



66<sup>th</sup>

Annual Report  
2016 - 2017

A nexus for  
innovation  
& sustainability

**SUDARSHAN**

First Choice For New Formulations



- Spiritually fulfilling
- Socially just
- Environmentally sustainable



**times ascent**  
Empath your career

Presents

**Dream Companies**  
to work for

**SUDARSHAN**



## A glimpse into Sudarshan's Human Resources function - F.Y. - 2016-17

### Overview

All companies have the resources available equally, what makes the difference and makes one stand out is the kind of Human Capital it has!

We at Sudarshan value our employees a lot and believe in the overall development and growth of people. To ensure this we have several initiatives, friendly processes and fun filled events throughout the year. Due to our efforts we have made it to the **Top 50 - Dream Company to work for and the best company to work for in the Chemical industry**. The four main aspects that made Sudarshan a Dream Company are as follows:

1. *Our Best in Class Practices*
2. *High level of Employee Engagement*
3. *Company that cares*
4. *Several Learning & Growth opportunities*

Employee Engagement is a very important aspect when we want to make a Dream Company to work for. Hence Human Resources has a crucial role in identifying the pulse of the organisation and driving various initiatives accordingly. We take care that these initiatives are best in Class and as per industry standards. We have host of world class practices like our PMS process, Induction & On-boarding, Living Sudarshan Culture, Suda Ratna, which is a celebration of promotions of employees in the Company.

We believe in continuous growth and improvement, hence Learning & Development has always been a very important part of Sudarshan's journey. We have several initiatives on Learning as per the requirement of the organization like Behaviour trainings, Technical trainings, Leadership trainings, Supervisory trainings, Value & Culture trainings. Apart from this, we also nominate our employees for various external trainings and programs. Learning & growth is incomplete without Reward & Recognition (R&R), hence we have a very strong R&R program, which includes Leader of the Year, Long Service Award, Good Job Done cards etc.

Sudarshan believes that its employees are its most valuable asset and their well-being is the Company's well-being. There are several initiatives like Fit Sudarshan, Fun@Work and People Connect etc. that give our employees a feeling of being cared.



# Fit Sudarshan



Sudarshan believes in the well being of its employees and hence we have a Fit Sudarshan initiative under which we have several activities as follows:

- Annual Health Check – up
- Canteen Management with Healthy menus
- Knowledge session by Dr. Manisha Bandishti
- Health Awareness Newsletter, on various health matters
- Healthy Recipes, for employees to share at home as well
- Run Sudarshan, to take our fitness initiative forward and inculcate the habit of running in employees for fitness, we have another program called Run Sudarshan. Through this, we are motivating our employees to run on a regular basis, which is the best and freely available exercise which everyone can do. To have more and more employees participate in running, we have also organised Roha Half Marathon, which is a huge event of 21KM run at Roha. In this event not only employees but their family members are also invited to participate.



There are some more activities which comes under Fit Sudarshan as they help our employees to keep fit and also get covered under Fun@Work, since they are a lot of fun too!!

- **Sports club**, for the sporty ones who like a good game. We have various games at our Factory locations and also inter location competitions. Our Sudarshan Team also participates in the local company association matches.
- **Dance classes**, for the groovy ones with high energy. Dance is considered as a stress buster. It also helps in keeping body fit & in shape as well. A professional choreographer teaches

various dance styles, the session is divided into two parts – Warm up exercise and Choreography.

- **Sudarshan Kriya**, for the more Spiritually inclined.





# All employee get together

## *Some highlights of the F. Y. - 2016-17*

**SUDA CONNECT** – As part of our culture, an 'All Employee Annual communication Meet' was celebrated for the fourth year to communicate the Company's performance and objectives to employees at all levels by the top management. The event also provided an opportunity to reward exemplary performances at individual level based on meritocracy. Employees with long service in the Company were also felicitated during this occasion with 'Long Service Awards' for various milestones reached from 25 years to 35 years. Employees demonstrated their talents through various cultural programmes and also participated in organized one min games which was a lot of fun. We also had performance by the Suda team (CSR), where the village ladies put up an act on the journey of Suda and how it has changed their life. The meet established a perfect blend of communication and celebrations.



Sudha's activities are divided in five Major Focus areas of Work



## Higher Purpose

*Sudarshan is a Company that believes that just like the employee, the organization also is a living organism. Hence the Company has a Higher Purpose, which is 'Growing Together', where every endeavour we undertake should be Spiritually Fulfilling, Socially Just and Environmentally Sustainable.*

*There are several initiatives taken to achieve this Higher Purpose of the organization. For the 'Spiritually Fulfilling' part, we have an initiative of 'Spiritually Fulfilling Life@Sudarshan' which was started keeping in mind the importance of having a happy & focused workforce for achieving overall excellence. Also there is a basic human nature to find its spiritual side and enhance it for a better quality of life. Both personal and professional requirements gave birth to this initiative forming a foundation to the journey of being centered.*

*For this initiative, we have tied up with the corporate arm of 'The Art of Living' organisation, called 'APEX- Achieving Personal Excellence' and designed a customised program for Sudarshan in line with our Vision, Mission & Values.*



- Spiritually fulfilling
- Socially just
- Environmentally sustainable





*'Socially Just' is lived through our CSR activities called SUDHA, which stands for 'Sudarshan's Holistic Aspirations'. It is a movement by Sudarshan to involve its people and community to create a better living standard & environment for ourselves and the people around us. It is an aspiration to create holistic awareness that matches with the vision of Sudarshan. It has been started to impact the lives of people not only in our community but the outside world. It is also linked to the higher purpose of the organisation of Growing Together.*



**Mission of Sudha**-Reaching out to communities by engaging in projects pertaining to Livelihood, Health, Education, Environment and Community Development.



*Our Environment, Health & Safety function takes care of the 'Environmentally Sustainable' part. Being a Chemical Company we are very careful that we do not pollute the environment around us. We have a large ETP plant to ensure the effluents are treated properly and we do not release any toxic chemicals outside in the environment. We are working on getting in greener technologies and move towards zero discharge plant.*





# SUDA RATNA

*SUDA RATNA – We have a special event to honour our employees who get promoted every year. This event is organised to felicitate them along with their Spouses and make the event special for them. This also shows the appreciation of the hard work and dedication put in by the employees and promotes meritocracy.*



## Fun@Work

There are various initiatives launched under employee engagement, but FUN is the most exciting part of it. We celebrate Birthdays of employees on monthly basis at every location. Fun activities like Traditional day, Sports day, Photography contest, Twin's Day, Passing the Ball, Movie screening etc. are also organised each month.



## Awards

We have won 3 Awards in this year.

1. Golden Peacock Award for - Corporate Social Responsibility 2016
2. Global HR Excellence Awards - Award for Talent Management
3. Dream Companies to work for - Chemical Sector



Golden Peacock Award



Global HR Excellence Awards



Dream Companies to work for



**SUDARSHAN**

# Annual Report

**2016-17**

Sudarshan Chemical Industries Limited



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## FINANCIALS AT A GLANCE

Rs. in Lacs

Financial Highlights	2016-17	2015-16	2014-15	2013-14	2012-13
Income From Operations (Excluding Excise)	129,286	120,726	108,829	102,665	78,525
Profit Before Tax	12,182	9,849	5,962	5,483	2,505
Profit After Tax	8,941	7,163	4,241	3,442	2,106
Equity Share Capital	1,385	1,385	1,385	692	692
Net Worth	39,547	32,689	28,026	25,352	23,125
Net Fixed Assets (Including CWIP)	42,560	34,377	31,667	32,202	33,068

Key Financial Ratios	2016-17	2015-16	2014-15	2013-14	2012-13
Current Ratio	1.18	1.42	1.22	1.27	1.28
Debt Equity Ratio	0.91	1.06	1.25	1.31	1.47
PBDIT (% to Net Sale)	15.18	13.97	12.22	12.50	10.42
PAT (% to Net Sale)	6.92	5.93	3.92	3.37	2.70
Return (PBIT) on Capital Employed %	19.34	18.52	13.79	13.48	8.36
Dividend (Per Share) (Rs.) *	3.50	3.00	1.75	1.50	1.25
Earnings (Per Share) (Rs.) *	12.92	10.35	6.13	4.97	3.04

Note:

\* During the year 2014-15 the Company sub-divided the face value of equity share from Rs. 10 to Rs. 2. Hence previous years figures have been restated for the sake of comparison.

## APPEAL FOR NEWSPAPER CONTRIBUTION

*As every bit of plastic ever made still exists somewhere, let us join hands and abandon the use of Plastic to save the environment for future generations. Use Paper Bags instead, made from Recycled/ Reusable papers by underprivileged women of Roha Village and support the cause of women empowerment too.*

*Sudarshan drives its Corporate Social Responsibility initiatives under the name of SUDHA (Sudarshans' Holistic Aspiration). SUDHA started the Paper Bag project way back in 2011. We started this project with 12 skilled volunteers and they trained 20 ladies in one village near the Roha plant. With this humble beginning in 2011, today the paper bag project has come a long way. Now this project has more than 120 village women who are earning their livelihood by making newspaper bags. They earn a sustainable income of approx. Rs. 1,500- Rs. 3,500 p.m. SUDHA's role in enabling women to earn this income is by providing newspapers free of cost and by helping them in finding markets to sell these bags.*

*Currently we are selling 90,000 bags per month and we are looking at providing livelihood to 300 women in the year 2016-17. As we are receiving more orders, the challenge we are facing at this juncture is shortage of newspapers. Hence, I would humbly request you all to kindly donate newspapers as this would enable us in serving the cause we are driving as an organization.*

***"Your contribution would serve as a dual purpose:***

***"Touch lives and save the environment"***

Email: [sudha2011.csr@mail.com](mailto:sudha2011.csr@mail.com)

Phone: 8411004093





## BOARD OF DIRECTORS

Mr. Pradeep R. Rathi	Chairman and Managing Director
Mr. Rajesh B. Rathi	Dy. Managing Director
Mr. Shrikrishna N. Inamdar	Non-Executive, Independent Director
Mr. Dara N. Damania	Non-Executive, Independent Director
Mr. Subramanian Padmanabhan	Non-Executive, Independent Director
Mr. Sanjay K. Asher	Non-Executive, Independent Director
Mrs. Rati F. Forbes	Non-Executive, Independent Director
Mr. Naresh T. Raisinghani	Non-Executive, Non-Independent Director
Mrs. Shubhalakshmi A. Panse	Non-Executive, Independent Director
Mr. Narayandas J. Rathi	Non-Executive, Non-Independent Director
Mr. Kishor L. Rathi	Non-Executive, Non-Independent Director
Mr. Ajoy B. Rathi	Non-Executive, Non-Independent Director (w.e.f. 11 <sup>th</sup> November, 2016)

### DY. GENERAL MANAGER FINANCE (ACTING CFO)

Mr. V. V. Thakur

### COMPANY SECRETARY

Mr. P. S. Raghavan

### BANKERS

Bank of Maharashtra  
State Bank of India  
Bank of Baroda  
ICICI Bank Limited  
HDFC Bank Limited  
HSBC Limited  
Export - Import Bank of India  
State Bank of India, Dubai

### STATUTORY AUDITORS (F.Y. 2016-17)

B. K. Khare & Company  
Chartered Accountants,  
Mumbai.

### SECRETARIAL AUDITOR

Rajesh Karunakaran & Co.,  
Company Secretaries, Pune.

### REGISTERED OFFICE / GLOBAL HEAD OFFICE

162 Wellesley Road,  
Pune 411 001, Maharashtra (India)  
Phone : +91 020 26226200  
Fax : +91 020 26058222  
CIN : L24119PN1951PLC008409

### FACTORIES

Roha : 46 MIDC Estate, Dhatav, Roha 402 116,  
Dist. Raigad, Maharashtra (India)  
Mahad : Plot No. A-19/1+2, MIDC Estate,  
Mahad 402 301, Dist. Raigad,  
Maharashtra (India)  
Chikhali : Gat No. 1559, Shelar Vasti,  
Chikhali, Pune 411 062  
Maharashtra (India)

**Board Committees****Audit Committee**

Mr. S.N. Inamdar	Chairman
Mr. D.N. Damania	
Mr. S.K. Asher	
Mr. P.R. Rathi	

**Nomination and Remuneration Committee**

Mr. D.N. Damania	Chairman
Mr. S.N. Inamdar	
Mr. S.K. Asher	
Mr. N.J. Rathi	

**Stakeholders' Relationship Committee**

Mr. S.K. Asher	Chairman
Mr. P.R. Rathi	
Mr. N.J. Rathi	

**Corporate Social Responsibility Committee**

Mrs. R.F. Forbes	Chairperson
Mr. P.R. Rathi	
Mr. R.B. Rathi	

**Risk Management Committee**

Mr. D.N. Damania	Chairman
Mr. S. Padmanabhan	Director
Mr. N. T. Raisinghani	Director
Mrs. S. A. Panse	Director
Mr. P. R. Rathi	Chairman and Managing Director
Mr. R. B. Rathi	Dy. Managing Director
Mr. A. Vij	Chief Operating Officer, Pigment Division
Mr. V. V. Thakur	Dy. General Manager, Finance (Acting CFO)

**Finance Committee**

Mrs. S. A. Panse	Chairperson
Mr. S. Padmanabhan	
Mr. P.R. Rathi	
Mr. R.B. Rathi	
Mr. S.K. Asher (w.e.f. 19 <sup>th</sup> June, 2017)	

**Board of Directors - Subsidiaries****Prescient Color Limited**

Mr. P.R. Rathi	Chairman
Mr. R.K. Rathi	Managing Director
Mr. K.L. Rathi	Director
Mr. N.J. Rathi	Director
Mr. R.B. Rathi	Director
Mr. S. Padmanabhan	Independent Director

**RIECO Industries Limited**

Mr. D.N. Damania	Chairman (Independent Director)
Mr. A.B. Rathi	Managing Director
Mr. K.L. Rathi	Director
Mr. P.R. Rathi	Director
Mr. R.B. Rathi	Director
Mr. N.J. Rathi	Director
Mr. V. R. Bhatia	Independent Director

**Sudarshan Europe B.V., The Netherlands**

Mr. R.B. Rathi	Chairman and Representing Sudarshan, India
Mr. Hans Jurgen Runde	Director
Mr. Vikas Chaturvedi	Director (Representing Athos Business Services (Asia) B.V.)
Mr. R.P. Rathi	Director

**Sudarshan North America Inc., USA**

Mr. R.B. Rathi	Chairman and Representing Sudarshan Europe B.V.
Mr. A.N. Rathi	Managing Director
Mr. William Baker	Director

**Sudarshan (Shanghai) Trading Company Limited**

Mr. H.K. Tewari	Chairman
Mr. R.B. Rathi	Director
Mr. Song Gao	Director

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

Mr. A.N. Rathi	Chairman
Mr. William Baker	Director
Mr. Jovani Lopez	Director

**Sudarshan CSR Foundation**

Mr. P.R. Rathi	Chairman
Mr. R.B. Rathi	Director

## DIRECTORS' REPORT TO THE MEMBERS - 2016-17

Your Directors are pleased to present the 66<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2017.

### 1. FINANCIAL HIGHLIGHTS:

The Company's financial performance for the year ended 31<sup>st</sup> March, 2017 is summarised below :

Particulars	2016-17 (Rupees in Million)	2015-16 (Rupees in Million)
Total Revenue	13,155.87	12,201.38
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	1,961.99	1,686.28
Less : Interest	245.03	263.50
Less : Depreciation	498.78	437.91
Less : Provision for Taxation	324.08	268.58
Profit After Tax	894.10	716.29
Add : Surplus brought forward	1,309.24	942.92
<b>Net Profit available for appropriation</b>	<b>2,203.34</b>	<b>1,659.21</b>
<b>Appropriations</b>		
1. General Reserve	150.00	100.00
2. Interim Dividend @ 125% (Rs. 2.50 per equity share)	173.07	173.07
3. Final Dividend (Proposed) @ 50% (Previous Year dividend paid @ Rs.0.50 per share)	-	34.61
4. Tax on Dividend	35.24	42.29
<b>TOTAL</b>	<b>358.31</b>	<b>349.97</b>
Surplus to be carried forward	1,845.03	1,309.24

### 2. THE YEAR IN RETROSPECT:

During the year under review, subdued business sentiments, demonetization of the Indian Rupee, combined with difficult market conditions and slowdown in global demand, posed challenges. As a result Company could post only nominal sales growth. The Directors are pleased to inform that in spite of not so favourable conditions, your Company has registered much better performance in terms of growth in profits as compared to the previous year.

#### (A) FINANCIALS:

Total Revenue from operations for the year ended 31<sup>st</sup> March, 2017 aggregated to Rs. 13,156 million as against Rs. 12,201 million achieved during the previous year. Profit after tax for the year ended 31<sup>st</sup> March, 2017 was Rs. 894 million as against Rs. 716 million earned during the previous year.

Pigment sales increased from Rs. 10,656 million in the previous year to Rs. 11,001 million in the year under review. Profits for the Pigment Division for the year under review amounted to Rs. 1,803 million as compared to Rs. 1,637 million of the previous year.

Agro Sales for the year ended 31<sup>st</sup> March, 2017 amounted to Rs. 1,445 million as against Rs. 1,163 million achieved during the previous year. Profits for the Agro Division for the year under review amounted to Rs. 84 million, as against Rs. 63 million for the previous year.

The Company's Indian Subsidiaries have performed well. Prescient Color Limited continues to register good growth. RIECO Industries Limited has registered an improvement in the performance as compared to the preceding Financial Year. The Company's overseas subsidiaries in the Netherlands, and North America continue to record improved performance.

On a Consolidated basis, your Company's Total Revenues for the year ended 31<sup>st</sup> March 2017 stood at Rs. 15,450 Million, up by 9 % as compared to Rs. 14,234 Million in Financial Year 2015-16. Net



Profit Before Tax after consolidation grew by 38% to Rs. 1,362 Million in Financial Year 2016-17 as compared to Rs. 990 Million in Financial Year 2015-16.

**(B) EXPORTS:**

The Company's overseas subsidiaries in The Netherlands and North America set up with the objective of marketing and selling Pigments, continue to record improved performance. Both the overseas subsidiaries have entered a consolidation phase and will play a crucial role in positioning the Company as a dominant player in the Global Pigment Industry. Revenue from exports for the year ended 31<sup>st</sup> March, 2017 amounted to Rs. 5,079 million as against Rs. 5,176 million for the previous year.

**3. DIVIDEND:**

During the year, your Company had declared and paid an Interim Dividend of Rs. 2.50 (@ 125%) per Equity share (of Rs. 2.00 each). Your directors are pleased to recommend a Final Dividend of Rs. 1.00 (@ 50 %) per Equity share (of Rs. 2.00 each) for the Financial Year 2016-17. The Interim Dividend along with recommended Final Dividend aggregates to a total Dividend of Rs. 3.50 (@ 175%) per Equity share (of Rs. 2.00 each) for the Financial Year 2016-17 as compared to the total Dividend of Rs. 3.00 (@ 150 %) per Equity share (of Rs. 2.00 each) for the Financial Year 2015-16. The total amount of Dividend pay-out for the year would be Rs.291.63 Million (Previous Year: Rs. 249.97 Million).

**4. FIXED DEPOSITS:**

The Company did not accept any fixed deposit during the year under review. Unclaimed deposits to the extent of Rs. 0.67 Million were outstanding as on 31<sup>st</sup> March, 2017.

**5. INCORPORATION OF STEP-DOWN SUBSIDIARY (SDS) IN MEXICO:**

During the year, the Company has incorporated through its direct subsidiary in The Netherlands viz. Sudarshan Europe B.V. a step-down subsidiary (SDS) in Mexico, by name Sudarshan Mexico on 25<sup>th</sup> January, 2017 for marketing and selling pigments manufactured by Sudarshan, India. Further, the SDS will also be in a position to keep stocks of finished products and do invoicing. This will also enable the Company to service key customers in regions around U.S.A.

