.
- The Group does not expect any reimbursements in respect of the above contingent liabilities.
- The Group's pending litigations comprise of claims against the Group pertaining to proceedings pending with Income Tax, Excise, Custom, Sales / VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Consolidated Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Consolidated Financial Statements.
- The Group has obtained an opinion from a subject-matter expert ('SME') on the Electricity Duty contingency. The matter is sub-judice with the Bombay High Court and the SME has opined that the Company has a good case of success in the proceedings.

38 ADDITIONAL REGULATORY INFORMATION AS REQUIRED BY NOTIFICATION ISSUED BY MINISTRY OF CORPORATE AFFAIRS DATED 24TH MARCH 2021 ON AMENDMENTS ON SCHEDULE III ON CONSOLIDATED BASIS.

- (a) The title deeds of all the immovable properties are held in the name of the respective companies of the Group.
- (b) The Group has not revalued its Property, Plant and Equipment or Intangible Assets during financial year ended 31st March 2022 and 31st March 2021
- (c) 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.
- (d) The Group does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (e) None of the companies of the Group is a declared wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. The Group has been paying the due installments on time and has not defaulted on any instalments.
- (f) None of the Companies of the Group have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (g) None of the companies of the group have any 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).
- (h) None of the companies of the group has traded or invested in Crypto currency or Virtual Currency during the financial year
- (i) (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:
 - i) 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
 - ii) 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 Company shall:
 - i) 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
 - ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

39 RATIOS BASED ON CONSOLIDATED FINANCIAL STATEMENTS

	Times/ Percentage	As At 31 st March 2022	As At 31 st March 2021	% Change	Comments
a) Current Ratio (Current assets / Current liabilities)	Times	1.13	1.20	(6%)	
b) Debt-Equity Ratio (Total borrowings / Equity (Share capital+reserves))	Times	0.98	0.83	19%	
c) Debt Service Coverage Ratio (Net operating income / Current debt obligations) (Net operating income is Profit after tax + Interest + Depreciation) (Current debt obligations is current maturity of long term debts and interest payment)	Times	1.44	1.70	(15%)	
d) Return on Equity Ratio (Profit after tax / Average Shareholder's Equity)	Percentage	16.49%	20.99%	(21%)	
e) Inventory turnover ratio (Cost of good sold / Average Inventory)	Times	2.60	2.58	1%	
f) Trade receivables turnover ratio (Sale of goods / Average Trade Receivables)	Times	4.43	4.35	2%	
g) Trade payables turnover ratio (Purchase of goods / Average Trade Payables)	Times	2.92	2.60	12%	
h) Net capital turnover ratio (Sale of goods / Working capital) (Working capital is current assets minus current liabilities)	Times	15.41	10.71	44%	The ratio has improved due to i) higher turnover ii) lower working capital
i) Net profit ratio (Net profit / Sale of goods)	Percentage	5.96%	7.65%	(22%)	
j) Return on Capital employed (Earning before interest and taxes "EBIT" / Capital Employed) (Capital Employed is Tangible Net Worth + Total Debt + Deferred Tax Liability)	Percentage	11.48%	15.28%	(25%)	This is because of i) increase in Capital employed on account of increase in borrowing for financing expansion projects and ii) dip in profitability during the current year.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

A List of Related Parties and description of relationship

(a) Key Management Personnel

- Mr. P. R. Rathi	Chairman
- Mr. R. B. Rathi	Managing Director
- Mr. A. V. Vij	Wholetime Director
- Mr. A. N. Rathi	Non-Executive - Non-Independent Director
- Mr. 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

(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
- Late Mrs. K. R. Rathi	Mother of Mr. P. R. Rathi
- Late Mr. B. J. Rathi	Father of Mr. R. B. Rathi
- Late Mr. R. J. Rathi	Father of Mr. P. R. Rathi
- Mrs. S. P. Rathi	Wife of Mr. P. R. Rathi
- Mrs. V. R. Rathi	Wife of Mr. R. P. Rathi
- Mrs. R. R. Agarwal	Daughter of Mr. P. R. Rathi
- Mr. 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
- Mr. Dhruv R. Rathi	Son of Mr. R. P. Rathi
- Ms. Anushka R. Rathi	Daughter of Mr. R. P. Rathi
- Ms. Smriti R. Rathi	Daughter of Mr. R. B. Rathi
- Ms. Tanvi R. Rathi	Daughter of Mr. R. B. Rathi
- Mr. Armaan A. Rathi	Son of Mr. A. N. Rathi
- Mr. Rohan A. Rathi	Son of Mr. A. N. Rathi