**6. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with Section 134 of the Companies Act, 2013 the Directors based on the representation received from the management, confirm that:

- i. in the preparation of accounts for the Financial Year ended 31<sup>st</sup> March, 2017, the applicable accounting standards have been followed, with no 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 Statement of 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;
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**7. CORPORATE GOVERNANCE:**

Members are aware that the Company has always strived to maintain applicable standards of good corporate governance and the commitment to good corporate governance is embodied in its vision, mission and corporate values. As a means to realise its goal of sustainable value creation, the Company has adopted performance excellence as part of its culture and its corporate values to foster a shared and common set of behaviour amongst all the employees.

Members will be pleased to note that the Company has complied with the mandatory requirements of Corporate Governance set out under the SEBI (Listing Obligations and Disclosure Requirements),

Regulations, 2015.

A detailed report on Corporate Governance, duly certified by the Statutory Auditors of the Company, B.K. Khare & Co., Chartered Accountants, Mumbai is appearing separately in the Annual Report.

#### 8. **MANAGEMENT DISCUSSION AND ANALYSIS:**

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

#### 9. **BUSINESS RESPONSIBILITY REPORT :**

In terms of SEBI Listing Regulations, 2015, top 500 Companies in terms of market capitalisation are mandatorily required to include Business Responsibility Report as part of the Annual Report. The Company's name has been included in the list of top 500 companies in terms of market capitalisation. Accordingly, Business Responsibility Report for the year ended 31<sup>st</sup> March, 2017 is separately provided.

#### 10. **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:**

All related party transactions that were entered into during the Financial Year 2016-17 were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions entered into by the Company with Promoters, Independent Directors, Key Managerial Personnel, Senior Management and / or their relatives which may have potential conflict with the interests of the Company at large.

All related party transactions are presented to the Audit Committee for their prior approval. Subsequent modifications of related party transactions are also placed before the Audit Committee for its approval. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The related party transactions policy is uploaded on the Company's website [www.sudarshan.com](http://www.sudarshan.com).

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

#### 11. **CORPORATE SOCIAL RESPONSIBILITY:**

The Corporate Social Responsibility (CSR) activities of the Company are in accordance with Schedule VII to the Companies Act, 2013. All CSR activities of the Company are carried out under the aegis of "SUDHA" (Sudarshan's Holistic Aspiration). As a responsible corporate citizen, the Company continues its efforts to meet, among others, the Environmental, Health and Safety expectations of society at large.

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. As a part of Corporate Social Responsibility, SUDHA has been engaged in various social projects, embracing the people that live in the vicinity of its manufacturing and other facilities.

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 and Community Development'.

Various projects that SUDHA is working on are Livelihood enhancement Project; Employment Enhancing Vocational Skill Project; Health Improvement Project; Promotion of Education; Community Development Project; Environment Sustainability Project etc. Through all these initiatives, SUDHA continues to touch the lives of thousands of people around the Company's facilities.

As a testimony to its ongoing CSR activities, The Institute of Directors has conferred the Company as the Winner of '**Special Commendation**' for '**Golden Peacock Award for Corporate Social Responsibility**' for the year 2016. This Award for Corporate Social Responsibility has been instituted to encourage initiatives in Corporate Social Responsibility and promoting sustainable development.

The Board is pleased to inform that during the year the Company has spent an aggregate amount of Rs.14.31 Million.

The Annual Report on CSR activities are annexed as **Annexure IV** to this report.

**12. RISK MANAGEMENT AND INTERNAL CONTROLS:**

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Your Company has set up a Risk Management Committee to monitor the risks and their mitigating actions. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

**13. REMUNERATION POLICY:**

The Remuneration policy of the Company covering the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters has been provided separately as **Annexure III**.

**14. SUCCESSION POLICY:**

The Company has a Succession Policy approved by the Board of Directors with the main objective to ensure the orderly identification and selection of new Directors, Working Directors and Senior Management in the event of any vacancy, whether such vacancy exists by reason of an anticipated retirement, re-organization, unanticipated departure, or otherwise. For full details, members are requested to refer to the Company's web site [www.sudarshan.com](http://www.sudarshan.com)

**15. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Mr. A. B. Rathi was inducted as a Non-Executive, Non-Independent Director on the Board of Directors of the Company w.e.f. 11<sup>th</sup> November, 2016. Mr. A. B. Rathi, is B.Tech, from University of Madras, M. S. Chemical Engg. from University of Detroit, U.S.A. and MBA from U.S.A.

Mr. A. B. Rathi is the Managing Director of RIECO Industries Limited (RIECO), a Wholly Owned Subsidiary of the Company. RIECO manufactures Air Pollution Control Equipments, Size Reduction Equipments and Pneumatic Conveying Systems. Mr. A. B. Rathi is also heading the Industrial Mixing Solutions Business of the Company which manufactures Industrial Mixers.

In terms of Section 152 and 161 of the Companies Act, 2013 and Article 116 of the Articles of Association of the Company, Mr. A.B.Rathi, Non-Executive, Non-Independent Director holds the Office upto the date of this Annual General. Board recommends the appointment of Mr. A.B.Rathi, as a Non-Executive, Non-Independent Director of the Company liable to retire by rotation.

In terms of Section 152 of the Companies Act, 2013 and Article 116 of the Articles of Association of the Company, Mr. K.L.Rathi, Non-Executive, Non-Independent Director will retire at the 66<sup>th</sup> Annual General Meeting and being eligible offers himself for reappointment. The Board of Directors recommend the reappointment of Mr. K.L.Rathi, as a Non-Executive, Non Independent Director of the Company liable to retire by rotation.

**Key Managerial Personnel**

In accordance with the provisions of Section 203 of the Companies Act, 2013, the following are Key Managerial Personnel of the Company:

- a. Mr. P. R. Rathi, Chairman and Managing Director
- b. Mr. R. B. Rathi, Dy. Managing Director
- c. Mr. V. V. Thakur, Dy. General Manager (Acting CFO)
- d. Mr. P. S. Raghavan, Company Secretary



**Declaration by Independent Directors**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013.

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

At a separate meeting of the Independent Directors held on 27<sup>th</sup> March, 2017, the performance evaluation of the Chairman, Non-Independent Directors and the Board of Directors was carried out by the Independent Directors who also reviewed the adequacy and flow of information between the Company Management and the Board. The evaluation of the Independent Directors was carried out by the entire Board.

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

The Board has also adopted a Board Diversity Policy. The policies of Board diversity and performance evaluation of the Directors of the Company can be accessed from the Company's website [www.sudarshan.com](http://www.sudarshan.com)

**16. GREEN INITIATIVE:**

Members are aware that the Company had started a sustainability initiative with the aim of going green and minimizing impact on the environment. This year also, electronic copies of the Annual Report for FY 2016-17 and Notice of the 66<sup>th</sup> AGM are being sent to all Members whose email addresses are registered with the Company / Depository Participant(s). For Members who have not registered their email addresses, physical copies of the Annual Report 2016-17 and the Notice of the 66<sup>th</sup> AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Company is providing remote e-voting facility to all Members to enable them to cast their votes electronically on all resolutions set forth in the Notice of the AGM. This is pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2015 read with Regulation 44 of the SEBI Listing Regulations, 2015. The instructions for remote e-voting are provided in the Notice of the AGM.

**17. INDUSTRIAL RELATIONS:**

Industrial relations continue to remain cordial at Roha and Mahad plants, GHO Pune 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.

**18. HUMAN RESOURCES :**

Human resources continue to be an invaluable and intangible asset and key success factor for the Company to grow and sustain its market position in a highly competitive and challenging environment. Company firmly believes that people are the pivotal force behind the growth and excellence in business operations. The overall performance and the market position the Company enjoys are the result of the combined strength of its people. The Company during the year, paid special attention to developmental activities comprising of sharpening of skills and abilities, developing academic and professional knowledge and cultivating appropriate behavioural skill sets, such as improving interpersonal relations, team building abilities, effective communication and presentation skills. Focus on developing leadership skills and building talent for the future and the process of improving organizational and human capability through competency mapping of managerial positions in all areas of the Company's operations, continued as a major initiative

During the year under review several human capital enhancing measures were undertaken:

1. To meet organisational challenges, Company has initiated measures aimed at building capabilities at the Leadership Levels 1 and 2 and have also taken up an initiative of Leadership Intervention for them for a period of 18 months. For both Level 1 and 2 leaders, the process has started and the reports have been generated based on data collected from various sources. Also Individual Development Plans have been made and Coaching sessions have started.
2. Communication of Company performance and objectives to employees at all levels by the top management have become a culture at the Company with SUDA CONNECT being celebrated for the fourth year in succession. The event also provided an opportunity to reward exemplary performances at individual level based on meritocracy. Employees with long services in the Company were also

felicitated during this occasion. Employees demonstrated their talents through various cultural programmes. The meet demonstrated a perfect blend of communication, team bonding and celebrations.

3. Like last year, "Fit Sudarshan" continued to be one of the most appreciated initiatives. This year Roha Half Marathon (21Km) was organised. This event was enjoyed by all employees, their spouses and children. Sudarshan Marathon is not just organised to promote fitness among employees and their families, but also, its major focus is on spreading awareness on 'Clean Roha, Healthy Roha', which is one of the focus areas of our CSR activities. Cleanliness Drive was also organized post the run, where everyone from the Dy. MD level to the children of the employees participated in cleaning the nearby areas of our Roha facility.
4. Under Training and Development, Company initiated Supervisory Assessment and Development program for L4-L5 grade employees who are working on shop floor. This was a huge success and the high potential people were identified to take higher responsibilities and for appropriate grooming .
5. All the Human Resource processes and initiatives launched in the last four years have been further reinforced and strengthened by taking them to the next level. As an endorsement of these efforts, the Company received certification on global platform from Great Place to Work institute.
6. Last year we made it to the list of TOP 50 "Dream Companies to work" at World HRD Congress. This year as well we have been recognised as Dream Company to work for in Chemical Sector, which is another feather in the cap.

This year was very fruitful and encouraging considering our various talent management initiatives, and Company's efforts were recognised for our Talent Management initiatives at World HRD Congress 2017.

These global awards have reinforced Company's belief of realizing Company's vision of becoming one amongst the top four pigment producers in the World.

#### 19. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Company has an ongoing familiarisation Programme for Independent Directors with regard to their role, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The Company also has an ongoing programme where Directors in the course of meetings of the Board of Directors are given information about the operational and functional areas of the Company, business model as also developments in legal and regulatory areas which impact the working of the Company so as to enable them to discharge their roles, rights and responsibilities in the Company effectively. Details of the same are available on the website of the Company [www.sudarshan.com](http://www.sudarshan.com).

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

Your Company has Zero tolerance towards any action on the part of any one which may fall under the ambit of "Sexual Harassment" at work place, and is fully committed to uphold and maintain the dignity of every woman working with the Company. The Policy framed by the Company in this regard provides for protection against sexual harassment of women at the workplace and for prevention and redressal of such complaints within the framework of law. Details of the same are available on the website of the Company [www.sudarshan.com](http://www.sudarshan.com).

No case of sexual harassment has been reported during the year under review.

#### 21. AUDITORS:

In line with the provisions of Section 139 (2) (b) of the Companies Act, 2013, B.K.Khare & Co. Statutory Auditors hold office as Statutory Auditors of the Company upto the conclusion of the 66<sup>th</sup> Annual General Meeting i.e. 10<sup>th</sup> August, 2017.

The Board of Directors on the recommendation of the Audit Committee have approved the appointment of B S R & Associates, LLP, Chartered Accountants as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the ensuing 66<sup>th</sup> AGM upto the conclusion of the 71<sup>st</sup> AGM.

The Board recommends the appointment of B S R & Associates, LLP, Chartered Accountants as the Statutory Auditors of the Company.

**22. COST AUDITOR:**

As per Section 148 of the Companies Act, 2013, the Company is required to have its cost records audited by a Cost Accountant in practice. The Board of Directors of the Company has, on recommendation of the Audit Committee, approved the appointment of Parkhi Limaye & Co., Cost Accountants, Pune as the Cost Auditor of the Company to conduct cost audits of “Agro Chemicals” and “Industrial Mixers” and cost records maintained by the Company for the year ending on 31<sup>st</sup> March, 2018. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking ratification of the Members for the remuneration payable to Parkhi Limaye & Co., Cost Accountants, Pune is included at Item No. 6 of the notice convening the Annual General Meeting.

**23. SECRETARIAL AUDITOR:**

The Board of Directors had appointed Mr. Rajesh Karunakaran, Practicing Company Secretary, to conduct Secretarial Audit for the year under review.

The Secretarial Audit Report issued by Mr. Rajesh Karunakaran, Practicing Company Secretary for the year ended 31<sup>st</sup> March, 2017 as required under Section 204 of the Companies Act, 2013 and Rules there under appears as **Annexure VIII** to the Directors' Report. The Secretarial Audit Report for the year under review does not contain any qualification, reservation or adverse remark.

**24. SUCCESSFUL COMMISSIONING OF COGEN PLANT AT ROHA:**

Board takes immense pleasure in informing you that the Company has successfully commissioned the COGEN plant of 8.24 megawatt capacity at its Roha site. This will make the Company self-reliant in power as far as requirements of Roha factory is concerned. This is the biggest Cogen plant in the Konkan Industrial Belt.

The Board takes this opportunity to congratulate the entire team involved in the commissioning of this project within a record time of 12 months.

**25. SUDHA MANTHAN PROJECT :**

The Company has engaged the services of Renoir Consulting for a 30 week project in Operations function. Renoir is a worldwide leading Change Implementation Specialist who delivers operational and financial outcomes that are measurable and sustainable. The coverage of the project includes both the Roha and Mahad Plants as well as the Supply Chain and Purchase departments. The main purpose of the project is to develop and implement solutions, processes and industry best practices to improve operational efficiencies and foster a culture that can sustain these improvements over a longer period of time.

**26. ENVIRONMENT, HEALTH, SAFETY (EHS) AND POLLUTION:**

Environment, Health and Safety continues to be a major focus area for our Company in all its operations across the organization. As in earlier years, the Company maintains “Zero lost time accident at the workplace” as its long term strategic goal. There was no major accident during the year across the Organization. There was also no occupational health illness cases or major emergencies across the Organization. This has been achieved through highest commitment from the top management, supported by all levels of workforce across the Organization. Behaviour Based Safety, Safety training, Process Safety Management, Hazard Identification and Rectification, Near miss reporting, Contractor Safety and Process Safety were the key focus areas. During the year in all the sites model “EHS” systems and practices were implemented by instilling various global safety practices including HAZOP, Risk Assessment, Layer of Protection Analysis (LOPA), Process Safety Management, Visual management, pre-start-up reviews and rigorous training to all employees and contract workers.

During the year, the Company continued to focus on Environment management by further strengthening the effluent treatment facility at Roha and Mahad. The Company is in the process of installing new technologies and facility in effluent treatment to further strengthen the Pollution abatement plan.

Utility management and energy conservation initiatives have been given renewed focus in all manufacturing units.

All units of our Company are certified for OHSAS-18001 and ISO-14001 and awarded Five Star rating from British Safety Council. Standards are regularly reviewed at various levels and systems aligned with the Company's Process Management.

Product stewardship, transportation and warehouse safety continued to be strengthened by providing resources, standardization to match benchmark practices, training to drivers and warehouse workers for

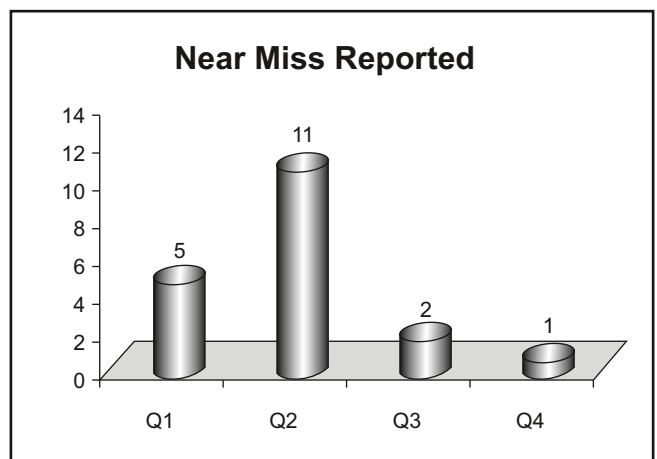
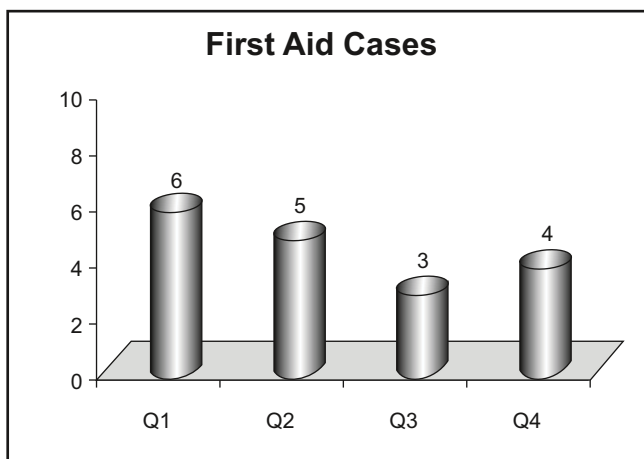
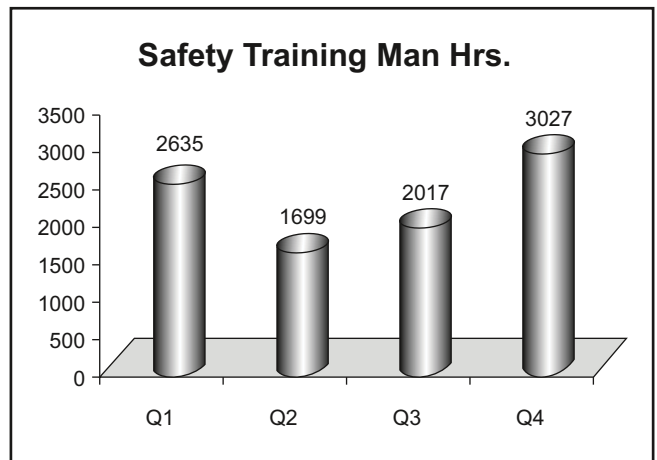
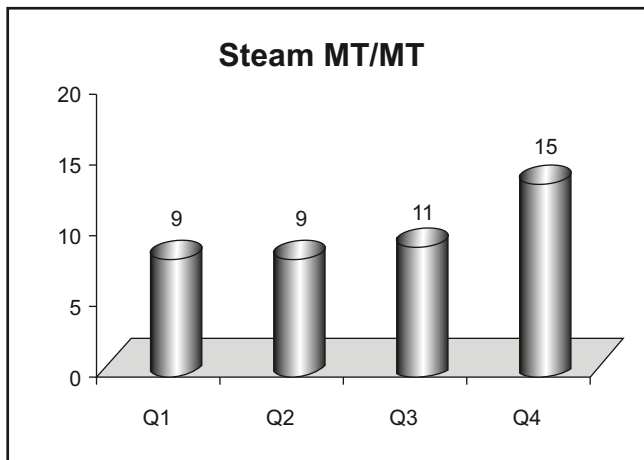
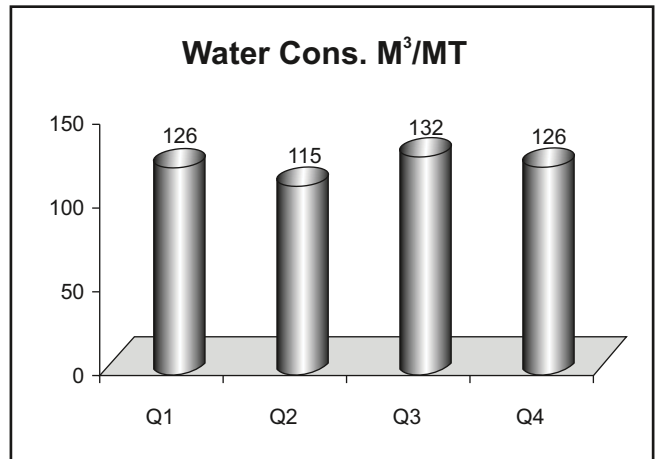
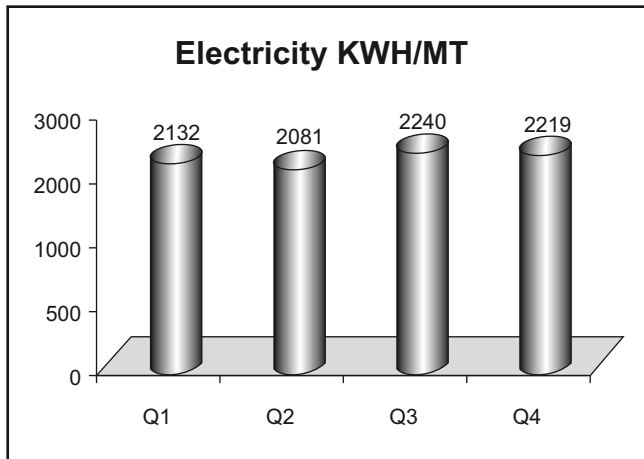


safe transportation, storage and loading / unloading and emergency plan for road accidents. As part of the same, Company has become member of "NICER GLOBE" an ICC initiative in coordination with major chemical industries.

The Company's efforts and performance in the area of "EHS" have been recognized across the manufacturing units, through receipt of several awards.

Mahad unit has been able to sustain zero lost time accident free days for more than 1,000 days, which has been an major milestone achievement in the Company's history.

**EHS Performance**



**27. RESEARCH AND DEVELOPMENT :**

The Company recognizes the need to have well equipped R & D Facilities to meet customer requirements and developing cutting edge products. Members are aware that the Company has renovated its R & D facilities at Ambadvet (Sutarwadi), Pune and Roha, Dist. Raigad to match global standards.

The formal inauguration of the renovated R & D Centre was done on 18<sup>th</sup> March, 2017 by Dr. R. A. Mashelkar – Renowned Scientist and Padma Vibhushan and Dr. Abul Iqbal – Scientific Advisor, Technical Mentor of DPP Pigment. The Guest of Honour was Mr. Sunil Ramanand, Joint Police Commissioner, Pune.

The Company has spent approx. Rs. 163 million during the year under report on Research and Development. The Ministry of Science and Technology, New Delhi, on behalf of Government of India vide letter dated 1<sup>st</sup> April, 2016 has recognized our in house R & D facilities for a further period of 3 years i.e. up to 31<sup>st</sup> March, 2019.

**28. DISCLOSURES:****Indian Accounting Standards (Ind AS) – IFRS Converged Standards :**

The Ministry of Corporate Affairs vide its notification dated 16<sup>th</sup> February, 2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. Companies having a net worth of less than Rs. 500 Crores (as per the standalone financial statements as on 31<sup>st</sup> March, 2014) are required to comply with Ind AS (Accounting standards converged with the International Financial Reporting Standards - IFRS) in the preparation of their financial statements for accounting periods beginning on or after 1<sup>st</sup> April, 2017, with the comparatives for the periods ending 31<sup>st</sup> March, 2017, or thereafter. In pursuance of the above notification, the Company and its subsidiaries will adopt Ind AS with effect from 1<sup>st</sup> April, 2017. The implementation of Ind AS is a major change process for which the Company has established a project team and is dedicating considerable resources. The impact of the change on adoption of Ind AS on Company's financials is being assessed.

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

There are no adverse material changes or commitments occurring after 31<sup>st</sup> March, 2017 which may affect the financial position of the Company or may require disclosure.

**Annual Accounts of Subsidiary Companies:**

The Annual Accounts of the Subsidiary Companies for the year ended 31<sup>st</sup> March, 2017 will be made available to any shareholder of the Company on request 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 Annual Accounts of the aforesaid subsidiary companies and the related information will also be made available to the investors seeking such information at any point of time. The salient features of Financial Statements of Subsidiary Companies is given in **Annexure VII** of this report.

The Company as of now does not have a material subsidiary. In conformity with the provisions of Listing Regulations, 2015, the Board has formulated a policy for determining "material subsidiaries". The Policy can be accessed from the Company's website [www.sudarshan.com](http://www.sudarshan.com).

**Consolidated Financial Statements:**

In accordance with the requirements of Accounting Standard (AS) 21, 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:**

Pursuant to the provisions of Section 177 (9) and (10) of the Companies Act, 2013 read with Rule 7 of the Company (Meetings of the Board and its powers) Rules, 2014 as amended, a vigil mechanism for directors and employees to report genuine concerns has been established. The policy on vigil mechanism and whistle blower policy can be accessed from the Company's website [www.sudarshan.com](http://www.sudarshan.com). The Company affirms that no Director or Employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

**Policies under SEBI ( Listing Obligations and Disclosure Requirements ), Regulations, 2015.**

New Policies mandated under SEBI Listing Regulations 2015 have been adopted by the Board and can be accessed from the Company's website – [www.sudarshan.com](http://www.sudarshan.com). Some of the existing policies have also been revised on account of the changes imposed under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

**Annual Return:**

The extract of the Annual Return of the Company in Form No. MGT - 9 as on 31<sup>st</sup> March, 2017 as prescribed under Companies (Management and Administration) Rules, 2014 is given in **Annexure V** to this report.

**Meetings of the Board:**

During the Financial Year 2016-17, five Board Meetings were held, the details of which are given under the Corporate Governance Report.

**Particulars of loans, guarantees or investments under Section 186:**

The particulars of loans advanced, guarantees given or investments made under Section 186 form part of the Notes to the Financial Statements provided in the Annual Report. All such loans, guarantees or investments made during the Financial Year 2016-17, with requisite approvals, wherever applicable, were entered into in the ordinary course of business and comply with arm's length principle.

**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.

**Particulars of Employees and Related Disclosures:**

The requisite information pursuant to Section 197(12) and Rule 5(2)(i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with regard to the details of employees drawing remuneration of Rs. 0.85 Million per month or Rs. 10.20 Million per annum is attached as **Annexure II** to this report.

**Significant and Material Orders passed by the Regulators or Courts:**

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

**29. RECOGNITION:**

A. The Board of Directors is pleased to announce that the Company has been selected for the following awards from Dyestuffs Manufacturers' Association of India (DMAI) during the year 2016-17 as detailed below :

- a. Award in recognition of excellent performance in the field of exports of Pigments by a Large Scale Unit.
- b. Second Award for the outstanding performance in Domestic Market by a Large Scale Unit.
- c. First Award in recognition of excellent performance in Pollution Control by a Large Scale Unit.
- d. Second Award in recognition of excellent performance in Safety & Hazards Control by a Large Scale Unit.

These awards signify Company's commitment towards Environment, Health, Safety and significant contribution in Exports.

B. The Board of Directors is also pleased to announced the receipt of following awards from WORLD HRD Congress for –

- a. Great Place to Work - We are glad to inform that we have been declared as a Great Place to Work.
- b. Last year we made it to the list of TOP 50 “Dream Companies to work” at World HRD Congress. This year as well we have been recognised as Dream Company to work for in Chemical Sector, which is another feather in the cap.
- c. This year Company has also been recognised for best Talent Management initiatives at World HRD Congress, held at Taj Land Ends, Mumbai in February 2017.

**30. OUTLOOK FOR THE FUTURE:**

The global economic climate continues to be volatile, uncertain and prone to geo-political risks. Weak consumer sentiment and low commodity prices are expected to affect global growth adversely. For India, 2017-18 will be a key year for consolidating its recovery and accelerating its growth. Despite challenging global headwinds, a stable macro performance will help India to remain an attractive investment destination. However, execution of the reforms agenda and commencing the investment cycle will be key determinants of India's economic performance on a long term basis. While currently inflation is expected to be volatile, upside pressures on inflation exist from the vagaries of monsoon or due to competitive devaluation of currencies. Roll out of Goods and Services Tax regime from July 2017 is a key need of the hour to remove cascading incidence of tax, simplifying tax compliance environment and enhancing ease of doing business.



The Company's overseas subsidiaries in The Netherlands and North America are fully geared up and will play a major role in achieving quantum growth in Sales and Profitability. The setting up of the China and Mexico subsidiaries will also help the Company consolidate its position further as a reliable global player in the Pigments market.

The Company aims to closely associate with its Customers and increase operational and technical excellence, while pruning costs. Research and Development will also play a bigger role in improving the competitiveness through innovations.

Agro Chemicals Division is also expected to do well. However, much depends on the monsoon which has played truant in the past. As per IMD reports published by the Central Government. The monsoon is expected to be moderate.

Barring any unforeseen circumstances, the current year's prospects look favourable.

**31. APPRECIATION:**

Your Directors place on record their gratitude to Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited, HSBC Limited, Export Import Bank of India, State Bank of India, Dubai and IDFC Bank Limited for their co-operation and assistance. Your Directors also place on record their appreciation of the services rendered by BMGI and Pragati Leadership. The Board is also grateful to the Members, Customers, Suppliers, Business Associates and Employees of the Company for their continued co-operation and support.

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURES TO DIRECTORS' REPORT - 2016-17

## 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.

Particulars	Sudarshan Europe B.V.  Year ended 31 <sup>st</sup> March, 2017 (Rupees in Million)	Sudarshan North America, Inc.  Year ended 31 <sup>st</sup> March, 2017 (Rupees in Million)	Prescient Color Limited  Year ended 31 <sup>st</sup> March, 2017 (Rupees in Million)	RIECO Industries Limited  Year ended 31 <sup>st</sup> March, 2017 (Rupees in Million)	Sudarshan (Shanghai) Trading Company Limited  Year ended 31 <sup>st</sup> March, 2017 (Rupees in Million)
Total Revenue	1,958.14	610.00	769.45	1,035.54	-
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	77.93	(18.34)	112.27	47.63	(12.64)
Less : Interest	7.46	2.62	20.46	34.67	-
Less : Provision for Taxation	15.25	-	(11.04)	-	-
Less : Depreciation	0.03	0.43	24.89	3.87	-
Profit After Tax	55.19	(21.39)	77.96	9.09	(12.64)

## (b) Conservation of energy-

## i. Steps taken or impact on conservation of energy.

New Cogen power plant of 8.24 MW, commissioned at Roha site. Efficiency of Boiler is 83%. Total investment is Rs. 401 Million and expected saving is Rs. 180 Million per year. Now Roha site has become self-reliant in power.

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

Company has procured electrical power from open access through Thermal power plant. Total agreement with provider is Rs.4.50 MWH. Total saving is Rs. 25 Million per year.

## iii. The capital investment on energy conservation equipments

Installation of LED light, high efficiency motors, high efficiency pumps, transformers, air compressors, modified air cooler for ice conveying, VFD, Heat exchangers for condensate and flash steam recovery etc.

Water conservation through compartmental washing of filter press, vacuum pump water recycling, cooling tower blowdown recycling, Reactor jacket water recycling etc.

Installation of vapour absorption chiller in place of electrical chiller.

Total investment is Rs. 45 Million. Total saving is Rs. 50 Million per annum.

## iv. Specific areas in which R &amp; D has been carried out are :

- New grades of Pigments - Development and Introduction
- High Performance Pigments and Effect Pigments - Development of Pigments for Automotive paint 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
- Cost reduction by process improvement and cycle time reduction.

## v. Benefits derived as a result of the above R&amp;D:

- Improvement in product quality and productivity
- Increase in capacities of existing products to meet the growing demand

- c) Cost competitive products to meet the Chinese competition
- d) New products generated additional business
- e) Reduction in waste generated and energy input

**(c) Technology absorption –**

- i. efforts made towards technology absorption – Ongoing
- ii. benefits derived like product improvement, cost reduction, product development or import substitution – Yes
- iii. in case of imported technology (imported during the last 3 years reckoned from the beginning of the Financial Year) – No technology imported during last 3 years .
- iv. details of technology imported – Nil.
- v. year of import – Not Applicable
- vi. whether technology has been fully absorbed – Not Applicable
- vii. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Not Applicable
- viii. the expenditure incurred on Research and Development – Rs. 163 Million.

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

- Total Foreign Exchange Earned : Rs. 5,082 million ( Previous year Rs. 5,178 million)
- Total Foreign Exchange Used : Rs. 2,101 million (Previous year Rs. 2,087 million)

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

Nil

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

Mr. A. B. Rathi was appointed as a Non-Executive, Non-Independent Director w.e.f. 11<sup>th</sup> November, 2016.

**4. The names of companies which have become Subsidiaries, joint ventures or associate companies during the year**

- 1. Sudarshan (Shanghai) Trading Company Limited, Wholly Owned Subsidiary (WOS)
- 2. Sudarshan Mexico, Step Down Subsidiary (SDS)

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

- i. accepted during the year – Nil
- ii. remained unpaid or unclaimed as at the end of the year – Rs. 0.67 Million
- iii. whether there has been any default in repayment of deposits or payment of interest thereon during the year – There are no defaults during the year
  - at the beginning of the year – Nil
  - maximum during the year – Nil
  - at the end of the year – Nil

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

None

**7. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**

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



operational activities form part of the overall control mechanism to ensure that requisite information related to all operations are reported and are available for control and review. The Company'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 outsourced the function of Internal Auditors to qualified professionals, who conduct operational and system audits in accordance with an audit plan adopted 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.

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

- i. **the ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Median salary for FY 2016-17 : 580,836

Employee No.	Name	Grade	Total annual salary	Ratio
4262	P. R. Rathi	DT	24,433,397	42:1
4263	R. B. Rathi	DT	22,678,787	39:1

- ii. **the percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any, in the financial year;**

During the Financial year 2016-17 Mr. P.R. Rathi, Chairman and Managing Director and Mr. R. B. Rathi, Dy. Managing Director, Working Directors were accorded an increase of 10% in the gross remuneration.

Mr. V. V. Thakur, Dy. General Manager Finance (Acting CFO) and Mr. P. S. Raghavan, Company Secretary were accorded reasonable increase in their gross remuneration in accordance with the Remuneration Policy of the Company.

- iii. **the percentage increase in the median remuneration of employees in the Financial Year;**

FY 15-16 – median salary – Rs. 589,146

FY 16-17 – median salary – Rs. 580,836

- iv. **the number of permanent employees on the rolls of company;**

There were 870 permanent employees on the rolls of the Company.

- v. **the explanation on the relationship between average increase in remuneration and company performance;**

Increase in remuneration is linked to the company performance through performance appraisal system. The organizational performance which gives rise to the organizational rating plays a key role in 'normalization' of ratings across the organization. This 'normalized' rating is used to determine the increase in remuneration to the employees.

- vi. **comparison of the remuneration of the KMP (Key Management Personnel) against the performance of the company;**

As detailed above, during the Financial Year 2016-17 Mr. P. R. Rathi, Chairman and Managing Director and Mr. R. B. Rathi, Dy. Managing Director, Working Directors were accorded an increase of 10% in the gross remuneration. Mr. V. V. Thakur, Dy. General Manager Finance (Acting CFO) and Mr. P. S. Raghavan, Company Secretary were accorded increase in their gross remuneration in accordance with the Remuneration Policy of the Company.

- vii. **variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;**

The Company has not come out with any follow on Public issue. However the Net worth of the Company as on 31<sup>st</sup> March, 2016 and the Net Worth of the Company of the Company as on 31<sup>st</sup> March, 2017 stood at Rs. 3,268,908,749 and Rs. 3,954,698,366 respectively.

- viii. **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;**

During the Financial year 2016-17 Mr. P. R. Rathi, Chairman and Managing Director and Mr. R. B. Rathi, Dy. Managing Director, Working Directors were accorded an increase of 10% in the gross remuneration. Likewise, other employees were given increments in accordance with the remuneration policy. The average percentile increase made in the salaries of employees other than the managerial personnel during the Financial Year 2016-17 aggregates to 10%.

- ix. **the key parameters for any variable component of remuneration availed by the directors;**

Performance Management System derives an organizational rating on a scale of (1-5) where 1 is below standard and 5 is outstanding. This organizational rating in turn determines the variable pay for the directors.

- x. **the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and**

Not Applicable

- xi. **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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE II

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF RULE 5(2)(i) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017.

Sr. No.	Name and Age (Years)	Designation	Total Remuneration (Rs.)	Qualification and Experience (Years)	Date of commencement of Service	Last employment held before joining the Company
1	Mr.P.R.Rathi (64)	Chairman and Managing Director	24,433,397	M.S.(M.I.T.) M.B.A. (Columbia) (39)	01/04/1976	-
2	Mr.R.B.Rathi (49)	Dy. Managing Director	22,678,787	B.E.Mech. Engg. MIT, Pune, B.S.Chem.Engg. Ohio University, USA. M.B.A. – Pittsburgh University – USA (23)	01/10/1992	-
3	Mr. A.Vij (47)	Chief Operating Officer – Pigment Division	11,674,165	B.E.Chem. (25)	08/12/2005	Jubilant Organosys Limited, Gajraula (UP)

## Notes:

- The gross remuneration as above, includes Salary, PLVA, Commission, Company's contribution to Provident Fund and Superannuation Scheme, Leave Travel Allowance, Medical, House Rent Allowance and value of perquisites in respect of car facility, which is calculated in accordance with the provisions of the Income Tax Act, 1961, and the rules made there under.
- The conditions of employment are contractual.
- Other terms and conditions are as per the rules of the Company.
- In terms of Rule 5(2)(iii) of the of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is clarified that during the Financial Year under review, no employee of the Company was in receipt of remuneration in that year, which in the aggregate or as the case may be at a rate which in the aggregate is in excess of that drawn by the Working Directors and holds himself / herself along with their spouse and dependent children not less than 2% of the equity shares of the Company.
- Mr.P.R.Rathi, Chairman and Managing Director and Mr.R.B.Rathi, Dy. Managing Director form part of the Promoter Group and hold in their individual names 38,23,450 (5.52%) and 32,84,140 (4.74%) Equity Shares of the Company.
- Mr.A.Vij, Chief Operating Officer – Pigment Division is not related to any Director of the Company and does not hold any shares of the Company.

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR



## ANNEXURE III

## REMUNERATION POLICY

**1. Purpose of this Policy:**

Sudarshan Chemical Industries Limited (“SUDARSHAN” or the “Company”) has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel (KMP) and Senior Management (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the “Act”) and the provisions of SEBI, Listing Agreement, 2015.

The purpose of this Policy is to establish and govern the procedure applicable:

- a. To evaluate the performance of the members of the Board.
- b. To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c. To retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

**2. Definitions:**

Independent Director means a director referred to in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 as amended from time to time.

Key Managerial Personnel (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, 2015.

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income Tax Act, 1961.

“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of Management one level below the Executive Directors, including all Functional Heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed there under or in the Regulation 19(4) - Part D of Scheduled II of the SEBI Listing Regulations, 2015 or the Accounting Standards shall have the meanings assigned to them in these regulations.

**3. Composition of the Committee:**

The composition of the Committee is / shall be in compliance with the Act, Rules made there under and SEBI, Listing Regulations, 2015, as amended from time to time.

**4. Role of the Committee:**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- Devise a Policy on Board diversity.

**5. Appointment and removal of Director, KMP and Senior Management:**

**5.1 Appointment criteria and qualification:**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment. For the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Wholetime Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if need be, the Managing Director may consult the Committee / Board for further directions / guidance.