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

(c) Others : Entities in which Key Management Personnel and / or their relatives exercise significant influence ##	
- Balkrishna Rathii Finance Private Limited	- Rabro Speciality Chemicals Private Limited
- PRR Finance Private Limited	- Mr. Anuj N. Rathii HUF
- Marathwada Chemical Industries Private Limited	- Mr. R. B. Rathii HUF
- Rathii Vessels and Systems LLP	- Rathii Mixers Private Limited
- NJR Finance Private Limited	- Breakthrough Management Group India Private Limited
- Rathii Brothers Private Limited	- Shri Jagannath Rathii Charity Trust
- Rathii Enterprises Private Limited	- Crawford Bayley & Co
- Forbes Marshall Private Limited	- Krohne Marshall Private Limited
- Aquapharm Chemicals Private Limited	- Phytomyco Research Private Limited
- Centre For Advancement Of Philanthropy	- Gazelle Enterprises
- STRR Consulting LLP	- Centre for Technology Innovation and Economic Research
- Martrix Fine Sciences Private Limited	- Arihma Enterprises
- Cosmetictree India LLP	- Rubheal Ayurved Private Limited

Above is a detailed listing and includes Companies / parties with whom the Group has entered into the transactions during the course of the year.

B Transactions with Related Parties

SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

Nature of Transactions	For the year ended 31 st March 2022				For the year ended 31 st March 2021			
	Key Management Personnel	Subsidiary Companies	Others	Total	Key Management Personnel	Subsidiary Companies	Others	Total
e Sale of Goods :	-	-	17.2	17.2	-	-	7.8	7.8
Marathwada Chemical Inds. Private Limited	-	-	17.2	17.2	-	-	7.8	7.8
f Purchase of Goods / Services :	-	-	35.7	35.7	-	-	88.2	88.2
Aquapharm Chemicals Private Limited	-	-	6.4	6.4	-	-	-	-
Forbes Marshall Private Limited	-	-	27.3	27.3	-	-	61.2	61.2
Krohne Marshall Private Limited	-	-	2.0	2.0	-	-	27.0	27.0
g Professional Fees Paid :	-	-	56.0	56.0	-	-	71.8	71.8
Breakthrough Management Group	-	-	49.6	49.6	-	-	71.8	71.8
Mr. S.N. Inamdar	-	-	5.9	5.9	-	-	-	-
Others	-	-	0.5	0.5	-	-	-	-
h Commission on Sales (Incl. Taxes):	-	-	1,415.5	1,415.5	-	-	1,296.1	1,296.1
Rabro Speciality Chemicals Private Limited	-	-	1,415.5	1,415.5	-	-	1,296.1	1,296.1
i Rent received (Incl. Taxes) :	-	-	10.4	10.4	-	-	10.4	10.4
Rabro Speciality Chemicals Private Limited	-	-	5.8	5.8	-	-	5.8	5.8
Others	-	-	4.6	4.6	-	-	4.6	4.6
j Donation Paid :	-	-	201.0	201.0	-	-	245.5	245.5
Sudarshan CSR Foundation	-	-	201.0	201.0	-	-	245.5	245.5
k Reimbursement of Expenses (Net) :	-	-	(1.5)	(1.5)	-	-	-	-
Rabro Speciality Chemicals Private Limited	-	-	(1.5)	(1.5)	-	-	-	-
l Car Deposit Repayment	-	50.8	-	50.8	7.7	-	-	7.7
Mr. R. P. Rath	-	21.9	-	21.9	-	-	-	-
Mr. N.J. Rath	-	28.9	-	28.9	-	-	-	-
Mr. A.V.Vij	-	-	-	-	7.7	-	-	7.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