**5.2 Term:**

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

**5.3 Evaluation:**

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

**5.4 Removal:**

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

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

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

**7. Remuneration to Non-Executive / Independent Director:**

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

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

### Annexure A to Remuneration Policy

#### Framework for performance evaluation of Independent Directors and the Board

As per the provisions of Listing Regulations, 2015, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of Listing Regulations, 2015, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
  - 2.1 Knowledge to perform the role;
  - 2.2 Time and level of participation;
  - 2.3 Performance of duties and level of oversight; and
  - 2.4 Professional conduct and independence.
3. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE IV

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2016-17

1.	Average net profit of the Company for the last three Financial Years	Rs. 716,179,347
2.	Prescribed CSR expenditure (two percent of the amount mentioned in item 1 above)	Rs. 14,323,587
3.	Details of CSR amount spent during the Financial Year:	Rs. 14,310,878
4.	Manner in which amount spent during the Financial Year	Details given below

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or others (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or Program wise (Rs.)	Amount spent on the project or program Sub-heads: (1) Direct expenditure on projects or programs- (Rs.) (2) Overheads (Rs.)	Cumulative expenditure upto the reporting period i.e. FY 2016-17 (Rs.)	Amount Spend: directly or through implementing agency
1	Paper bag Project	Livelihood Enhancement Project	Raigad-Roha	977,000	(1) 623,501 (2) Nil	623,501	Direct
2	Stitching Project, Paper craft, Exhibition	Employment Enhancing vocational skill	Raigad-Roha & Sutarwadi	315,500	(1) 315,500 (2) Nil	315,500	Implementing Agencies : Shri Jagannath Rathi Charity Trust
3	Health Outreach	Health [Promotion & Preventive Healthcare]	Raigad-Roha & Sutarwadi	571,000	(1) 280,726 (2) 2,252	282,978	Direct
4	Scholastic Development of Children & Youth	Promotion of education	Raigad-Roha, Pune	5,309,500	(1) 6,433,314 (2) Nil	6,433,314	Implementing Agencies : Seva Sahayog Foundation, Teach For India, Magic Bus, Institute of Skill Development, Computer Project [J M Rathi School]



Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or others (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or Program wise (Rs.)	Amount spent on the project or program Sub-heads: (1) Direct expenditure on projects or programs- (Rs.) (2) Overheads (Rs.)	Cumulative expenditure upto the reporting period i.e. FY 2016-17 (Rs.)	Amount Spend: directly or through implementing agency
5	Promoting community bonding & Empower Women	Community Development	Raigad-Roha & Sutarwadi	281,375	(1) 210,079 (2) 18,220	228,299	Direct
6	Solid Waste Mgt. & Organic Farming	Ensuring Environment Sustainability	Raigad-Roha, Mahad & Sutarwadi	3,484,731	(1) 3,400,813 (2) 3,200	3,404,013	Know How Foundation [Inora]
7	Plastic free ROHA	Ensuring Environment Sustainability	Raigad-Roha, Mahad	538,830	(1) 404,280 (2) Nil	404,280	Direct
8	Swachh Bharat Abhiyaan	Community Development	Raigad-Roha, Mahad	2,125,651	(1) 2,092,833 (2) 8,050	2,100,883	Direct
9	CSR Team Capacity Building	Ensuring Environment Sustainability	Raigad-Roha, Mahad	720,000	(1) Nil (2) 518,110	518,110	Direct
	<b>Total</b>			<b>14,323,587</b>		<b>14,310,878</b>	

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

Mrs. Rati F. Forbes  
Chairperson  
CSR Committee

Mr. P. R. Rathi  
Chairman and  
Managing Director

Pune : 26<sup>th</sup> May, 2017

## ANNEXURE V

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on 31<sup>st</sup> March, 2017

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

## I. REGISTRATION AND OTHER DETAILS:

i	CIN	L24119PN1951PLC008409
ii	Registration Date	19 <sup>th</sup> February, 1951
iii	Name of the Company	SUDARSHAN CHEMICAL INDUSTRIES LIMITED
iv	Category / Sub-Category of the Company	Public Limited Company
v	Address of the Registered office and contact details	162 Wellesley Road, Pune - 411 001 Phone No. :020 - 26226200
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 202 Akshay Complex, Off. Dhole Patil Road, Pune - 411 001 Phone Nos. : 020 - 26160084, 26161629

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Pigment - Organic and Inorganic	3031	88%
2	Agro Chemicals	2421	12%

## III. PARTICULARS OF HOLDING AND SUBSIDIARY COMPANIES

Sr. No.	Name And Address of The Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Prescient Color Limited	U24229PN2006PLC128651	Subsidiary	100%	2(87)(ii)
2	RIECO Industries Limited	U24118MH1975PLC018631	Subsidiary	100%	2(87)(ii)
3	Sudarshan CSR Foundation	U74900PN2015NPL154211	Subsidiary	100%	2(87)(ii)
4	Sudarshan Europe B.V., The Netherlands	N.A.	Subsidiary	100%	2(87)(ii)
5	Sudarshan North America, Inc., USA	N.A.	Step-down Subsidiary	100%	2(87)(ii)
6	Sudarshan (Shanghai) Trading Company Limited	N.A.	Subsidiary	100%	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding:**

Category of Shareholders	Shareholding at the beginning of the year - 01-04-2016				Shareholding at the end of the year - 31-03-2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Shareholding of Promoter and Promoter Group</b>									
<b>[1] Indian</b>									
(a) Individuals / Hindu Undivided Family	3,43,64,160	0	3,43,64,160	49.64	3,43,64,160	0	3,43,64,160	49.64	0.00
(b) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d) Any Other (Specify)									
Bodies Corporate	22,52,100	0	22,52,100	3.25	22,52,100	0	22,52,100	3.25	0.00
<b>Sub Total (A)(1)</b>	<b>3,66,16,260</b>	<b>0</b>	<b>3,66,16,260</b>	<b>52.89</b>	<b>3,66,16,260</b>	<b>0</b>	<b>3,66,16,260</b>	<b>52.89</b>	<b>0.00</b>
<b>[2] Foreign</b>									
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify)									
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>3,66,16,260</b>	<b>0</b>	<b>3,66,16,260</b>	<b>52.89</b>	<b>3,66,16,260</b>	<b>0</b>	<b>3,66,16,260</b>	<b>52.89</b>	<b>0.00</b>
<b>(B) Public Shareholding</b>									
<b>[1] Institutions</b>									
(a) Mutual Funds / UTI	0	0	0	0.00	4,94,185	0	4,94,185	0.71	0.71
(b) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e) Foreign Portfolio Investor	19,70,756	4,000	19,74,756	2.85	32,89,552	4,000	32,93,552	4.76	1.91
(f) Financial Institutions / Banks	24,855	3,210	28,065	0.04	33,098	1,710	34,808	0.05	0.01
(g) Insurance Companies	3,36,630	4,500	3,41,130	0.49	3,36,630	4,500	3,41,130	0.49	0.00
(h) Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (Specify)									
<b>Sub Total (B)(1)</b>	<b>23,32,241</b>	<b>11,710</b>	<b>23,43,951</b>	<b>3.39</b>	<b>41,53,465</b>	<b>10,210</b>	<b>41,63,675</b>	<b>6.02</b>	<b>2.63</b>
<b>[2] Central Government / State Government(s) / President of India</b>									
<b>Sub Total (B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>[3] Non-Institutions</b>									
(a) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	98,53,934	24,24,420	1,22,78,354	17.74	94,13,364	21,81,220	1,15,94,584	16.75	-0.99
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	69,23,603	15,11,490	84,35,093	12.19	77,93,434	51,370	78,44,804	11.33	-0.85
(b) NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify)									
Trusts	870	0	870	0.00	7,770	0	7,770	0.01	0.01
Hindu Undivided Family	10,94,258	0	10,94,258	1.58	4,98,976	0	4,98,976	0.72	-0.86
Foreign Companies	55,80,820	0	55,80,820	8.06	55,80,820	0	55,80,820	8.06	0.00
Non Resident Indians (Non Repat)	67,437	3,000	70,437	0.10	2,00,507	3,000	2,03,507	0.29	0.19

Category of Shareholders	Shareholding at the beginning of the year - 01-04-2016				Shareholding at the end of the year - 31-03-2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians (Repat)	1,66,387	1,840	1,68,227	0.24	3,48,165	1,840	3,50,005	0.51	0.26
Foreign Portfolio Investor (Individual)	0	0	0	0.00	1,04,705	0	1,04,705	0.15	0.15
Clearing Member	2,33,914	0	2,33,914	0.34	2,21,733	0	2,21,733	0.32	-0.02
Bodies Corporate	23,39,516	65,550	24,05,066	3.47	19,76,861	63,550	20,40,411	2.95	-0.53
<b>Sub Total (B)(3)</b>	<b>2,62,60,739</b>	<b>40,06,300</b>	<b>3,02,67,039</b>	<b>43.72</b>	<b>2,61,46,335</b>	<b>23,00,980</b>	<b>2,84,47,315</b>	<b>41.09</b>	<b>-2.62</b>
<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>2,85,92,980</b>	<b>40,18,010</b>	<b>3,26,10,990</b>	<b>47.11</b>	<b>3,02,99,800</b>	<b>23,11,190</b>	<b>3,26,10,990</b>	<b>47.11</b>	<b>0.00</b>
<b>Total (A)+(B)</b>	<b>6,52,09,240</b>	<b>40,18,010</b>	<b>6,92,27,250</b>	<b>100.00</b>	<b>6,69,16,060</b>	<b>23,11,190</b>	<b>6,92,27,250</b>	<b>100.00</b>	<b>0.00</b>
<b>(C) Non Promoter - Non Public</b>									
<b>[1] Custodian / DR Holder</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>[2] Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total (A)+(B)+(C)</b>	<b>6,52,09,240</b>	<b>40,18,010</b>	<b>6,92,27,250</b>	<b>100.00</b>	<b>6,69,16,060</b>	<b>23,11,190</b>	<b>6,92,27,250</b>	<b>100.00</b>	

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year - 01-04-2016			Share holding at the end of the year - 31-03-2017			
		No. of Shares held	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total shares	No. of Shares held	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total shares	% change in share holding during the year
1	Rahul Pradeep Rathi	47,54,540	6.87	0.00	47,54,540	6.87	0.00	0.00
2	Anuj Narayandas Rathi	38,27,620	5.53	0.00	38,27,620	5.53	0.00	0.00
3	Pradeep Ramwilas Rathi	38,23,450	5.52	0.00	38,23,450	5.52	0.00	0.00
4	Rajesh Balkrishna Rathi	32,84,140	4.74	0.00	32,84,140	4.74	0.00	0.00
5	Aruna Kishor Rathi	29,24,350	4.22	0.00	29,24,350	4.22	0.00	0.00
6	Narayandas Jagannath Rathi	24,17,650	3.49	0.00	24,17,650	3.49	0.00	0.00
7	Rohit Kishor Rathi	21,75,950	3.14	0.00	21,75,950	3.14	0.00	0.00
8	Ajoy Balkrishna Rathi	20,51,060	2.96	0.00	20,51,060	2.96	0.00	0.00
9	Subhadra Pradeep Rathi	13,13,680	1.90	0.00	13,13,680	1.90	0.00	0.00
10	Rajesh Balkrishna Rathi (As Trustee - Sow Rachna Rathi Family Trust)	12,08,250	1.75	0.00	12,08,250	1.75	0.00	0.00
11	NJR Finance Private Limited	10,90,630	1.58	0.00	10,90,630	1.58	0.00	0.00
12	Kishor Laxminarayan Rathi	10,74,300	1.55	0.00	10,74,300	1.55	0.00	0.00
13	Ajoy Balkrishna Rathi (HUF)	10,30,000	1.49	0.00	10,30,000	1.49	0.00	0.00
14	Rajesh Balkrishna Rathi (As Trustee - Shri Balkrishna Rathi Family Trust)	8,45,200	1.22	0.00	8,45,200	1.22	0.00	0.00
15	Ajoy Balkrishna Rathi (As Trustee - Manan Rathi Trust)	8,27,900	1.20	0.00	8,27,900	1.20	0.00	0.00
16	Archana Anuj Rathi	7,27,490	1.05	0.00	7,27,490	1.05	0.00	0.00
17	Nisha Ajoy Rathi	7,19,370	1.04	0.00	7,19,370	1.04	0.00	0.00
18	Laxminarayan Finance Private Limited	6,98,920	1.01	0.00	6,98,920	1.01	0.00	0.00
19	Anuj Narayandas Rathi (HUF)	5,67,770	0.82	0.00	5,67,770	0.82	0.00	0.00
20	Balkrishna Rathi Finance Private Limited	4,62,550	0.67	0.00	4,62,550	0.67	0.00	0.00
21	Kusum Ramwilas Rathi	3,62,790	0.52	0.00	3,62,790	0.52	0.00	0.00
22	Balkrishna Jagannath Rathi (HUF)	1,89,750	0.27	0.00	1,89,750	0.27	0.00	0.00
23	Rajesh Balkrishna Rathi (HUF)	1,33,000	0.19	0.00	1,33,000	0.19	0.00	0.00
24	Kusum Balkrishna Rathi	1,00,900	0.15	0.00	1,00,900	0.15	0.00	0.00
25	Rachna Rajesh Rathi	5,000	0.01	0.00	5,000	0.01	0.00	0.00
<b>Total</b>		<b>3,66,16,260</b>	<b>52.89</b>	<b>0.00</b>	<b>3,66,16,260</b>	<b>52.89</b>	<b>0.00</b>	<b>0.00</b>



(iii) Change in Promoters' Shareholding:

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 01-04-2016		Transactions during the year		Cumulative Shareholding at the end of the year - 31-03-2017	
		No. of Shares held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of Total Shares of the Company
1	Rahul Pradeep Rathi	47,54,540	6.87	NIL	NIL	47,54,540	6.87
	<b>At the end of the year</b>					<b>47,54,540</b>	<b>6.87</b>
2	Anuj Narayandas Rathi	38,27,620	5.53	NIL	NIL	38,27,620	5.53
	<b>At the end of the year</b>					<b>38,27,620</b>	<b>5.53</b>
3	Pradeep Ramwilas Rathi	38,23,450	5.52	NIL	NIL	38,23,450	5.52
	<b>At the end of the year</b>					<b>38,23,450</b>	<b>5.52</b>
4	Rajesh Balkrishna Rathi	32,841,40	4.74	NIL	NIL	32,84,140	4.74
	<b>At the end of the year</b>					<b>32,84,140</b>	<b>4.74</b>
5	Aruna Kishor Rathi	29,24,350	4.22	NIL	NIL	29,24,350	4.22
	<b>At the end of the year</b>					<b>29,24,350</b>	<b>4.22</b>
6	Narayandas Jagannath Rathi	24,17,650	3.49	NIL	NIL	24,17,650	3.49
	<b>At the end of the year</b>					<b>24,17,650</b>	<b>3.49</b>
7	Rohit Kishor Rathi	21,75,950	3.14	NIL	NIL	21,75,950	3.14
	<b>At the end of the year</b>					<b>21,75,950</b>	<b>3.14</b>
8	Ajoy Balkrishna Rathi	20,51,060	2.96	NIL	NIL	20,51,060	2.96
	<b>At the end of the year</b>					<b>20,51,060</b>	<b>2.96</b>
9	Subhadra Pradeep Rathi	13,13,680	1.90	NIL	NIL	13,13,680	1.90
	<b>At the end of the year</b>					<b>13,13,680</b>	<b>1.90</b>
10	Rajesh Balkrishna Rathi (As Trustee - Sow Rachna Rathi Family Trust)	12,08,250	1.75	NIL	NIL	12,08,250	1.75
	<b>At the end of the year</b>					<b>12,08,250</b>	<b>1.75</b>
11	NJR Finance Private Limited	10,90,630	1.58	NIL	NIL	10,90,630	1.58
	<b>At the end of the year</b>					<b>10,90,630</b>	<b>1.58</b>
12	Kishor Laxminarayan Rathi	10,74,300	1.55	NIL	NIL	10,74,300	1.55
	<b>At the end of the year</b>					<b>10,74,300</b>	<b>1.55</b>
13	Ajoy Balkrishna Rathi (HUF)	10,30,000	1.49	NIL	NIL	10,30,000	1.49
	<b>At the end of the year</b>					<b>10,30,000</b>	<b>1.49</b>
14	Rajesh Balkrishna Rathi (As Trustee Shri Balkrishna Rathi Family Trust)	8,45,200	1.22	NIL	NIL	8,45,200	1.22
	<b>At the end of the year</b>					<b>8,45,200</b>	<b>1.22</b>
15	Ajoy Balkrishna Rathi (As Trustee - Manan Rathi Trust)	8,27,900	1.20	NIL	NIL	8,27,900	1.20
	<b>At the end of the year</b>					<b>8,27,900</b>	<b>1.20</b>
16	Archana Anuj Rathi	7,27,490	1.05	NIL	NIL	7,27,490	1.05
	<b>At the end of the year</b>					<b>7,27,490</b>	<b>1.05</b>
17	Nisha Ajoy Rathi	7,19,370	1.04	NIL	NIL	7,19,370	1.04
	<b>At the end of the year</b>					<b>7,19,370</b>	<b>1.04</b>
18	Laxminarayan Finance Pvt Ltd	6,98,920	1.01	NIL	NIL	6,98,920	1.01
	<b>At the end of the year</b>					<b>6,98,920</b>	<b>1.01</b>
19	Anuj Narayandas Rathi (HUF)	5,67,770	0.82	NIL	NIL	5,67,770	0.82
	<b>At the end of the year</b>					<b>5,67,770</b>	<b>0.82</b>
20	Balkrishna Rathi Finance Private Limited	4,62,550	0.67	NIL	NIL	4,62,550	0.67
	<b>At the end of the year</b>					<b>4,62,550</b>	<b>0.67</b>
21	Kusum Ramwilas Rathi	3,62,790	0.52	NIL	NIL	3,62,790	0.52
	<b>At the end of the year</b>					<b>3,62,790</b>	<b>0.52</b>
22	Balkrishna Jagannath Rathi (HUF)	1,89,750	0.27	NIL	NIL	1,89,750	0.27
	<b>At the end of the year</b>					<b>1,89,750</b>	<b>0.27</b>
23	Rajesh Balkrishna Rathi (HUF)	1,33,000	0.19	NIL	NIL	1,33,000	0.19
	<b>At the end of the year</b>					<b>1,33,000</b>	<b>0.19</b>
24	Kusum Balkrishna Rathi	1,00,900	0.15	NIL	NIL	1,00,900	0.15
	<b>At the end of the year</b>					<b>1,00,900</b>	<b>0.15</b>
25	Rachna Rajesh Rathi	5,000	0.01	NIL	NIL	5,000	0.01
	<b>At the end of the year</b>					<b>5,000</b>	<b>0.01</b>
	<b>Total</b>						

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 01-04-2016		Transactions during the year		Cumulative Shareholding at the end of the year - 31-03-2017	
		No. of Shares held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of Total Shares of the Company
1	DIC Corporation	55,79,890	8.06			55,79,890	8.06
	<b>At the end of the year</b>					<b>55,79,890</b>	<b>8.06</b>
2	Vijay Kishanlal Kedia	26,55,317	3.84				
	Transfer			12 Aug 2016	3,00,000	29,55,317	4.27
	Transfer			23 Sep 2016	(1,50,000)	28,05,317	4.05
	Transfer			04 Nov 2016	(1,50,000)	26,55,317	3.84
	Transfer			25 Nov 2016	(36,000)	26,19,317	3.78
	Transfer			06 Jan 2017	(57,405)	25,61,912	3.70
	Transfer			13 Jan 2017	(6,595)	25,55,317	3.69
	<b>At the end of the year</b>					<b>25,55,317</b>	<b>3.69</b>
3	Vijaykumar Ramchandra Rathi	18,08,777	2.61				
	Transfer			01 Apr 2016	(5,710)	18,03,067	2.60
	Transfer			08 Apr 2016	4,040	18,07,107	2.61
	Transfer			20 May 2016	(221)	18,06,886	2.61
	Transfer			03 Jun 2016	(1,800)	18,05,086	2.61
	Transfer			10 Jun 2016	(13,800)	17,91,286	2.59
	Transfer			17 Jun 2016	(9,000)	17,82,286	2.57
	Transfer			30 Jun 2016	6,08,700	23,90,986	3.45
	Transfer			08 Jul 2016	(50)	23,90,936	3.45
	Transfer			22 Jul 2016	(7,424)	23,83,512	3.44
	Transfer			29 Jul 2016	(9,518)	23,73,994	3.43
	Transfer			12 Aug 2016	(4,190)	23,69,804	3.42
	Transfer			19 Aug 2016	(7,600)	23,62,204	3.41
	Transfer			02 Sep 2016	4,000	23,66,204	3.42
	Transfer			10 Feb 2017	4,040	23,70,244	3.42
	<b>At the end of the year</b>					<b>23,74,509</b>	<b>3.43</b>
4	Government Pension Fund Global (Norges Bank - Central Bank of Norway)	19,62,630	2.84				
	Transfer			08 Apr 2016	(21,000)	19,41,630	2.81
	Transfer			08 Jul 2016	(2,46,083)	16,95,547	2.45
	Transfer			05 Aug 2016	(6,152)	16,89,395	2.44
	<b>At the end of the year</b>					<b>16,89,395</b>	<b>2.44</b>
5	Goldman Sachs India Limited	0	0.00				
	Transfer			29 Jul 2016	26,853	26,853	0.04
	Transfer			05 Aug 2016	67,153	94,006	0.14
	Transfer			12 Aug 2016	1,57,444	2,51,450	0.36
	Transfer			19 Aug 2016	1,07,043	3,58,493	0.52
	Transfer			04 Nov 2016	56,105	4,14,598	0.60
	Transfer			11 Nov 2016	93,434	5,08,032	0.73
	Transfer			18 Nov 2016	6,001	5,14,033	0.74
	Transfer			25 Nov 2016	1,43,276	6,57,309	0.95
	Transfer			02 Dec 2016	68	6,57,377	0.95
	Transfer			16 Dec 2016	67,221	7,24,598	1.05
	Transfer			23 Dec 2016	2,90,000	10,14,598	1.47
	Transfer			31 Mar 2017	10,706	10,25,304	1.48
	<b>At the end of the year</b>					<b>10,25,304</b>	<b>1.48</b>

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 01-04-2016		Transactions during the year		Cumulative Shareholding at the end of the year - 31-03-2017	
		No. of Shares held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of Total Shares of the Company
6	Anuradha Vasant Rathi *	0	0.00				
	Transfer			30 Jun 2016	7,79,270	7,79,270	1.13
	Transfer			22 Jul 2016	(808)	7,78,462	1.13
	Transfer			29 Jul 2016	(3,831)	7,74,631	1.12
	Transfer			12 Aug 2016	(1,500)	7,73,131	1.12
	Transfer			19 Aug 2016	(9,500)	7,63,631	1.10
	Transfer			20 Jan 2017	(300)	7,63,331	1.10
	<b>At the end of the year</b>					<b>7,63,356</b>	<b>1.10</b>
7	Vasant Ramchandra Rathi	3,60,050	0.52				
	Transfer			30 Jun 2016	1,58,360	5,18,410	0.75
	Transfer			22 Jul 2016	(808)	5,17,602	0.75
	Transfer			29 Jul 2016	(3,812)	5,13,790	0.74
	Transfer			19 Aug 2016	(34,500)	4,79,290	0.69
	Transfer			26 Aug 2016	(2,790)	4,76,500	0.69
	Transfer			02 Sep 2016	(7,200)	4,69,300	0.68
	Transfer			04 Nov 2016	(150)	4,69,150	0.68
	Transfer			11 Nov 2016	(700)	4,68,450	0.68
	Transfer			06 Jan 2017	(180)	4,68,270	0.68
	Transfer			13 Jan 2017	(100)	4,68,170	0.68
	Transfer			10 Feb 2017	(769)	4,67,401	0.68
	<b>At the end of the year</b>					<b>4,67,401</b>	<b>0.68</b>
8	Life Insurance Corporation Of India	3,36,630	0.49				
	<b>At the end of the year</b>					<b>3,36,630</b>	<b>0.49</b>
9	Canara Robeco Mutual Fund A/c Canara Robeco Emerging Equities	0	0.00				
	Transfer			24 Feb 2017	2,79,682	279,682	0.40
	Transfer			03 Mar 2017	4,603	2,84,285	0.41
	Transfer			10 Mar 2017	10,000	2,94,285	0.43
	Transfer			31 Mar 2017	10,000	3,04,285	0.44
	<b>At the end of the year</b>					<b>3,04,285</b>	<b>0.44</b>

Note:

\* Holding is Nil being a new Folio.

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 01-04-2016		Transactions during the year		Cumulative Shareholding at the end of the year - 31-03-2017	
		No. of Shares held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares held	% of Total Shares of the Company
10	Vivek Vijaykumar Rathi	3,27,950	0.47				
	Transfer			03 Jun 2016	(3,000)	3,24,950	0.47
	Transfer			10 Jun 2016	(14,777)	3,10,173	0.45
	Transfer			17 Jun 2016	(8,000)	3,02,173	0.44
	Transfer			30 Jun 2016	4,000	3,06,173	0.44
	Transfer			22 Jul 2016	(7,926)	2,98,247	0.43
	Transfer			29 Jul 2016	(5,750)	2,92,497	0.42
	Transfer			19 Aug 2016	(6,000)	2,86,497	0.41
	Transfer			02 Sep 2016	4,000	2,90,497	0.42
	Transfer			30 Sep 2016	5,406	2,95,903	0.43
	Transfer			21 Oct 2016	(1,200)	2,94,703	0.43
	Transfer			25 Nov 2016	(700)	2,94,003	0.43
	Transfer			31 Mar 2017	2,362	2,96,365	0.43
	<b>At the end of the year</b>					<b>2,96,365</b>	<b>0.43</b>
11	Anuradha Vasant Rathi	7,00,770	1.01				
	Transfer			24 Jun 2016	(7,00,770)	0	0.00
	<b>At the end of the year</b>					<b>0</b>	<b>0.00</b>
12	Vijay Kishanlal Kedia (HUF)	3,74,000	0.54				
	Transfer			12 Aug 2016	(3,60,038)	13,962	0.02
	Transfer			04 Nov 2016	33,239	47,201	0.07
	Transfer			11 Nov 2016	(31,012)	16,189	0.02
	Transfer			18 Nov 2016	(16,189)	0	0.00
	<b>At the end of the year</b>					<b>0</b>	<b>0.00</b>



## (v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors & KMPs	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mr. Pradeep R. Rathi	38,23,450	5.52	38,23,450	5.52
	At the end of the year	38,23,450	5.52		
2	Mr. Rajesh B. Rathi	32,84,140	4.74	32,84,140	4.74
	At the end of the year	32,84,140	4.74		
3	Mr. Kishor L. Rathi	10,74,300	1.55	10,74,300	1.55
	At the end of the year	10,74,300	1.55		
4	Mr. Narayandas J. Rathi	24,17,650	3.49	24,17,650	3.49
	At the end of the year	24,17,650	3.49		
5	Mr. Ajoy B. Rathi	20,51,060	2.96	20,51,060	2.96
	At the end of the year	20,51,060	2.96		
6	Mr. Dara N. Damania	930	0.00	930	0.00
	At the end of the year	930	0.00		
7	Mr. S. Padmanabhan	-	-	-	-
	At the end of the year	-	-	-	-
8	Mr. Shrikrishna N. Inamdar	-	-	-	-
	At the end of the year	-	-	-	-
9	Mr. Sanjay K. Asher	-	-	-	-
	At the end of the year	-	-	-	-
10	Mr. Naresh T. Raisinghani	-	-	-	-
	At the end of the year	-	-	-	-
11	Mrs. Rati F. Forbes	-	-	-	-
	At the end of the year	-	-	-	-
12	Mrs. Shubhalakshmi Panse	-	-	-	-
	At the end of the year	-	-	-	-
13	Mr. V. V. Thakur	-	-	-	-
	At the end of the year	-	-	-	-
14	Mr. P. S. Raghavan	20	0.00	20	0.00
	At the end of the year	20	0.00	20	0.00

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits (Rs.)	Unsecured loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year:				
i) Principal Amount	2,513,910,545	277,500,000	680,170,000	3,471,580,545
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,113,905	-	-	7,113,905
<b>Total (i+ii+iii)</b>	<b>2,521,024,450</b>	<b>277,500,000</b>	<b>680,170,000</b>	<b>3,478,694,450</b>
Changes in indebtedness during the financial year:				
<b>Addition / (Reduction)</b>	<b>(13,253,613)</b>	<b>122,500,000</b>	<b>31,525,000</b>	<b>140,771,387</b>
Indebtedness at the end of the financial year:				
i) Principal Amount	2,499,849,030	400,000,000	711,695,000	3,611,544,030
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,921,807	-	-	7,921,807
<b>Total (i+ii+iii)</b>	<b>2,507,770,837</b>	<b>400,000,000</b>	<b>711,695,000</b>	<b>3,619,465,837</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

Sr. No.	Particulars of Remuneration	Name of MD / WTD		Total Amount (Rs.)
		Mr. P.R.Rathi	Mr. R.B.Rathi	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18,230,297	16,639,187	34,869,484
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	203,100	39,600	242,700
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	6,000,000	6,000,000	12,000,000
	-As % of profit	-	-	-
	-others, specify	-	-	-
5	Others, Please specify	-	-	-
	<b>Total (A)</b>	<b>24,433,397</b>	<b>22,678,787</b>	<b>47,112,184</b>
	Ceiling as per the Act (10% of profits calculated under Section 198 of the Companies Act, 2013)			129,545,941

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
	Mr. S. N. Inamdar	Mr. D. N. Damania	Mr. S. Padmanabhan	Mr. S. K. Asher	
<b>1. Independent Directors</b>					
• Fee for attending board committee meetings	290,000	240,000	140,000	340,000	1,010,000
- Commission	650,000	450,000	450,000	450,000	2,000,000
- Others, Please specify	950,000	-	-	-	950,000
	<b>Mrs. R. F. Forbes</b>	<b>Mrs. S. A. Panse</b>	<b>Mr. N. T. Raisinghani</b>		
<b>Independent Directors</b>					
• Fee for attending board committee meetings	140,000	120,000	120,000		380,000
- Commission	450,000	450,000	450,000		1,350,000
- Others, Please specify	-	-	-	-	-
<b>Total (1)</b>					<b>5,690,000</b>
	<b>Mr. N. J. Rathi</b>	<b>Mr. K. L. Rathi</b>	<b>Mr. A. B. Rathi</b>		
<b>2. Other Non-Executive Directors</b>					
• Fee for attending board committee meetings	220,000	100,000	-		320,000
- Commission	450,000	450,000	200,000		1,100,000
- Others, Please specify	-	-	-		-
<b>Total (2)</b>					<b>1,420,000</b>
<b>Total (B)=(1+2)</b>					<b>7,110,000</b>
<b>Total Managerial Remuneration</b>					<b>54,222,184</b>
Ceiling as per the Act (10% of profits calculated under Section 198 of the Companies Act, 2013)					129,545,941

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs.)
		V. V. Thakur Dy. Gen. Mgr. - Finance (Acting CFO)	P. S. Raghavan Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3,459,563	2,109,011	5,568,574
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-As % of profit	-	-	-
	-others, specify	-	-	-
	<b>Total</b>	<b>3,459,563</b>	<b>2,109,011</b>	<b>5,568,574</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for the year ended 31<sup>st</sup> March, 2017.

The required information as sought for is given below :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. Directors</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. Other Officers in Default</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR



## ANNEXURE VI

## PARTICULARS OF CONTRACTS / ARRANGEMENTS MADE WITH RELATED PARTIES

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014-AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2017, which were not at arm's length basis.

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

Details of material contracts or arrangements or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2017.

Name of Related Party and Nature of Contract	Nature of Relationship	Duration of Contract	Salient Terms	Amount (Rs. in Millions)
<b>Sale of material</b>				
Sudarshan Europe B.V.	Subsidiary	Ongoing	Sale of raw material	1,625.16
<b>Unsecured Loans</b>				
Sudarshan Europe B.V.	Subsidiary	Not Applicable	Unsecured loan provided	34.80
RIECO Industries Ltd.	Subsidiary	Not Applicable	Unsecured loan provided	30.00
Sudarshan Europe B.V.	Subsidiary	Not Applicable	Unsecured loan repaid	149.22
<b>Commission</b>				
Rathi Brothers Poona Ltd.	Selling Agent	Not Applicable	Commission	55.83
Rathi Brothers Delhi Ltd.	Selling Agent	Not Applicable	Commission	23.83
Rathi Brothers Calcutta Ltd.	Selling Agent	Not Applicable	Commission	6.34
Rathi Brothers Madras Ltd.	Selling Agent	Not Applicable	Commission	4.87

Date of approval by the board, if any : Not Applicable

Amount paid as advances : If any : Nil

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE VII

## SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES VIDE FORM NO. AOC-1

Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 5 of Companies (Accounts) Rules, 2014

Sr. No.	Name of the subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excluding share capital and reserves & surplus)	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Amount in Rs. % of Shareholding
1	Prescient Color Limited	Rupees	60,000,000	160,894,760	493,892,757	272,997,997	-	767,591,166	66,918,440	(11,041,968)	77,960,408	100%
2	RIECO Industries Limited	Rupees	125,000,000	147,668,965	1,055,993,937	783,324,972	-	1,033,105,646	9,091,392	-	9,091,392	100%
3	Sudarshan Europe B.V.	Euro	190,897,415	28,201,877	905,921,785	686,822,493	209,284,838	1,957,631,715	70,443,478	15,252,052	55,191,426	100%
4	Sudarshan North America, Inc.	US Dollars	209,284,838	(137,259,363)	248,342,695	176,317,220	-	609,721,244	(21,390,489)	-	(21,390,489)	100%
5	Sudarshan (Shanghai) Trading Company Limited	US Dollars	6,634,000	(12,467,849)	897,869	6,731,718	-	-	(12,638,309)	-	(12,638,309)	100%

## Notes :

1. The reporting period for Subsidiaries mentioned at Sr. Nos. 1 to 4 above is from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017
2. The reporting period for Subsidiary mentioned at Sr. No. 5 above is from 17<sup>th</sup> May, 2016 to 31<sup>st</sup> March, 2017
3. None of the aforesaid subsidiaries have declared dividend during the Financial Year 2016-17.

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

P.R.RATHI  
Pune : 27<sup>th</sup> May, 2016  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE VIII

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable for the Audit Period -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) Other laws applicable specifically to the Company namely:
    - (i) Manufacture Storage and Import of Hazardous Chemical Rules 1989 as amended;
    - (ii) Environment Protection Act, 1986;
    - (iii) Public Liability Insurance Act, 1991 as amended;
    - (iv) Chemical Accidents ( Emergency Preparedness and Response ) Amendment Rules, 1986;
    - (v) Gas Cylinder Rules, 1981
    - (vi) Chemical Weapons Convention Act, 1993
    - (vii) Explosives Act, 1889
    - (viii) Insecticides Act, 1968

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and SEBI (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 etc.

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. One change took place in the composition of the Board of Directors during the period under review.

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

Majority decision is carried through while the dissenting members' views if any are captured and recorded as part of the minutes. During the year under Audit no specific instances of dissent have been recorded in the Minutes .

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

I report further that there are no specific events / major decisions or activities undertaken in pursuance of the above Laws, Rules and Regulations, Guidelines, etc., during the Financial Year 2016-17, having a major bearing on the Company affairs.

For RAJESH KARUNAKARAN & CO.,  
COMPANY SECRETARIES

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

Pune : 25<sup>th</sup> May, 2017

Note : This report is to be read with letter of even date by the Secretarial Auditors, which is appended on the next page and forms an integral part of this report.

To,  
The Members,  
Sudarshan Chemical Industries Limited,  
162, Wellesley Road, Pune -411001  
Maharashtra, India

Our Secretarial Audit Report of even date is to be read along with this letter.

**Management's Responsibility**

1. Maintenance of secretarial record is the responsibility of the Management of the company. My responsibility is to express an opinion on these secretarial records based on audits.

**Auditor's Responsibility**

1. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the fairness of the contents of the Secretarial records. The verification was done on test basis to ensure that facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
2. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
3. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis to the extent applicable to the Company.

**Disclaimer**

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the company.

For RAJESH KARUNAKARAN & CO.,  
COMPANY SECRETARIES

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

Pune : 25<sup>th</sup> May, 2017



## Business Responsibility Report for Financial Year 2016-17

### OVERVIEW

Sudarshan Chemical Industries Limited (Sudarshan or the Company) was incorporated as a Private Limited Company on 19<sup>th</sup> February, 1951. The name of the Company was changed to Sudarshan Chemical Industries Limited on 15<sup>th</sup> May, 1975 and the Company went Public in the year 1976. The Company manufactures among others a wide range of Pigments and also exports Pigments. Exports account for around 40% of the Company's turnover and the Company is a net foreign exchange earner. Company's market share in the domestic pigments industry is around 35%. The Company's Equity Shares are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders and Company's efforts to conduct business with responsibility, Company is pleased to present its first Business Responsibility Report 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).

### GENERAL INFORMATION

1	Corporate Identity Number (CIN) of the Company	L24119PN1951PLC008409
2	Name of the Company	Sudarshan Chemical Industries Limited
3	Registered Address	162, Wellesley Road Pune - 411001
4	Website	www.sudarshan.com
5	E-mail	shares@sudarshan.com
6	Financial Year of Report	2016-17
7	Sectors that the Company is engaged (Industry Activity Code wise)	Chemical NIC Code 3031 Pigments – Organic and Inorganic 2421 Agro Chemicals

### OTHER DETAILS

The Company is mainly into the manufacture of Organic, Inorganic, High Performance and Speciality Pigments and Pesticides. The international locations where business activity is undertaken are USA, Europe, China and Mexico. Key national locations of business activity are Pune, Ambadvet, Amraveladi (Sutarwadi), Roha, Mahad and Chikhali. Company serves all markets whether domestic or international.

### FINANCIAL DETAILS

1	Paid up capital (Rs.)	Rs. 13.85 Crores
2	Total turnover (Rs.)	Rs. 1261.12 Crores
3	Total profit after taxes (Rs.)	Rs. 89.41 Crores
4	Spending on Corporate Social Responsibility (CSR) as percentage of average profit for last 3 financial years	2%

5 Activities under which expenditure in 4 above has been incurred include:

- a) Health: Promotion and preventive healthcare and community development.
- b) Education: Scholastic development of children and youth through J.M.Rathi School, Computer Lab, Seva Sahyog Foundation, Teach for India, Magic Bus and employment enhancement skills.
- c) Environment: Paper Bag Project leading to livelihood enhancement project, ensuring environment sustainability by way of solid waste management & Organic farming and plastic free Roha.

**BR INFORMATION**

Responsibility for BR

Leadership Team

**BR Head**

Name	Designation	DIN	Telephone	Email ID
Rajesh B. Rathi	Dy. Managing Director	00018628	020-26226200	rbrathi@sudarshan.com

**BR Policies**

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

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect and make efforts to restore the environment
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

**BR Policies and coverage of NVG nine principles**

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

\* All Policies as approved by the Board of Directors can be viewed online of the website of the Company [www.sudarshan.com](http://www.sudarshan.com) under the heading Investor Relations Policies

## Notes–

- (1) *The BR Policies have been formally adopted by the Board in its meeting held on 26<sup>th</sup> May, 2017. Some of the policies are linked to the following National / International Standards:-International Organization for Standardization (ISO-9001, ISO-14001), Occupation Health and Safety Assessment Series (OHSAS – 18001) and Responsible Care (RC-14001), Sword of Honour, Five Star Rating of British Safety Council.*
- (2) *Once adopted, the policies will be formally communicated to internal stakeholders. The external stakeholders will be communicated to in due course.*
- (3) *Assessment and implementation of BR Policies will be done in due course of time.*

**a) If answer to S. No. 2(a) above against any Principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3.	The Company does not have financial or manpower resources available for the task	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4.	It is planned to be done within next 6 months	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5.	It is planned to be done within next 1 year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6.	Any other reason (Please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**Governance related to BR:**

Sustainability activities are proposed to be reviewed on a need basis by Mr. Rajesh B. Rathi , Dy. Managing Director and the Leadership Team. The Company has not published Sustainability Report for 2016-17.