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

C	Balances due from / to related parties : Nature of Transactions	As at 31 st March 2022				As at 31 st March 2021			
		Key Management Personnel	Relatives of Key Management Personnel	Others	Total	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
a	Customer / (Vendor) Account								
	Marathwada Chemical Inds. Private Limited	-	-	(154.5)	(154.5)	-	-	(180.9)	(180.9)
	Forbes Marshall Private Limited	-	-	3.7	3.7	-	-	0.8	0.8
	Rabro Speciality Chemicals Private Limited	-	-	-	-	-	-	(1.5)	(1.5)
	Others	-	-	(150.6)	(150.6)	-	-	(180.2)	(180.2)
		-	-	(7.6)	(7.6)	-	-	-	-
b	Salary and Commission Payable								
	Mr. P.R.Rathi	-	100.0	-	100.0	114.5	-	-	114.5
	Mr. S. N. Inamdar	-	10.0	-	10.0	10.0	-	-	10.0
	Mr. D. N. Damania	-	-	-	-	8.0	-	-	8.0
	Mr. S. Padmanabhan	-	15.0	-	15.0	15.0	-	-	15.0
	Mrs. S. A. Panse	-	10.0	-	10.0	10.0	-	-	10.0
	Mr. S. K. Asher	-	15.0	-	15.0	15.0	-	-	15.0
	Mr. S. K. Asher	-	10.0	-	10.0	10.0	-	-	10.0
	Others	-	40.0	-	40.0	46.5	-	-	46.5

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

41 RISK MANAGEMENT AND CAPITAL MANAGEMENT

A Financial instruments risk management objectives and policies

The Group's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include investments, trade and other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by an Enterprise Risk Management (ERM) team that advises on financial risks and the appropriate financial risk governance framework for the Group. The ERM team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, other receivable, payables and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 31st March 2022 and 31st March 2021.

Potential impact of risk	Management policy	Sensitivity to risk
i) Interest rate risk		
The Group is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.	In order to manage its interest rate risk arising from variable interest rate borrowings, the Group uses Interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps decrease in interest rates would have led to approximately an additional ₹ 204.7 lakhs (2020-21: ₹ 153.6 lakhs) gain in Statement of Profit and Loss. A 25 bps increase in interest rates would have led to an equal but opposite effect.
ii) Foreign exchange risk		
The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the Group's functional currency (₹). 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 ₹ 1,081.1 lakhs. (2020-21: loss of ₹ 721.8 lakhs). A 2% decrease would have led to an increase in additional gain of ₹ 1,081.1 lakhs. (2020-21: gain of ₹ 721.8 lakhs).

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

41 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

(₹ in lakhs)

Foreign currency exposure and sensitivity	As at 31 st March 2022		As at 31 st March 2021	
	USD denominated	EURO denominated	USD denominated	EURO denominated
Trade receivable	17,515.5	8,746.7	17,672.8	7,233.8
Forward contracts for Trade receivable	(26,337.4)	(5,737.1)	(19,565.7)	(8,533.5)
Foreign currency borrowings	(48,720.9)	(7,773.3)	(36,198.3)	(8,723.2)
Trade payable	(8,852.4)	(357.0)	(7,335.9)	(198.8)
Forward contracts for Trade payable	2,911.5	-	650.6	-
Forward contracts for Borrowings	13,077.9	1,473.5	12,850.8	6,058.1
Total	(50,405.8)	(3,647.2)	(31,925.7)	(4,163.6)

The movement in Effective portion of cash flow hedge under other equity for derivatives designated as Cash Flow Hedges is as follows:

	Year ended 31 st March 2022	Year ended 31 st March 2021
Balance at beginning of the year	(706.8)	(873.7)
Changes in the fair value of effective portion of derivatives – Gain / (Loss)	882.4	(6.0)
Net Gain / (Loss) reclassified to Statement of Profit and Loss on occurrence of hedged forecasted transactions	(522.1)	172.9
Balance at end of the year	(346.5)	(706.8)
Tax impact	172.6	263.3

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.

Disclosure

How the risk arises	How group manages risks
The Group has a significant portion of its revenue in foreign currency (other than ₹). This exposure in foreign exchange risk affects the profitability and financial position of the group due to variation in the foreign exchange rates.	The risk management strategy is as follows: - To use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the non-derivative contracts (cash flow legs of foreign currency borrowing) to hedge the foreign currency risk associated with highly probable forecasted sales. - To use the cash flow legs of foreign currency borrowing combined with the cash flow legs of Cross Currency Interest Rate Swap to hedge the foreign currency risk associated with highly probable forecasted sales.
The Group has certain amount of its purchases in foreign currency (other than ₹) which results in exposure to fluctuation of exchange rate affecting the profitability and financial position of the Group.	The risk management strategy is to use the foreign exchange forward contracts to hedge the foreign currency risk associated with highly probable forecasted purchases.
The Group has taken loans denominated in EUR which have floating interest rate. This results in exposing the Group to fluctuations in cash flow due to floating interest rate risk.	The risk management strategy is to use the Interest Rate Swap (IRS) to hedge the interest rate risk associated with floating interest rate cash flow.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

41 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

The Group uses derivatives (forward contract, interest rate swap) or non-derivative or a combination of both to hedge its exposure of forex / interest rate related risk. These instruments are either used to lock in a lower purchase price or / and a higher sales prices / fixed interest rate. The gain or loss on hedging instrument are aligned and effectively an offset compared with hedged item.