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

Ethics and compliance are the key elements of sustainability and virtues of a responsible corporate. These virtues clearly reflect in your Company's Code of Conduct (the Code) which requires every employee to act with highest standards of personal and professional ethics and integrity and comply with the applicable laws. Your Company fosters a culture of ethics by making the Code a part of the induction training programme for its new recruits and making it readily accessible on the Company's intranet.

The Company has put in place a Whistle Blower Policy. Further, policies for avoidance of conflict of interest and prohibition of insider trading have been articulated and adopted to ensure transparency through timely and adequate disclosures. The Company has in place different mechanisms for receiving and dealing with complaints from different stakeholders viz. shareholders, customers, employees, vendors etc. There are dedicated resources to respond to the complaints within a time bound manner. No complaints were received during F.Y. 2017-18.

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

It has been always the endeavor of the Company to develop and deliver high quality products that apart from adding value to customers are inherently safer for people and have minimal impact on the environment.

Waste management has always been a serious concern in most Industries. Creating a smartly tailored process design can ensure 100% conversion of waste into a desired mix without leaving scope for secondary pollution. Yields have been a challenging factor which has an impact not only on environment but also profitability of any Organization. We have been successful to design processes which have produced yields of 99% plus on an average.

Your Company has a dedicated Research and 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.**

Employees are Company's strength. Your Company supports a policy of empowerment and nurturing. Company has built a system of policies and benefits which allows talent to grow and let excellence become a way of life. There are recognized trade unions at the Company's manufacturing locations.

Your Company has a Policy on Occupational Health and Safety, to comply with all applicable health and safety statutory regulations and ensure zero accidents, zero dangerous occurrences and zero notifiable diseases. Your Company is equipped with dedicated and specially trained professionals responsible for managing safety aspects along with line management at plants. Your Company provides regular training to all employees at plants to safeguard them from any injuries and accidents. The safety training workshops which are conducted regularly for employees and workmen.

Your Company's policy prohibits engaging of any child labour or involuntary labour. Thus, there are no complaints relating to child labour, forced labour and involuntary labour. The policies and practices related to or in any way affecting the human resource have been designed to ensure dignity and well-being of people engaged within our business as well as our value chain.

Your Company also has a policy for the prevention of sexual harassment. It ensures prevention and deterrence towards the commissioning of acts of sexual harassment and communicates procedures for their resolution and settlement. A Committee has been constituted in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which ensures implementation and compliance with the Law as well as the policy. During the year no complaints were received on sexual harassment .

Your Company provides welfare facilities like subsidized food, rest rooms, medical check-up and medical facilities to all its employees including contract employees working at plants. Your Company provides Mediclaim facility under the Group Mediclaim Policy to its employees including employees at the manufacturing sites.

Details of time given to employees in terms of hours for safety & skill up-gradation training in the last year are as under:

I	Permanent Employees	1,405 hours
II	Permanent Women Employees	281 hours
III	Casual / Temporary / Contractual Employees at plants	12,361 hours
IV	Employees with Disabilities	NA

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

Communicating with stakeholders and engaging with them to understand about our products and services are essential parts of our sustainability plan. Various initiatives including generation of employment for the local communities around its manufacturing units, enhancing awareness of people towards the need for conservation of scarce resources have been undertaken by your Company.

Fair treatment and safeguarding the interests of the contract workforce is important for your Company. Contract labour is deployed at the manufacturing facilities and in other functions, in various non-core activities like housekeeping, canteen operations, warehouse operations and others. Each unit maintains suitable checks and balances to ensure that wage payments, statutory contributions and other such obligations are met by the contractors.

The details of initiatives taken by the Company in the area of community development have been provided in the Corporate Social Responsibility (CSR) Section of the Annual Report.

CSR initiatives taken during the year were focused on education through provision of better quality infrastructure, skill building programmes and improving the overall quality of lives of people residing in the vicinity of the Company's plants .

Safety training programs which are conducted for employees and workmen are also extended to contractual employees.

**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 to national regulations pertaining to human rights.

There was 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.**

Company has a high level of sensitivity towards the environment. Company adheres to all statutory environmental requirements and regularly strives for further improvement. This principle is enshrined in your Company's EHS Policy which is also displayed and implemented at the manufacturing locations.

Company has a Integrated Management System (IMS) to identify the environmental risks.

At Sudarshan employees are trained to operate and maintain facilities in an environmentally responsible and safe manner and we drive year-on-year improvements to Safety, Health & Environment (SHE). Some of the Key area's are :

- A. Identifying, assessing and minimizing risks to the employees and their surroundings.
- B. Setting objectives to continually improve our performance in SHE.
- C. Complying with SHE legislations.
- D. Adopting suitable safety and environmental practices and proactive measures to minimize associated hazards and risk arising due to our industrial activities.
- E. Designing our processes and plant operations to minimize risk and wastage.
- F. Enhancing the skill and competence of our employees through training.
- G. Reducing our consumption of energy and natural resources.
- H. Communicating our policy to all our employees, contractors, vendors and all other interested parties regularly.

### **Co-Gen Facility :**

To further our commitment towards the environment and also to ensure uninterrupted power to our plant we have completed the construction of a steam and power co-generation plant. We expect to generate 50 Tons per hour of steam and 8.24 MW per hour of electricity.

### **Environmental benefits of the co-gen facility are:**

- CO2 emission reduction approx. 480,000 Kg/Day as there will not be any need to purchase power from MSEB / Open access
- Suspended Particulate matter less than 50mg/Nm<sup>3</sup>
- Uninterrupted power supply to process consistent quality of product
- High efficiency will result in less fuel consumption
- Greenhouse gas reduction initiative aims at conserving fossil fuel, improving energy efficiency, and recovering methane.

The Company has installed control equipments of appropriate capacity to limit air emissions within the standards. The noise monitoring is being done regularly and the test reports are being obtained from the laboratory to ensure compliance. The vigilance sample report from MPCB shows compliance to consent conditions.

The quantity of solid waste and hazardous wastes generated are being disposed off strictly in adherence to the conditions of consent / authorization.

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

Company's manufacturing facilities have established ISO Systems (ISO 9001, ISO 14001 and OHSAS 18001). As part of the ISO 14001 Environment Management System, every factory monitors the state of the environment inside the factory.

### **Principle 7: Business when engaged in influencing public and regulatory policy should do so in a different manner.**

Your Company's Code of Conduct lays down that full, fair, accurate, timely and understandable information should be shared with the regulatory bodies. Further, the Investor Communication Policy provides that only authorized and appropriate officials can interact with public officials. Any contact between the Company, its representatives and public officials is required to be done with prior internal approvals. Your Company engages with public and regulatory authority in a responsible manner and all such engagements are through recognized industry bodies .

As on 31<sup>st</sup> March, 2017, your Company is a Member of the following trade associations:

- a) Maharashtra Chamber of Commerce, Industry and Agriculture (MCCIA)
- b) Indian Chemical Council
- c) Roha Industrial Association
- d) Mahad Industrial Association
- e) CHEMEXCIL



**Principle 8: Business should support inclusive growth and development.**

Your Company subscribes to Corporate Social Responsibility and seeks to be a responsible organization by engaging in strategic community development interventions that are aimed at enhancing skills and developing social infrastructure to uplift communities residing in the vicinity of Company's plants at Roha and Mahad and improve their quality of life.

The details of the CSR initiatives undertaken by your Company are set out in the Corporate Social Responsibility section of this Annual Report.

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

We believe in offering more value for our customers, in more ways than one. Our customer centric approach encompasses :

1. Delivering value added products conforming to requirements .
2. Practising stringent quality standards to ensure safe, effective and easy to use products.
3. Soliciting customers feedback, insights and timely addressing their issues.

We connect with our customers through a two way engagement process by which we disclose detailed information for all our products, which also complies with all applicable labeling codes and specifications. We deal with customers in a transparent and ethical manner, eliminating any form of miscommunication or misunderstanding. Our Code of Conduct also guides our employees while engaging with customers and also gain consistent feedback from customers and immediately address the issues, if any. Our 'Customer Centric Policy' also directs our employees to be receptive towards customer's needs and concerns. We carry out a customer satisfaction survey every 3-4 years as per our stipulated IMS processes. This is rolled out to the customers within India only as of now.

There is no anti-competitive, abuse of dominant position or unfair trade practices case pending against the Company.

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

## MANAGEMENT DISCUSSION AND ANALYSIS - 2016-17

This discussion provides an assessment by management of the current financial position, results of operations, for the year ended 31<sup>st</sup> March, 2017. Information presented in this discussion supplements the financial statements, schedules, and exhibits for the Financial Year ended 31<sup>st</sup> March, 2017.

### Overview

The world economy faced considerable uncertainty, in the aftermath of major economic and political developments leading to deceleration of growth. As per current indications, macro-economic policy is expected to be more expansionary in certain large economies. Growth in a number of emerging economies is expected to lower in 2017.

Amidst all these developments, India stands out as a bright spot in the world economic landscape. India's macro-economic stability continues to be the foundation of economic success. There were two tectonic policy initiatives, namely, passage of the Constitution Amendment Bill for GST and the progress for its implementation; and demonetisation of high denomination bank notes. Even though demonetisation initially impacted industrial growth in the last two quarters of 2016-17, it is expected to give a boost to GDP in the current year. GST on the other hand is expected to be a game changer and deliver manifold benefits such as spur in growth, increasing competitiveness and ushering in indirect tax simplification and bringing in greater transparency in tax management and administration. These along with measures initiated to push for more digitisation in economic transactions are positive signs and point to an optimistic outlook for the current year.

### Business of the Company

The Company is a globally renowned player in the Pigment Industry and manufactures a wide range of Organic and Inorganic Pigments, Effect Pigments, Agro Chemicals and other products with facilities at Roha and Mahad, Dist. Raigad, Maharashtra. The Company has also set up an ultra modern R & D Facility at Ambadvet (Sutarwadi), Amrablevadi, Taluka Mulshi, Dist. Pune, India. As the largest producer of pigments in India, the Company manufactures an extensive range of Organic, Inorganic and Effect pigments and dispersions catering to the Coatings, Plastics, Inks and Cosmetics Industries worldwide. The product offerings include recognized brands such as Sudaperm, Sudafast, Sudacolor, Sumica and Sumicos. Company's development focus is on high performance pigments mainly for automotive coatings and engineering plastics that are produced in state of the art manufacturing facilities at Roha and Mahad.

### Financial and Operational Performance

Overall, the macro-economic situation is still challenging and policy measures taken by the new Government are yet to impact business in a big way. On top of it, the demonetisation of high value notes has had a negative effect on the forecasted sales growth in the third and last quarter of F.Y. 2016-17. However profits recorded good growth on the back of planned austerity measures and optimum resource management.

(Rs. in Millions)

Particulars	F.Y. 2016-17	F.Y. 2015-16
Total Revenues	13,156	12,201
Revenues from Exports	5,079	5,176
PBDIT	15.18%	13.97%
PAT	894	716
ROCE	19.34%	18.52%
Earnings per share	12.92	10.35
Book Value per share	57.13	47.22

The Company's overseas subsidiaries viz. Sudarshan Europe B.V., Sudarshan North America, Inc. and Indian Subsidiaries, Prescient Color Limited and RIECO Industries Limited have posted improved results in the year under review as can be seen from the Company's consolidated financial results. Sudarshan Shanghai which was also recently formed and is a direct subsidiary of the Company is in the process of consolidating its operations.

## Segmental overview

In accordance with Accounting Standard -17, the Company has two reportable business segments, Pigments and Agro Chemicals.

Pigment business of the Company mainly comprises of manufacturing of Azos, Blue and Green, High Performance Pigments, Effects, Pigment Preparations and Inorganics.

Pigments are solid materials that improve the appearance or impart color to the substrate on which they are used; they are black, white, and colored. Pigments are insoluble materials incorporated by physically mixing them with the medium. Pigments serve three main functions: impart color to the medium, hide the substrate, efface the existing color, and enhance the strength of the paint film.

The Company is a leading provider of organic pigments and pigment preparations used in coatings, paints, printing, plastics and other specialty applications. The Company's pigments make a difference to a whole host of products that touch everyday life. Based on extensive experience and expertise in color, the Company's pigments provide vibrant and safe colors to the world. The product portfolio meets the demands for key market segments that include automotive, industrial, decorative and architectural paints and coatings and plastic applications.

The other reportable business segment, which is the Agro Chemical business consists primarily of products which are generic in nature.

## Segment I – Pigments

### 1. Industry Structure and Developments

Chemicals are a part of every aspect of human life, right from the food we eat to the clothes we wear and to the cars we drive. Products from the Chemical Industry have altered the quality of life world over and have contributed significantly to everyone's day-to-day requirements through breakthrough innovations. The Chemical Industry is thus critical for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy. The industry is increasingly shifting to Asia in consonance with the shift of its key consumer industries. With Asia's increasing contribution to the global Chemical Industry, India emerges as one of the focus destinations for chemical companies worldwide.

Pigment Industry is a key component of the Chemical Industry. The Pigment industry has changed over time to meet the dynamic needs of the emerging economy. Strong economic growth and rise in per-capita income has caused steady increases in demand for Pigments. The industry has moved from a low-growth and regulated environment to an increasingly mature core industry.

The Pigment Industry worldwide is one of the dominant industries with a collective revenues of over USD 5.5 Billion. The global pigment market for products which the Company deals in is approx. USD 3.5 Billion. The growth of the Pigment Industry has more or less moved in tandem with the growth of global economy. Growth in per capita income leading to growth in per capita spending fuels demand for Pigments ranging from paints to plastics to polymer, ink to cosmetics and more, encompassing every sphere of life.

The Company is leader in the domestic pigment manufacturing industry with a 35% market share. The Company's Pigments are exported to most of the discerning markets in Europe, America and Asia.

There is an excess capacity for the manufacture of commodity pigments worldwide. This results in intense price competition in the commodity segments market. The China factor also continues to affect the Pigment Industry.

### 2. Opportunities and Threats

Although small in size, the Indian Pigment industry is net exporter. Per capita consumption in each of its industry segment is very low compared to other countries. India being leader in knowledge power and going by its vast experience in handling customer demands, opportunities exist for rapid export growth by development of innovative products meeting high standards of quality.

Industries in unorganised sector account for a large share in production of Pigments. Any lapse in quality of products manufactured and non-compliance of pollution and environment related norms set up by the Government might have adverse impact both in local and upcountry markets.

The growing domestic housing needs hold promise for varied Pigment applications. Automotive paints and personal care segment on the back of increasing disposable income of a growing middle class provides opportunity for growth. Inks and Plastics market also holds lot of promise as the Paper and Printing Industry is poised to record growth .

China at feverish pace has put up massive Pigment based chemical projects and complexes that not only meet their own demand but also global demand that will be emerging for the next several years. Because of this China not only controls market but also the pricing policy. Indian Pigment industry is under threat of dumping at rock bottom prices by developed economies like China due to meltdown in their countries and their ability to sustain due to large capacities. With strong in house technology support and efficient development facility already available on site, your Company is capable of exploiting the opportunities and contributing positively in increasing its market base.

The Pigment Industry has to address the issues of REACH Compliance as also issues relating to clean and green environment apart from the competitive pressure from the China and other developed markets .

The volatility of the Rupee vis-a-vis the US Dollar is a matter of concern and needs to be tackled if the Indian Pigment Industry has to remain competitive. Another matter of concern is the gestation period involved in evaluation and acceptability of the Company's Products by overseas customers, and the costs associated with it, since many times proposals do not get converted into firm orders .

The implementation of GST in the country holds lot of promise as manufacturing will get more competitive as GST addresses cascading effect of tax, inter-state tax, high logistics costs and fragmented market, Increased protection from imports as GST provides for appropriate countervailing duty and not the least, aims at creating a level playing field

### **3. Performance**

The Pigment Division increased its sales in the year 2016-17 to Rs. 11,001 million from Rs. 10,656 million in 2015-16. Sales from exports for the year under review amounted to Rs. 5,066 million as against Rs. 5,163 million achieved during the previous year.

### **4. Outlook**

The Pigments market is expected to grow due to demand for aesthetic consideration in industries such as paints and coatings, constructions, automobiles, etc. Pigments are widely used in these industries as colorant which also protects the surface from weathering and corrosion. Moreover, pigments ability to enhance visual attraction and surface finish will generate profitable scope for pigments business over the next few years. However major economies continue to face deceleration in growth. Further on account of excess capacities, countries like China may resort to dumping of products in Indian markets to the detriment of Indian Pigment Industry. The positive factor for Indian Pigment industry is the demand for its products is largely driven by domestic market and considering very low per capita consumption ratio holds promise.

The Company is gearing itself for sustaining its market position by adjusting to the market environment through improved service levels and continuous emphasis on cost management. The Company's globalization plans and its strong base in the Indian Market provides a great opportunity for growth. Also the Company's strategy of focusing among others on High Performance Pigments and specialized Azo Pigments provide a great future.

The Company's strategy of setting up sales offices to cater to European and North American customers is expected to give further push to Pigment exports as the Company is better equipped to understand and comply with customer preferences. The Company has also set up a Marketing / Sales Office in Shanghai, China to locally source raw materials and among others to cater to the requirements of Asia Pacific customers. The Company's direct subsidiary, Sudarshan Europe B.V. has formed a Wholly Owned Subsidiary in Mexico by the name Sudarshan Mexico to cater to the requirements of customers.

As a consequence of all these actions, the Company expects better results during the current year.

## 5. Risks and Concerns

Volatility of the Rupee vis -a -vis the US Dollar, raw material prices in India and its cascading effect on other inputs is a matter of grave concern as it negates the key advantage of competitive pricing. There is also a great deal of uncertainty regarding pricing and availability of key intermediates from China.

Compliance of REACH regulations is a time consuming and expensive proposition making penetration of the Company Pigments in the European market a challenging task.

The Company is operating in a segment dominated by multinational companies with cutting edge technologies in Pigment manufacturing. This provides an opportunity as well as an operating risk.

## Segment II – Agro Chemicals

### 1. Industry Structure and Developments

- India is a predominantly agrarian economy, nearly 62% of the labour force depend on agriculture as a means of livelihood and presently accounts for about 15% of the country's GDP.
- India is a vast country with superior natural conditions and diversified crops. The major crops grown in the country are rice, wheat, millets, pulses, sugarcane followed by cotton, soybean, vegetables, fruits, horticulture and plantations crops. India is the largest producer in the world for pulses, tea and jute, and second largest producer for wheat, rice, groundnut, potatoes, fruits and vegetables, as well as sugarcane.
- Every region in India has its unique aspects, which distinguishes it from the others. Variations in crops and cropping patterns, climatic conditions, economic health of the region, and others are some of several factors which influence the associated diseases and pests, products sold, price sensitivities and more for that particular region.
- Overall climatic conditions were not favourable towards agriculture in the first quarter of FY 2016-17. However, it improved from July / August, 2016 onwards but pest infestation remained below economic threshold level.
- The Indian crop protection market is dominated by Insecticides, which account for almost 60% of the domestic market, followed by Fungicides at 18% and herbicides at 16%. From the conventional commonly used pesticides, the shift is seen towards crop specific agrochemicals for both pests and disease control. However, the latest trend indicates decline in insecticides use and increase in the use of fungicide and herbicides inching towards the global trend.
- The Agro Chemical Industry has also seen a change in the product mix owing to change in the crop pattern and the pattern of pest formation. The average per hectare consumption of agrochemicals in India is comparatively lower as compared to the consumption in USA, Japan and other developed countries. This augurs well for the Agro Chemical Industry. Rapid growth in acreage of Bt Cotton hybrids resulting in improvement in yield of cotton crop is opening new opportunities for more consumption of pesticides for the control of sucking pests and plant growth nutrients.