The economic relationship between hedged item and hedged instrument is established to ensure that both are moving in the opposite direction because of the same hedged risk.

The credit risk associated with the hedge relationship is negligible due to the highly rated counterparties

The Group's hedging policy only allows for effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If the critical terms of the hedged item do not match exactly with the critical terms of the hedging instrument, the group uses the quantitative analysis to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds, on an absolute basis, the change in value of the hedged item that attributes to the hedged risk. This may arise if there is any change in the timing of the underlying hedged item or if the critical terms of the hedging instrument and the hedged item do not match exactly

The following are the principal amounts of outstanding non derivative contracts (Foreign Currency Loans) entered into by the Holding Company which have been designated as Cash Flow Hedges:

As at 31st March 2022

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss) in Other Comprehensive Income
Non-derivative contracts	17.5	EUR	(71.8)
(i.e. Foreign Currency Loans)	616.9	USD	(274.7)

As at 31st March 2021

Type of Cover	Amount outstanding in Foreign currency in lakhs	Currency	Fair value gain / (loss) in Other Comprehensive Income
Non-derivative contracts	51.1	EUR	(279.1)
(i.e. Foreign Currency Loans)	495.2	USD	(427.7)

(b) Credit risk

Potential impact of risk	Management policy	Sensitivity to risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, i.e. trade receivables.	Customer credit risk is managed subject to the Group's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. An impairment analysis based on Expected Credit Loss (ECL) model is performed at each reporting date.	The Group considers the probability of default upon initial recognition and whether there have been significant increase in the credit risk on ongoing basis throughout each reporting period, to assess increase in the credit risk, the Group compares the rate of default on the date of reporting and initial recognition. The maximum amount to which the Group is exposed is ₹ 50,065.6 lakhs and ₹ 48,468.7 lakhs for 31 st March 2022 and 31 st March 2021 respectively. Against these receivables, a provision for expected loss allowance is recognised.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

41 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Reconciliation of provision for expected credit loss	
Balance as at 31st March 2020	1,511.6
Provision (reversed) / recognised for expected credit loss	(195.3)
Debtors written off against provisions	-
Balance as at 31st March 2021	1,316.3
Provision (reversed) / recognised for expected credit loss	108.9
Debtors written off against provisions	-
Balance as at 31st March 2022	1,425.2

(c) Liquidity risk

Potential impact of risk	Management policy	Sensitivity to risk
Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligation on time or at a reasonable price or there could be excessive concentrations of risks. The Group's treasury department is responsible for liquidity, funding as well as settlement management. 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 Group's financial liabilities based on contractual undiscounted payments:

Particulars	Note No.	6 months or less	6 - 12 months	1 year to 5 years	more than 5 years	Total
As at 31st March 2022						
Borrowings - Current	18(a)	37,763.3	7,253.1	-	-	45,016.4
Borrowings - Non-current	14(a)	-	-	36,857.6	-	36,857.6
Other financial liabilities	14(b) and 18(d)	5,284.5	-	167.3	-	5,451.8
Lease liabilities	48	25.6	25.6	166.6	166.6	384.4
Trade payables	18(b)	52,176.0	-	-	-	52,176.0
Derivatives instruments	18(c)	59.1	-	-	-	59.1
Total		95,308.5	7,278.7	37,191.5	166.6	139,945.3

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

41 RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTD.)

Particulars	Note No.	6 months or less	6 - 12 months	1 year to 5 years	more than 5 years	Total
As at 31st March 2021						
Borrowings - Current	18(a)	23,302.1	7,294.1	-	-	30,596.2
Borrowings - Non-current	14(a)	-	-	30,813.9	-	30,813.9
Other financial liabilities	14(b) and 18(d)	7,748.2	-	170.1	-	7,918.3
Lease liabilities	48	42.7	42.6	135.9	202.7	423.9
Trade payables	18(b)	44,114.8	-	-	-	44,114.8
Derivatives instruments	18(c)	314.9	-	-	-	314.9
Total		75,522.7	7,336.7	31,119.9	202.7	114,182.0

B Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is debt divided by total equity.

	As at 31st March 2022	As at 31st March 2021
Total Debt	81,874.0	61,410.1
Total Equity (Share Capital + Reserves)	83,318.9	74,357.6
Debt - Equity ratio	0.98	0.83

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

42 OPERATING SEGMENTS

A BASIS OF SEGMENTATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments as described below, which are the Group's strategic business units.

- (i) Pigments
- (ii) Others - Comprises of Engineering Equipments (Manufacturer of clean air solution, grinding solution and conveying solution.)

B INFORMATION ABOUT REPORTABLE SEGMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

Particulars	Year ended 31 st March 2022			Year ended 31 st March 2021		
	Pigment	Others	Total	Pigment	Others	Total
Segment Revenue						
External Revenues	201,966.3	18,114.3	220,080.6	175,295.6	11,115.6	186,411.2
Inter-segment Revenue	-	-	-	-	-	-
Total segment revenue	201,966.3	18,114.3	220,080.6	175,295.6	11,115.6	186,411.2
Segment Results						
Profit before tax and finance cost	18,625.2	429.3	19,054.5	20,101.1	725.0	20,826.1
Less: Finance costs (net)	1,821.3	121.0	1,942.3	1,684.7	102.6	1,787.3
Profit after finance cost but before tax	16,803.9	308.3	17,112.2	18,416.4	622.4	19,038.8
Profit after tax	12,816.4	180.2	12,996.6	13,603.2	507.9	14,111.1
Segment Assets and Segment Liabilities						
Segment Assets	225,586.7	11,284.3	236,871.0	193,171.4	7,169.1	200,340.5
Segment Liabilities	144,229.5	9,322.6	153,552.1	120,510.0	5,472.9	125,982.9
Segment Assets (-) Segment Liabilities	81,357.2	1,961.7	83,318.9	72,661.4	1,696.2	74,357.6
Other Details:						
Capital Expenditure	30,199.1	821.6	31,020.7	26,591.5	365.7	26,957.2
Depreciation and Amortisation	8,724.4	201.5	8,925.9	8,545.4	105.5	8,650.9

C GEOGRAPHICAL INFORMATION

	Year ended 31 st March 2022	Year ended 31 st March 2021
Segment Revenue by location of customers		
In India	120,580.1	95,282.2
Outside India	99,500.5	91,129.0
	220,080.6	186,411.2
Non-current operating assets by location of assets		
In India	112,439.1	93,738.3
Outside India	116.8	130.3
	112,555.9	93,868.6

- D There are no transactions with single external customer which amounts to 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

43 FINANCIAL INSTRUMENTS - FAIR VALUES:

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March 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	99.1	-	-	99.1
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 financial assets	3,533.3	-	-	3,533.3
Total	57,228.4	1,383.7	-	58,612.1
Financial liabilities				
Borrowings	81,874.0	-	-	81,874.0
Lease Liability	384.4	-	-	384.4
Trade payables	52,176.0	-	-	52,176.0
Derivatives - 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	139,886.2	59.1	-	139,945.3

Below is a comparison, by class, of the carrying amounts of the Group's financial instruments as of 31st March 2021.

Particulars	Amortised Cost	Financial assets / liabilities at fair value through profit and loss	Financial assets / liabilities at fair value through OCI	Total carrying Value
Financial assets				
Investments	1.0	126.6	-	127.6
Loans	96.5	-	-	96.5
Trade receivables	48,468.7	-	-	48,468.7
Cash and cash equivalents	1,597.7	-	-	1,597.7
Bank balances other than cash and cash equivalents	786.6	-	-	786.6
Derivatives - forward contracts receivable	-	473.0	-	473.0
Other financial assets	3,884.8	-	-	3,884.8
Total	54,835.3	599.6	-	55,434.9
Financial liabilities				
Borrowings	61,410.1	-	-	61,410.1
Lease Liability	423.9	-	-	423.9
Trade payables	44,114.8	-	-	44,114.8
Derivatives - forward contracts payable	-	72.0	-	72.0
Interest rate / currency swap contracts	-	242.9	-	242.9
Other financial liabilities	7,918.3	-	-	7,918.3
Total	113,867.1	314.9	-	114,182.0

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

43 FINANCIAL INSTRUMENTS - FAIR VALUES: (CONTD.)

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumptions were used to estimate the fair value:

- (i) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) 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, 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.