### 2. Opportunities and Threats

Rising costs and uncertainty in availability of some key raw materials continue to be a challenge. The exchange rate fluctuations also impact the raw material prices. Genetically modified seeds which have more self-immunity from natural adversaries pose a threat to the Agro Chemical business.

Large area exists in India for agriculture cultivation. India is the 7<sup>th</sup> largest country geographically and large areas are under crop cultivation. Indian Agro Chemical Industry has potential for growth considering the cost advantage as compared to that prevailing in developed countries as also considering the fact that usage of Insecticides in India on acreage basis as compared to developed countries is comparatively low. The need of the Industry is to invest in new products considering the change in crop pattern and pest formation. However the costs associated with development and introduction of new molecules are a deterrent to domestic agro chemical companies with low technology base and limited area of operations. The number of pesticides imported from China is also increasing.



### 3. Performance

FY 2016-17 has been a challenging year for Agro Chemicals business. Delay in monsoon, demonetisation and low pest infestation affected the Agro Chemical Industry. Notwithstanding the adverse conditions, Agro Division recorded revenues of Rs. 1,445 Million for the FY 2016-17 as against Rs. 1,163 Million for the previous year registering a growth of 24%.

### 4. Outlook

The Company expects to improve the performance by laying more emphasis on Technical and Bulk as well as Brand business. Notwithstanding availability constraints of key raw materials and difficult market conditions, the current year should end on a positive note.

### 5. Risks and Concerns

Increasing number of Indian Companies are registering Chinese material in India. Any change in the Chinese supply position will adversely affect Indian Agro Chemical Industry. The less expectation of a normal monsoon coupled with various uncertainties is also a matter of concern as it impacts the overall crop pattern and resultant pest formation.

### Risks Assessment and Management

The Company has adopted a focused approach towards risk management. Company uses a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations. As part of this program, the relevant parameters for all manufacturing sites are analyzed to minimize risk associated with protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations prescribed by the government authorities and internal guidelines.

The Company fulfills its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at all manufacturing sites. The Company continued its focus on compliance in all areas of its business operations by rationalizing and strengthening the controls. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. Company aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behaviour.

### Environment, Corporate Sustainability and Social Responsibility

Company commits itself to ethical and sustainable operations and development in all business activities. Sustainability enhances innovative ways to do business. This is a necessary prerequisite for value creation. Sustainability at the Company is an integral part of the way we work and this helps the company to position itself in the sustainable market; build a competitive advantage through differentiation, support profitable growth, create added value for stakeholders, build brand image and reputation and anticipate and mitigate risk.

Our ability to treat customers, employees, neighbours and the environment in a responsible way is not only ethically correct but also strengthens our partnership with those stakeholders upon whom our success as a Company ultimately depends. Company takes initiatives to reduce environment, health and safety risks in the production, storage, distribution, use of products and disposal of waste. These include efficient use of energy and resources and continuous improvement of our processes to minimise the impact of our activities on the environment.

Based on the recommendations from the CSR Committee of the Board, the Company is focusing to enhance its contribution in the area of education, skill improvement and environment protection and continues its efforts to improve the life of the people surrounded by its manufacturing sites. The Roha and Mahad factories of the Company have received British Five Star Rating which is a testimony to strenuous efforts taken by the Company to achieve operational excellence in Environment Health and Safety. Company's certified management system complies with ISO 9001, ISO 14001, and OHSAS 18001 and this reflects the Company's continued commitment towards Quality, Environment, Occupational Health and Safety approaches.

**Dividend Policy**

The Company aims at rewarding its shareholders by sharing a part of its profits after retaining sufficient funds for the growth of the Company. The Company has been able to pursue its aim over years and has been able to maintain fairness, consistency and sustainability while distributing profits to its shareholders. A Dividend Distribution Policy has been framed with an objective to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. The policy lays down various guidelines, factors and parameters to be considered by the Board of Directors of the Company while recommending / declaring Dividend from time to time.

**Human Resource Development**

The Company considers its committed and talented workforce as one of its most critical assets and key to driving sustainable performance and developing competitive advantage. In line with its business imperatives, the emphasis has been given to recruit the best talent, nurture, motivate and empower. To achieve its objective of attracting, retaining and developing its committed workforce, the Company sustained its various growth and development initiatives across the organisation. Compensation and benefits packages have always been pivotal to retaining and motivating employees. To remain competitive in compensation and rewards offered, continual efforts were made to make compensation and benefits flexible and market-linked. For more details refer to the Directors' Report .

The total number of employees on the rolls of the Company as on 31<sup>st</sup> March, 2017 was 870 as against 834 on 31<sup>st</sup> March, 2016.

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**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.*

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Corporate Governance enjoins a commitment of the Company to run the business in a legal, ethical and transparent manner emanating from the top and permeating throughout the organization. It involves a set of relationships between a Company's Management, its Board, Shareholders and Stakeholders. It is one of the key elements in improving the economic efficiency of the enterprise. Credibility generated by sound Corporate Governance practices enables an enterprise in enhancing the confidence of the investors and in establishing productive and lasting business relationship with all stakeholders.

This chapter on Corporate Governance, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information show Company's compliance of Listing Regulations.

### I. **Company's Philosophy on Code of Governance:**

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

The Corporate Governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct of the Company and among others, the Code for Prevention of Insider Trading and host of other policies. The Company, through its Board and committees, endeavours to maintain high standards of Corporate Governance for the benefit of its shareholders and stakeholders.

The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the Management with the strategic direction catering to creation of long-term shareholders value. Its initiatives towards adhering to high standards of Governance include self governance, professionalization of the Board, fair and transparent processes and reporting systems. The Corporate Governance Principles implemented by the Company seeks to protect, recognize and facilitate shareholders rights and ensure timely and accurate disclosure to them. Good governance practices have rewarded the Company in the sphere of improved share valuations, stakeholders' confidence, improved market capitalization, and awards from appropriate authorities, among others, for its employee centric policies and environmental protection measures, etc. These have helped the Company to increase shareholder value.

The Company's Board comprises of individuals with considerable experience and expertise across a range of disciplines including business management, business strategy, direct taxation, finance and accounting. The Board members are fully aware of their roles and responsibilities in the discharge of the 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 four pigment players in the Global Pigment Industry. The Company's business strategy is to be reliable partner and to provide value to its customers. This is achieved through a solutions partnering approach, delivering products of world class standards and not the least aiming at excellence in customer service each time, every time.

### **Sudarshan Values**

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

- Seva
- Courage
- Commitment and Passion
- Respect
- Trust

### **Integrity of Financial Reporting**

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

### **Rights of Shareholders**

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

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

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

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's website [www.sudarshan.com](http://www.sudarshan.com).

In terms of the Whistle Blower Policy / Vigil Mechanism Policy, it is affirmed that no personnel has been denied access to the Audit Committee.

### **Framework of Insider Trading**

The Company's shares are listed on the BSE Limited and the National stock Exchange Limited. With a view to prevent insider trading and abusive self dealings in the shares of the Company, the Company has put in place a Code of Conduct to Regulate, Monitor and Report Trading of Company shares by Insiders. The Code is based on the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company Directors, Key Management Personnel and designated employees and other Insiders are informed about closure of Trading Window prior to dissemination of price sensitive information which are likely to affect the share prices and also the manner in which shares can be acquired when the Trading Window is open. The code of conduct is available on the Company's website [www.sudarshan.com](http://www.sudarshan.com).

## **II. Board of Directors:**

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

As on 31<sup>st</sup> March, 2017, Company's Board consists of 12 Members. Besides the Executive Promoter Chairman and Executive Promoter Director, the Board comprises of three Non-Executive Promoter Directors, one Non-Executive Non-Independent Director and six Non-Executive Independent Directors (including two Women Directors viz. Mrs. Rati F. Forbes and Mrs. Shubhalakshmi A. Panse). The composition of the Board is in conformity with the Listing Regulations enjoining specified combination of Executive and Non-Executive Directors with at least one Women Director and at least one-half of the Board comprising of Independent Directors for a Board chaired by a Executive Promoter Director.

## II.1. Composition:

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

Sr. No.	Category of Directors	Name of the Director
1.	Promoters	1. Mr. P. R. Rathi – Chairman and Managing Director 2. Mr. R. B. Rathi – Dy. Managing Director 3. Mr. N. J. Rathi – Non - Executive Director 4. Mr. K. L. Rathi – Non - Executive Director 5. Mr. A. B. Rathi – Non - Executive Director (w.e.f. 11/11/2016)
2.	Non-Promoters (Independent)	1. Mr. S. N. Inamdar 2. Mr. D. N. Damania 3. Mr. S. Padmanabhan 4. Mr. S. K. Asher 5. Mrs. R. F. Forbes 6. Mrs. S. A. Panse
3.	Non-Promoter (Non-Independent)	1. Mr. N. T. Raisinghani

### Notes:

- None of the Non-Promoter Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its Promoters, its management during the Financial Year 2016-17 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(b) of the Listing Regulations, 2015.
- The Director mentioned at Serial No. 3 above, is a Director in Breakthrough Management Group India Private Limited (BMGI), Mumbai. BMGI has material dealings with the Company. Hence, the Director named at Serial No. 3 is classified as a Non-Independent Director.

### Profile of Promoter Directors:

- Mr. P. R. Rathi**, Chairman and Managing Director, is MS in Chemical Engineering from MIT, USA and M.B.A. from Columbia University, USA and has been associated with the Company for more than three decades.
- Mr. R. B. Rathi**, Dy. Managing Director, is B. E. Mech. Engg. from MIT, Pune, B. S. Chem. Engg. from Ohio University USA and M.B.A. from Pittsburgh University, USA. Mr. R. B. Rathi has been associated with the Company for the past two decades.
- Mr. N. J. Rathi**, Non-Executive Director, is M. Com from University of Pune and M.B.A. from USA and has been associated with the Company for more than four decades.
- Mr. K. L. Rathi**, Non-Executive Director is B.Sc, B.Sc.(Tech) and M.A.(Chem) from Columbia University, USA and has been associated with the Company for more than four decades .
- Mr. A. B. Rathi**, Non-Executive Director B.Tech, from University of Madras, M.S.Chemical Engg. From University of Detroit, USA and MBA from USA.

Mr. A. B. Rathi is the Managing Director of RIECO Industries Limited (RIECO), a Wholly Owned Subsidiary of the Company. RIECO manufactures Air Pollution Control Equipments, Size Reduction Equipments and Pneumatic Conveying Systems. Mr. A.B.Rathi is also heading the Industrial Mixing Solutions Business of the Company which manufactures Industrial Mixers.



**Profile of present Non-Executive, Independent Directors:**

1. **Mr. S. N. Inamdar**, is a leading advocate and an expert in Income Tax matters. Mr. S. N. Inamdar is Chairman of the Audit Committee of the Board of Directors and is also on the Board of other Companies.
2. **Mr. D. N. Damania**, is B. E Mechanical Engineering from College of Engineering, Pune and a renowned technocrat. Mr. D. N. Damania is also on the Board of other Companies.
3. **Mr. S. Padmanabhan**, is M.Sc. (Physics) from Delhi University and Bachelor of General Law from Mumbai University. Mr. S. Padmanabhan has a diploma in Development Economics from University of Cambridge, U.K. and a Diploma in Management Accounting from Bajaj Institute of Management, Mumbai. A former IAS Officer, Mr. S. Padmanabhan has wide experience in setting up of industrial projects, finance and administration. Mr. S. Padmanabhan is also on Board of other Companies.
4. **Mr. S. K. Asher**, is a Fellow member of the Institute of Chartered Accountants of India and a Commerce and Law graduate from the Bombay University. Mr. Sanjay Asher is senior partner of M/s. Crawford Bayley & Co., Mumbai and is also on the Board of other Companies.
5. **Mrs. R. F. Forbes**, is a Graduate in Psychology and Sociology from Bombay University and has further done special courses on Women in Leadership, Human Resources and Organisational Behaviour and Social Entrepreneurship and Philanthropy from IIM Ahmedabad and Stanford University.
6. **Mrs. S. A. Panse**, has done M.Sc., D.B.M. (Diploma in Business Management), MMS (Masters in Management Sciences with specialization in Financial Management) from Pune University and M.B.A. (Masters in Business Administration with specialization in Bank Management) from Drexel University, USA. She has also acquired a professional qualification C.A.I.I.B. (Certified Associate of Indian Institute of Bankers).

**Profile of Non-Executive, Non-Independent Director:**

**Mr. Naresh T Raisinghani**, is the CEO and Executive Director of Breakthrough Management Group International, Mumbai. He has done his Management from Harvard Business School and his Bachelors in Mechanical Engineering from University of Mumbai.

**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.

As mandated by the Regulations, the Independent Directors on the Board of the Company :

- a. Are persons of integrity and possess relevant expertise and experience;
- b.
  - i. Are not a Promoter of the company or its holding, subsidiary or associate company;
  - ii. Are not related to Promoters or Directors in the company, its holding, subsidiary or associate company;
- c. Apart from receiving Director's Remuneration, have no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their Promoters, or Directors, during the two immediately preceding Financial Years or during the current Financial Year;
- d. None of their relatives have or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their Promoters, or Directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding Financial Years or during the current Financial Year;
- e. Neither themselves nor any of their relatives —
  - i. hold or have held the position of a Key Managerial Personnel or are or have been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed;

- ii. are or have been an employee or proprietor or a partner, in any of the three Financial Years immediately preceding the Financial Year in which they are proposed to be appointed, of — (A) a firm of Auditors or Company Secretaries in practice or Cost Auditors of the company or its holding, subsidiary or associate company; or (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
  - iii. hold together with their relatives two percent or more of the total voting power of the company; or
  - iv. is a Chief Executive or Director, by whatever name called, of any Non-Profit Organisation that receives twenty-five percent or more of its receipts from the company, any of its Promoters, Directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the Company;
  - v. is a material supplier, service provider or customer or a lessor or lessee of the company;
- f. is not less than 21 years of age.

**Formal Letter of appointment to Independent Directors :**

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 [www.sudarshan.com](http://www.sudarshan.com)

**Limit on the number of Directorships :**

In compliance with the Listing Regulations, Directors of the Company do not serve as Independent Director in more than seven Listed Companies or in case he / she is serving as a Whole-Time Director in any Listed Company, does not hold such position in more than three Listed Companies.

**Maximum Tenure of Independent Directors :**

In accordance with Section 149 (11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 consecutive years from the date of Annual General Meeting (AGM) held on 9<sup>th</sup> August, 2014 upto the conclusion of AGM for the F.Y. 2018-19 .

**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.

**Board Meetings and Agenda:**

In accordance with the legal position and the Articles of Association of the Company, the Board of Directors is the ultimate decision making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of Directors. The Board generally meets once in a quarter to review among other things quarterly performance of the Company and financial results. The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Whenever it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and / or the presentations are made in respect thereof. The information as specified in Regulation 17(7) of the SEBI, Listing Regulations, 2015 is regularly made available to the Board, whenever applicable, for discussion and consideration. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings

The following information is regularly provided to the Board, as part of the agenda papers of the Board meetings.

- Detailed Business Review.
- Annual operating plans and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Annual and Quarterly financial results for the Company and its operating divisions and business segments.

- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property and any other acquisition.
- Significant labour problems and their proposed solutions. Any significant development on Human Resources / Industrial Relations front, like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, etc.
- Details of investment of surplus funds available with the Company, if any .
- Minutes of the Board Meetings of subsidiary companies.
- Statement showing significant transactions and arrangements entered into by subsidiary companies.
- Details of any merger or demerger actions.
- Details of dealings in Company`s share by members of the Board / Senior Management.
- Details of commercial or any other dealings by firms / companies in which members of the Board / Senior Management or their relatives hold shares.
- Details of Inter-corporate Loans, Investments and Guarantees made / given by the Company.
- Detailed status on the Business Risks being faced by the Company and their mitigation plan.
- Changes in Shareholding Pattern of the Company.
- Details of Contingent Liabilities.
- Statement on Compliance with Code of Conduct.

**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.

## II.2 Meetings and Attendance:

During the Financial Year, 2016-2017, five meetings of the Board of Directors were held on 27<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 11<sup>th</sup> November, 2016, 10<sup>th</sup> February, 2017 and 27<sup>th</sup> March, 2017.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2016-2017 and at the last Annual General Meeting held on 12<sup>th</sup> August, 2016 are given below:-

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

\* Appointed as a Non-Executive Director w.e.f. 11<sup>th</sup> November, 2016

## II.3 Details of Directorship(s) and Committee membership(s) in Companies:

(No. of companies)

Name of the Director	Directorship *	Committee Membership **
Mr. P. R. Rathi	13	6
Mr. R. B. Rathi	16	1
Mr. N. J. Rathi **	12	3
Mr. K. L. Rathi	12	1
Mr. A. B. Rathi	12	-
Mr. S. N. Inamdar **	6	7
Mr. D. N. Damania **	7	10
Mr. S. Padmanabhan	7	8
Mr. S. K. Asher **	19	17
Mrs. R. F. Forbes	4	4
Mr. N. T. Raisinghani	3	-
Mrs. S. A. Panse **	9	8

\* (Includes Directorships held in Private Companies, Section 8 Companies, Body Corporate incorporated outside India and Alternate Directorships)

\*\* (Includes Chairmanship / Membership of Nomination and Remuneration Committees which is non-mandatory under Regulation 26 of the SEBI Listing Regulations, 2015).

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

### III. Delegation of Authority and Responsibilities:

The Company has established a system of Delegation of Authority to define the limits of authority delegated to specified positions of responsibility within the Company and to lay down the obligations that are to be performed by individuals. The approval of commitments and responsibilities outlined in this system are approved by the Managing Director / Dy. Managing Director and noted by the Board of Directors.

The Working Directors of the Company have delegated responsibilities coupled with necessary authorities to Officials of the Company so as to designate them as “Responsible Persons” and to vest in them, the authority and responsibility to ensure that all statutory compliances as applicable are complied. The Board periodically reviews the Compliance Report in relation to all laws applicable to the Company.

### IV. Information placed before the Board of Directors:

The information as required under Regulation 17(7) of the SEBI , Listing Regulations, 2015 to the extent relevant is made available to the Board in every meeting the details of which are given elsewhere in this report.

### V. Roles and Responsibilities of Board Members

**The Chairman:** His primary role is to provide leadership to the Board in achieving goals of the Company. Also, as the Chairman of the Board he is responsible for all the Board matters. He is responsible, inter-alia, for the working of the Board and for ensuring that all relevant issues are placed before the Board and that all Directors are encouraged to provide their expert guidance on the relevant issues raised in the meetings of the Board. He is also responsible for formulating the corporate strategy along with other members of the Board of Directors. His role, inter-alia, includes:

- provide leadership to the Board and preside over all Board and General Meetings.
- achieve goals in accordance with Company`s overall vision.
- ensure that Board decisions are aligned with Company`s strategic policy.
- oversee and evaluate the overall performance of Board and its Members.
- ensure to place all relevant matters before the Board and encourage healthy participation by all Directors to enable them to provide their expert guidance.
- monitor the core management team.

**The Executive Directors** are responsible for implementation of corporate strategy, brand equity planning, external contracts and other Management matters which are approved by the Board. They are also responsible for achieving the annual and long-term business plans. Their role, inter-alia, includes:

- crafting of vision and business strategies of the Company.
- clear understanding and accomplishment of Board set goals.
- responsible for overall performance of the Company in terms of revenues and profits and goodwill.
- acts as a link between Board and Management.
- ensure compliance with statutory provisions under multiple regulatory enactments.