44 FAIR VALUE HIERARCHY:

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Group's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31st March 2022 and 31st March 2021.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

44 FAIR VALUE HIERARCHY : (CONTD.)

Quantitative disclosures fair value measurement hierarchy -

Reporting Date	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets measured at fair value through profit and loss/ OCI					
Foreign exchange forward contracts					
As at 31 st March 2022	31 st March 2022	233.1	-	233.1	-
As at 31 st March 2021	31 st March 2021	473.0	-	473.0	-
Investment in others					
As at 31 st March 2022	31 st March 2022	165.6	-	-	165.6
As at 31 st March 2021	31 st March 2021	127.6	-	-	127.6
Interest rate swap contracts					
As at 31 st March 2022	31 st March 2022	985.0	-	985.0	-
As at 31 st March 2021	31 st March 2021	-	-	-	-
Financial Liabilities measured at fair value through profit and loss					
Foreign exchange forward contracts					
As at 31 st March 2022	31 st March 2022	56.6	-	56.6	-
As at 31 st March 2021	31 st March 2021	72.0	-	72.0	-
Interest rate swap contracts					
As at 31 st March 2022	31 st March 2022	2.5	-	2.5	-
As at 31 st March 2021	31 st March 2021	242.9	-	242.9	-

The table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

The significant observable inputs used in the fair value measurements categorised within Level 2 of the fair value hierarchy are as shown below:

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not Applicable	Not Applicable
Interest rate/ Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating- rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the respective group entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or on credit spreads derived from current credit default swap or bond prices.	Not Applicable	Not Applicable
Investment in others	The valuation model considers the present value of expected payments, discounted using a current risk adjusted discount rate. They are classified as Level 3 Fair values.	Not Applicable	Not Applicable
Loans	The valuation model considers discounted cash flows using current lending rate. They are classified as level 2 fair values.	Not Applicable	Not Applicable

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

45 DISCLOSURE PURSUANT TO IND AS 115

Below is the disclosure as required under Ind AS 115 - "Revenue from Contracts with Customers".

(a) Revenue streams

The Group generates revenue primarily from the Sale of Pigments and Engineering Equipments. Refer note on Segments. Other sources of revenue include income from Export Incentives, Sale of Scrap etc.

	Year ended 31 st March 2022	Year ended 31 st March 2021
i. Revenue from contracts with customers	218,325.7	184,433.6
ii. Other Revenue	1,754.9	1,977.6
	220,080.6	186,411.2

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Year ended 31 st March 2022	Year ended 31 st March 2021
1 Major Product Lines		
Sale of Pigments	200,211.4	173,318.0
Sale of Engineering Equipments	18,114.3	11,115.6
Total	218,325.7	184,433.6
2 Primary Geographical Market		
Domestic	119,793.1	94,732.3
Export	98,532.6	89,701.3
Total	218,325.7	184,433.6
3 Timing of revenue recognition		
Products transferred at Point in Time	200,211.4	173,318.0
Products transferred over a period of time	18,114.3	11,115.6
Total	218,325.7	184,433.6

(c) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers for continuing operations

	As at 31 st March 2022	As at 31 st March, 2021
Receivables, which are included in 'Trade and Other Receivables'	50,065.6	48,468.7
Contract Assets	2,198.4	1,178.6
Contract Liabilities	39.2	330.3

The receivable above is net of provision for expected credit losses as recognised in accordance with the provisions of Ind AS 109 amounting to ₹ 1,425.2 lakhs. (Previous year ₹ 1,316.3 lakhs)

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

45 DISCLOSURE PURSUANT TO IND AS 115 (CONTD.)

(d) Performance Obligation and Revenue Recognition Policies

The Group satisfies its performance obligations pertaining to the sale of pigments at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contracts are fixed price contracts and do not contain any financing component. The payment is generally due within 45-90 days. There are no other significant obligations attached in the contract with customer.

For the Engineering Equipments, the performance obligations and control are transferred over a period of time. The contracts are fixed price contracts and do not contain any financing component. The payment is generally due within 30-60 days. There are no other significant obligations attached in the contract with customer.

46 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 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 Holding Company. Detailed description of share based payment arrangements is as below:

a	Date of shareholders' approval	9 th August 2018
b	Total number of options approved under ESOP	394,220
c	Vesting requirements	Out of the total options granted, 40% options vest after 4 th year, 20% options vest after 5 th year, 20% options vest after 6 th year and 20% options vest after 7 th year from the date of respective grant.
d	Exercise price or pricing formula	₹ 349.35
e	Maximum term of options granted	5 years from each vesting date
f	Source of shares (primary, secondary or combination)	Primary

The weighted average fair value of the share option granted is ₹ 169.21. Options were priced using a Black Scholes Merton Formula pricing model. Where relevant, the expected life used in this model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavior considerations. Expected volatility is based on historical sale price volatility of comparable companies in the industry over the expected life of 6 - 10 years.

Inputs into the model were as follows:

a	Grant date share price	₹ 349.35
b	Exercise Price	₹ 349.35
c	Expected Volatility	45.64% - 47.51%
d	Expected life	6.5 to 9.5 years
e	Dividend yield	1.90% - 2.20%
f	Risk free interest rate	6.45% to 6.68%

Reconciliation of outstanding share options is as follows:

	Number of options	Weighted average exercise price
Outstanding as at 1 st April 2020	-	-
Granted during the year	394,220	169
Forfeited / lapsed during the year	-	-
Exercised during the year	-	-
Outstanding as at 31 st March 2021	394,220	169
Exercisable as at 31 st March 2021	-	-
Outstanding as at 1 st April 2021	394,220	-
Granted during the year	-	169

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

Forfeited / lapsed during the year	(34,790)	-
Exercised during the year	-	-
Outstanding as at 31 st March 2022	359,430	169
Exercisable as at 31 st March 2022	-	-

Fair value of options vested during the year is ₹ Nil (previous year ₹ Nil)

Money realised by exercise of option during the year is ₹ Nil (previous year ₹ Nil).

The options outstanding at 31st March 2022 have an exercise price of ₹ 349.35 (31st March 2021: ₹ 349.35) and a weighted average remaining contractual life of 8.2 years (31st March 2021: 9.2 years)

Weighted average share price at the date of the exercise of share options exercised in 2021-22 is not disclosed as no shares were exercised during this year and previous year.

Expense recognised in Statement of Profit and Loss

The Holding Company has followed the fair value method to account for the grant of stock options, profit and loss impact for the year ended 31st March 2022 is ₹ 102.7 lakhs (previous year: ₹ 126.0 lakhs)

47 CAPITALISATION OF EXPENDITURE

In accordance with Ind AS 16 and Ind AS 38, the Group has capitalised directly attributable expenses as property, plant and equipment / capital work-in-progress (CWIP), Intangible assets and Intangible assets under development. Expenses capitalised are as follows:

	Year ended 31 st March 2022	Year ended 31 st March 2021
Employee costs		
Capitalised as property, plant and equipment and CWIP	397.2	340.3
Capitalised as as intangible assets and intangible assets under development	29.8	85.6
Capitalised as as intangible assets and intangible assets	28.0	-
Finance costs capitalised as property, plant and equipment and CWIP	681.9	245.3
Other expenses		
Capitalised as property, plant and equipment and CWIP	2,322.8	309.0
Capitalised as intangible assets and intangible assets under development	450.0	555.0
	3,909.7	1,535.2

48 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES

(a) Right of use assets

	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April 2020	-	231.0	231.0
Transferred from property plant and equipment	136.3	-	136.3
Additions	-	212.2	212.2
Less : Disposals / Transfer	-	-	-
Gross carrying amount as at 31st March 2021	136.3	443.2	579.5
Accumulated depreciation as at 1st April 2020	-	5.8	5.8
Transferred from property plant and equipment	7.4	-	7.4
Depreciation for the year	1.8	47.4	49.2
Less : Disposals	-	-	-
Accumulated depreciation as at 31st March 2021	9.2	53.2	62.4
Net carrying amount as at 31st March 2021	127.1	390.0	517.1

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

48 DISCLOSURE AS REQUIRED UNDER IND AS 116 LEASES (CONTD.)

	Leasehold Land	Buildings	Total
Gross carrying amount as at 1st April 2021	136.3	443.2	579.5
Additions	-	-	-
Less : Disposals / Transfer	-	-	-
Gross carrying amount 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
Less : 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

(b) Lease liabilities

Particulars	
Balance as at 1st April 2020	230.1
Add: Addition during the year	212.2
Add: Interest Accrued on Lease liability	46.6
Less: Cash outflows for leases	(65.0)
Balance as at 31st March 2021	423.9
Balance 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)
Balance as at 31st March 2022	384.4

Bifurcation of liabilities	As at 31 st March 2022	As at 31 st March 2021
Current	51.3	46.6
Non-current	333.1	377.3
	384.4	423.9

(c) Interest expenses on lease liabilities

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Interest on lease liabilities	45.8	46.6
	45.8	46.6