**Non-Executive Directors (including Independent Directors)** play a critical role in balancing the functioning of the Board by providing independent judgements on various issues raised in the Board meetings like formulation of business strategies, monitoring of performances etc. Their role, inter-alia, includes:

- impart balance to the Board by providing independent judgement.
- provide feedback on Company`s strategy and performance.
- provide effective feedback and recommendations for further improvements



**VI. Audit Committee:**

The Company has constituted a qualified Audit Committee complying with Regulation 18 of the SEBI Listing Regulations, 2015. All members of the Committee are financially literate, with Mr. S. N. Inamdar, Chairman of the Committee, having the relevant accounting and financial expertise.

**Composition**

The Audit Committee consists of the following Directors:

Name of the Members	Category	No. of Meetings attended during the year 2016-17
Mr. S. N. Inamdar, Chairman	Independent, Non-Executive Director	5
Mr. D. N. Damania, Member	Independent, Non-Executive Director	4
Mr. S. K. Asher, Member	Independent, Non-Executive Director	5
Mr. P. R. Rathi, Member	Promoter, Chairman and Managing Director, Non-Independent, Executive Director	5

**Meetings and attendance during the year**

During the Financial Year 2016-17, five meetings of the Audit Committee were held on 27<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 11<sup>th</sup> November, 2016, 10<sup>th</sup> February, 2017 and 27<sup>th</sup> March, 2017.

Mr. P. S. Raghavan, Company Secretary is Secretary to the Audit Committee

Mr. S. N. Inamdar, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 12<sup>th</sup> August, 2016.

**Terms of Reference of Audit Committee**

The Audit Committee of the Company is entrusted with the following powers and responsibilities to supervise the Company's internal control and financial reporting process.

**Powers of Audit Committee**

The primary objective of Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting. The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

1. Investigate any activity within its terms of reference of the Companies Act, 2013 or referred to it by the Board and for its purpose, shall have full access to information contained in the records of the Company and external professional, legal or other advice, if necessary;
2. Seek information from any employee;
3. Obtain outside legal or other professional advice; and
4. Secure attendance of outsiders with relevant expertise wherever it considers necessary.

**Role of Audit Committee**

The role of the Audit Committee is in line with the Regulation 18 (3) of the Listing Regulations, 2015 and the Committee performs among others the following functions :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the Management, the annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report;

- b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
  - d. Significant adjustments made in the Financial Statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to Financial Statements;
  - f. Qualifications in the draft audit report, if any;
5. Approval or any subsequent modification of transactions of the Company with related parties;
  6. Reviewing, with the Management, the quarterly Financial Statements before submission to the Board for approval;
  7. Reviewing and monitoring with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  8. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
  9. Review and discuss with the management the status and implications of major legal cases;
  10. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
  11. Discussion with Internal Auditors on any significant findings and follow up thereon.
  12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  13. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern.
  14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
  15. To review the functioning of the Whistle Blower mechanism from time to time, address genuine concerns; and :
    - a. To ensure the action taken on the alleged complaints received under this mechanism;
    - b. To review the adequacy of the final outcome of such complaint and ensure that the reward or punishment is commensurate with the final outcome;
    - c. To get an independent expert opinion, if need be, on the alleged complaint.
  16. Direct access to the Chairman of the Committee, in appropriate or exceptional cases, to the vigil mechanism established by the Company.
  17. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
  18. Scrutiny of inter-corporate loans and investments.
  19. Valuation of undertakings or assets of the Company, wherever it is necessary.
  20. Valuation of internal financial controls and risk management systems.
  21. Mandatorily reviewing the following information :
    - a. Management discussion and analysis of financial condition and results of operations;
    - b. Statement of significant related party transactions;
    - c. Management letters / letters of internal control weakness issued by the Statutory Auditors;
    - d. Internal audit report relating to internal control weakness;

- e. Appointment, removal and terms of remuneration of the Internal Auditor (s).
22. Review of Financial Statements, Investments made in Wholly Owned Subsidiary Companies i.e. Prescient Color Limited, RIECO Industries Limited, Sudarshan Europe B.V., Sudarshan (Shanghai) Trading Company Limited and step down Subsidiary i.e. Sudarshan North America, Inc.
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- The full text of the Charter of the Audit Committee is available at the Company's website [www.sudarshan.com](http://www.sudarshan.com)

## VII. Nomination and Remuneration Committee:

### Composition

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

Name of the Members	Category	No. of Meetings attended during the year 2016-17
Mr. D. N. Damania, Chairman	Independent, Non-Executive Director	2
Mr. S. N. Inamdar, Member	Independent, Non-Executive Director	3
Mr. S. K. Asher, Member	Independent, Non-Executive Director	3
Mr. N. J. Rathi, Member	Non-Independent, Non-Executive Director	3

During the Financial Year 2016-17, Nomination and Remuneration Committee meetings were held on 27<sup>th</sup> May, 2016, 11<sup>th</sup> November, 2016 and 9<sup>th</sup> February, 2017.

### Terms of Reference

1. To identify persons:
  - i. who are qualified to become directors; and
  - ii. who may be appointed in Senior Management in accordance with the criteria laid down by NRC for determining qualifications and positive attributes;

The expression 'Senior Management' has been defined vide Explanation to Sub-section (8) of Section 178 of the 2013 Act and Regulation 26(5) of the SEBI Listing Regulations, 2015.

Senior Management of the Company shall consist of:

  - i. those identified by the Company as forming part of the core management team;
  - ii. Senior Management (other than Board of Directors / Board) who are one level below the Executive Directors;
  - iii. functional heads (even though they may be more than one level below the Executive Directors).
2. To recommend to the Board, the appointment and removal of Directors and Senior Management personnel;
3. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
4. To determine or review on behalf of the Board, the compensation package, service agreements and other employment conditions for managing or whole time director (s);
5. To determine on behalf of the Board, the quantum of annual increments or incentives on the basis of performance of the Key Managerial Personnel;
6. To formulate, amend and administer stock option plans and grant stock options to Managing or Whole Time Director (s) and employees of the Company;
7. To formulate or lay down the criteria for evaluating the Independent Directors and the Board, that is to say, the criteria for performance evaluation of the Independent Directors;
8. To devise a policy on succession planning Board diversity;
9. To consider other matters, as from time to time, be referred to it by the Board.

## Remuneration Policy

The Company has put in place a Remuneration Policy. While deciding the remuneration package of the Working 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 Working Directors and Senior Management is linked to the performance of the Company in general and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives. For more details, please refer to the Remuneration Policy of the Board, KMP appearing in the Directors' Report.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and Performance Linked Variable Allowance (PLVA) / Commission (variable component) to Managing Director / Dy. Managing Director. Salary is paid within the range approved by the Shareholders. Annual increments effective on 1<sup>st</sup> 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 amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees. Further Commission @ 1% subject to a maximum amount of Rs. 4.45 Million is proposed to be paid (computed in accordance with Section 198 of the Companies Act, 2013) for the Financial Year 2016-17.

The distribution of Commission amongst the NEDs is placed before the Board. The Commission is recommended by the Nomination and Remuneration Committee based on the contribution at the Board and Committee Meetings as well as time spent on operational matters other than at the meetings.

The Company pays sitting fees to the NEDs for attending the meetings of the Board. The Schedule of sitting fees presently being paid is appended below:

Sr. No.	Particulars	Sitting fees per meeting Amount (Rs.)
1.	Board of Directors	20,000
2.	Audit Committee	20,000
3.	Stakeholders Relationship Committee	20,000
4.	Nomination and Remuneration Committee	20,000
5.	Risk Management Committee	20,000
6.	CSR Committee	20,000
7.	Finance Committee	20,000
8.	Issue of Share Certificates / Duplicate Share Certificates	5,000

## Performance evaluation mechanism :

As mandated under Schedule IV to the Companies Act, 2013 concerning Code for Independent Directors, the performance evaluation mechanism of the Independent Directors and the Board as a whole was duly completed for the Financial Year 2016-17. For more details please refer the Director's Report for the year under review.

## Independent Directors meeting :

A separate meeting of the Independent Directors of the Company was held on 27<sup>th</sup> March, 2017 without the attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed (i) the performance of Non-Independent directors and the Board as a whole; (ii) the performance of the Chairman of the Board taking into account the views of the Executive Directors and Non-Executive Directors; and (iii) assessed the quality, quantity and timeliness of flow of information between the Company management and the Board required to effectively and reasonably perform their duties and have expressed satisfaction.

**Familiarization Program for Independent Directors :**

Your directors have adopted an ongoing Familiarization Program ("the Program") for Independent Directors pursuant to Listing Regulations, 2015. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company and to help them in the efficient discharge of their roles, rights and responsibilities in the Company. Details of such programs have been disclosed on the company's website [www.sudarshan.com](http://www.sudarshan.com)

**Board Diversity Policy**

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

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

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

Full text of the Board diversity policy is available on the Company's website [www.sudarshan.com](http://www.sudarshan.com)

**No. of shares held by Non - Executive Directors (As on 31<sup>st</sup> March, 2017):**

Sr. No	Name of the Non-Executive Director	No. of shares of Rs. 2/- each
1.	Mr. K. L. Rathi	10,74,300
2.	Mr. N. J. Rathi	24,17,650
3.	Mr. A. B. Rathi	20,51,060
4.	Mr. D. N. Damania	930

**Remuneration to Executive Directors for the year ended 31<sup>st</sup> March, 2017:****(Amount in Rs.)**

Particulars	Mr. P.R. Rathi Chairman and Managing Director	Mr. R.B.Rathi Dy. Managing Director
Salary and Other allowances	16,351,097	15,130,450
Contribution to Provident Fund and other Funds	1,879,200	1,508,737
Other Perquisites	203,100	39,600
Commission	6,000,000	6,000,000
<b>Total</b>	<b>24,433,397</b>	<b>22,678,787</b>



**Remuneration to Non-Executive Directors (As on 31<sup>st</sup> March, 2017):****(Amount in Rs.)**

Name of the Director	Sitting Fees	Others (Professional Fees)	Total
Mr. S. N. Inamdar	290,000	950,000	1,240,000
Mr. D. N. Damania	240,000	-	240,000
Mr. S. Padmanabhan	140,000	-	140,000
Mr. S. K. Asher	340,000	-	340,000
Mrs. R. F. Forbes	140,000	-	140,000
Mrs. S. A. Panse	120,000	-	120,000
Mr. N. T. Raisinghani	120,000	-	120,000
Mr. N. J. Rathi	220,000	-	220,000
Mr. K. L. Rathi	100,000	-	100,000
<b>Total</b>	<b>1,710,000</b>	<b>950,000</b>	<b>2,660,000</b>

- In addition to sitting fees, Mr. S.N. Inamdar is also paid fees for rendering professional services. However these are not material in nature.

The full text of the Charter of the Nomination and Remuneration Committee is available at the Company's website [www.sudarshan.com](http://www.sudarshan.com)

**VIII. Stakeholders' Relationship Committee:****Composition**

The Stakeholders' Relationship Committee comprises of the following Directors:

Name of the Members	Category	No. of Meeting attended during the year 2016-17
Mr. S. K. Asher, Chairman	Independent, Non-Executive Director	3
Mr. P. R. Rathi, Member	Chairman and Managing Director	3
Mr. N. J. Rathi, Member	Non-Executive Director	3

**Terms of Reference**

- To consider and resolve the grievances of security holders of the Company including complaints related to :
  - Transfer of shares;
  - Non-receipt of Balance Sheet;
  - Non-receipt of declared dividends; and
  - Any other investors' grievance raised by any security holder;
- To approve transfer or transmission of equity shares, debentures or any other securities;
- To issue duplicate share certificates;
- To approve and issue fresh share certificates by way of split, consolidation or renewal of the existing share certificates or in any other manner;
- To allot fully or partly paid-up shares, convertible debentures or other financial instruments convertible into equity shares at a later stage;
- To ensure that the rights of stakeholders that are established by law or through mutual agreements are respected;
- To offer stakeholders the opportunity to obtain effective redressal of violation of their rights and to monitor the resolution of their grievances;
- To encourage mechanisms for employee participation;
- To ensure that stakeholders have access to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process;

10. To devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices;
11. To oversee the performance of the Registrars and Share Transfer Agents of the Company;
12. To look into such other matters as may from time to time be required by any statutory or regulatory authority to be attended by the Committee;
13. To consider other matters, as from time to time, be referred to it by the Board.

The full text of the Charter of the Stakeholders Relationship Committee is available at the Company's website [www.sudarshan.com](http://www.sudarshan.com)

#### **Meetings**

During the Financial Year 2016-17, Stakeholders Relationship Committee meetings were held on 30<sup>th</sup> July, 2016, 11<sup>th</sup> November, 2016 and 9<sup>th</sup> February, 2017.

Based on the report received from the Company's Registrars, no complaint was received from SEBI, Stock Exchange(s).

#### **Name, Designation and address of Compliance Officer:**

Mr. P. S. Raghavan  
Company Secretary  
Sudarshan Chemical Industries Limited,  
162, Wellesley Road, Pune - 411 001  
Maharashtra, India

### **IX. 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 as under :

- i. Mr. D. N. Damania, Chairman
- ii. Mr. S. Padmanabhan
- iii. Mr. N. T. Raisinghani
- iv. Mrs. S. A. Panse
- v. Mr. P. R. Rathi
- vi. Mr. R. B. Rathi
- vii. Mr. A. Vij
- viii. Mr. V. V. Thakur

#### **Terms of Reference**

1. The Risk Management Committee shall assist the Board with the identification and management of risks to which the Company is exposed. However they shall not be responsible to address risks which come under the purview of the Audit Committee, Nomination and Remuneration Committee or any other committee constituted by the Board to address any specific risk.
2. The Risk Management Committee shall ensure effective implementation of the Policy of the Company. This shall among others include :
  - i. putting in place risk management frameworks and processes;
  - ii. identifying risks and promoting a pro-active approach to treating such risks;
  - iii. conducting regular risk assessments;

- iv. allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes;
- v. striving towards strengthening the risk management system through continuous learning and improvement;
- vi. delineating business continuity processes and disaster management plans for unforeseen exigencies and providing clear and strong basis for informed decision making at all levels of the organization;
- vii. deploying strategies and methods to reduce the severity of risks;
- viii. complying with all relevant laws and regulations across its areas of operation; and
- ix. communicating the Policy to the required stakeholders through suitable means and periodically reviewing its relevance in a dynamic business environment.

A meeting of the Risk Management Committee was held on 21<sup>st</sup> December, 2016. Mr. D. N. Damania, Director presided over the meeting.

The full text of the Charter of the Risk Management Committee is available at the Company's website [www.sudarshan.com](http://www.sudarshan.com)

#### **X. 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

##### **Terms of Reference**

The CSR Committee shall:

- i. Formulate CSR Policy and recommend the same to the Board of the Company for approval;
- ii. Recommend CSR Activities as specified in Schedule VII to the Act including any amendments or modification from time to time as applicable;
- iii. Approve to undertake CSR Activities in collaboration with group companies or other companies or non-governmental organizations and to separately report the same in accordance with the CSR Rules;
- iv. Recommend the amount of expenditure to be incurred on the CSR Activities;
- v. Spend the allocated CSR amount on the CSR Activities once it is approved by the Board of the Company in accordance with the Act and the CSR Rules;
- vi. Monitor the Corporate Social Responsibility Policy of the Company from time to time;
- vii. Monitor and ensure that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company;
- viii. Formulate a transparent mechanism for ensuring implementation of the projects, programs or activities proposed to be undertaken by the Company or the end use of the amount spent towards CSR Activities;
- ix. Ensure that all the income accrued to the Company by way of CSR Activities is credited back to the CSR corpus;
- x. Approve the responsibility statement relating to implementation and monitoring of CSR Policy in compliance with CSR Objectives and CSR Policy of the Company and submit reports to the Board in respect of CSR Activities undertaken by the Company;
- xi. Review and ensure compliance with the requirements of the provisions of the Act, CSR Rules and periodical disclosure requirements;
- xii. Authorise executives of the Company to attend the meetings of the CSR Committee.

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

##### **Composition**

CSR Committee currently consists of following Members:

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

During the Financial Year 2016-17, one meeting of the CSR Committee was held on 27<sup>th</sup> March, 2017. All the members were present at the meeting.

#### **XI. Other Policies mandated under SEBI Listing Regulations, 2015**

##### **a. Archival Policy**

Pursuant to Regulation 30(8) of SEBI Listing Regulations, 2015, every listed company shall disclose on its website all such events or information which have been disclosed to the stock exchange(s) under Regulation 30. Such disclosures shall be posted on the website of the company for a minimum period of five years and thereafter as per the archival policy of the company. Accordingly, the Board of Directors have approved the 'Archival Policy'. The Policy can be accessed from the Company's website [www.sudarshan.com](http://www.sudarshan.com)

##### **b. Policy for Preservation of Documents**

Pursuant to Regulation 9 of SEBI Listing Regulations, 2015, The Board of Directors have adopted Policy on Preservation of Documents. This policy envisages the procedure governing preservation of documents as required to be maintained under the various statutes viz. Companies Act, 1956, Companies Act, 2013 and Rules issued there under from time to time, applicable Secretarial Standards, Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and any other applicable regulations under SEBI Act, 1992. The Policy can be accessed from the company's website [www.sudarshan.com](http://www.sudarshan.com)

##### **c. Policy for Determination of Material Events or Information**

Pursuant to Regulation 30 of the SEBI Listing Regulation, 2015, the Board of Directors have 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 [www.sudarshan.com](http://www.sudarshan.com).

##### **d. Dividend Distribution Policy :**

Company's name has been included in the Top 500 list of companies for market capitalization as on 31<sup>st</sup> March, 2017 by the Stock Exchanges where the equity shares of the Company are listed. As such, as per SEBI circular, it is mandatory for the Company to declare and follow a Dividend Distribution Policy and the same is required to be disclosed the Annual Report / Website of companies.

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

1. The circumstances under which their shareholders can or cannot expect dividend;
2. The financial parameters that will be considered while declaring dividends;
3. Internal and external factors that would be considered for declaration of dividend;
4. Policy as to how the retained earnings will be utilized;
5. Provisions in regard to various classes of shares.

The Board of Directors of the Company, in anticipation of the probable inclusion of Company's name in the Top 500 list of companies by the Stock Exchanges based on market capitalization as on 31<sup>st</sup> March, 2017, had approved the Dividend Distribution Policy in its meeting held on 10<sup>th</sup> February, 2017. The said policy lays down a range of 25% to 40% of distributable surplus of a particular year which could be distributed as dividend to shareholders. For more details, shareholders are requested to view the website of the Company [www.sudarshan.com](http://www.sudarshan.com)

##### **e. Investor Communication Policy :**

As a Listed Entity, the Company is duty bound to comply with certain obligations imposed by the Securities and Exchange board of India ("SEBI") under SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "SEBI Regulations"), regarding the disclosure of confidential and sensitive information to the public. Premature or otherwise unauthorized disclosure of internal information relating to the Company could adversely affect the Company's ability to meet its disclosure obligations under the SEBI Regulations. In addition, unauthorized disclosure could cause competitive harm to the Company and in some cases may result in liability for the Company.

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

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

Examples of activities affected by this Policy include:

- a) Earnings releases and related conference calls.
- b) Speeches, interviews and conferences.
- c) Responding to market rumors.
- d) Reviewing analyst reports.
- e) Referring to or distributing analyst reports on the Company.
- f) Analyst and investor visits.
- g) Postings on the Company's websites.
- h) Social media communications, including through corporate blogs, employee blogs, chat boards, Twitter, Facebook, LinkedIn, YouTube and any other non-traditional means of communication.

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

The Company's Compliance Officer i.e Company Secretary in consultation with the Dy. General Manager - Finance (Acting CFO) and / or the Chairman & Managing Director / Dy. 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.

Also, information that would normally be regarded as "material and price sensitive " shall mainly include the following :

- a) Financial results, financial condition, projections or forecasts;
- b) Known but unannounced future earnings or losses;
- c) Significant corporate events, such as a pending or proposed acquisition or joint venture;
- d) Plans to launch new products or features or significant product defects;
- e) Significant developments involving business relationships with customers, suppliers or other business partners;
- f) The status of the