(d) Amounts recognised in the Statement of Cash Flow

	Year Ended 31 st March 2022	Year Ended 31 st March 2021
Total cash outflow for leases	85.3	64.7
	85.3	64.7

(e) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	As at 31 st March 2022	As at 31 st March 2021
Less than 1 year	76.1	85.3
1 to 5 years	340.0	349.8
More than 5 years	202.7	202.7

Notes to the Consolidated Financial Statements

as at and for the year ended 31st March 2022

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

49 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
	2021-22	2020-21	
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 Limited	100%	100%	China
5 RIECO Industries Limited	100%	100%	India
6 Sudarshan Japan Limited	100%	100%	Japan

** Sudarshan CSR Foundation, a wholly owned subsidiary is not considered for Consolidation, refer note 40 (A) (c)

(b) Additional information pursuant to Para 2 of Part III of Division II of Schedule III for preparation of general instructions for the preparation of Consolidated Financial Statements

Entity	Net Assets (Total Assets - Total Liabilities)		Share in the Profit and Loss		Other Comprehensive Income (OCI)		Total Comprehensive Income (TCI)	
	As % of total 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, Inc.	1.4	1,164.6	4.5	589.1	340.4	53.1	4.9	643.2
Sudarshan Mexico S. de R.L. de C.V.	0.4	357.5	2.5	322.5	109.6	17.1	2.6	340.6
Sudarshan (Shanghai) Trading Co. Limited	-	(13.1)	0.3	36.5	43.6	6.8	0.3	44.3
Sudarshan Japan Limited	(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	-	0.0	4.8	608.5
Total	100.0	83,318.9	100.0	12,996.6	100.0	15.6	100.0	13,012.2

50 The previous years numbers have been regrouped wherever required to meet current year's classification.

As per our report of even date attached

For and on behalf of the Board of Directors

For B S R & Associates LLP

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

S. A. PANSE

Independent Director &
Audit Committee Chairperson
DIN No. . 02599310

P.R.RATHI

Chairman
DIN No. 00018577

NILKANTH NATU

Chief Financial
Officer

RAAJNISH SHRIKRISHNA DESAI

Partner
Membership No.: 101190

R.B.RATHI

Managing Director
DIN No. 00018628

MANDAR VELANKAR

Company Secretary

Pune : 26th May 2022

Pune : 26th May 2022



growing together ...

- Spiritually fulfilling
- Socially just
- Environmentally sustainable



JM Rathi School, Roha



R&D Centre @Sutarwadi



Sudarshan Chemical Industries, Plant View



Sudarshan Chemical Industries, Roha Main Gate

Sudarshan Chemical Industries Limited**Registered Office/Global Head Office:**

162 Wellesley Road
Pune 411 001, India
Tel: +91 20 682 81 200
Fax: +91 20 260 58 222
Email: contact@sudarshan.com

RIECO Industries Limited**Registered Office:**

1162/2, Shivajinagar,
Behind Observatory,
Pune 411 005, India
Tel: +91 20 - 255 35 384
+91 20 - 255 35 215
Fax: +91 20 - 255 33 229
Email: rieco@rieco.com

Sudarshan Europe B.V.

Kingsfordweg 151
1043 GR Amsterdam
Tel: +31 (0)20 491 9417
Fax: +31 (0)20 491 9415
Email: eu@sudarshan.com

Sudarshan North America Inc.

76 N. Walnut Street
Ridgewood, NJ
USA 07450
Tel: +1 201 300 2770
Email: usa@sudarshan.com

Sudarshan (Shanghai) Trading Company Limited

Room 1911, 19/F New Hualian Mansion,
East Wing, No. 755 Middle Huaihai Road,
Huangpu District, Shanghai, China, 200020
Tel: +86 21 2215 7500, +86 21 2215 7559
Fax: +86 21 2215 7463
Email: china@sudarshan.com

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

Av. Chalma s/n Oficina b-13
Jardines de la Hacienda Sur, 54720
Cuautitlan Izcalli, Edo. de Mexico, Mexico
Tel: +52 55 2472 0246
Email: mexico@sudarshan.com

Sudarshan Japan Limited.

8F KS Building 4-5-20 Kojimachi
Chiyoda-ku, Tokyo, Japan - 102 - 0083
Tel: +81 3 6867 1484
Fax: +81 3 6867 1401
Email: japan@sudarshan.com

Sudarshan CSR Foundation**Registered Office:**

162 Wellesley Road
Pune 411 001, India
Tel: +91 20 262 26 200
Fax: +91 20 260 58 222
Email: contact@sudarshan.com

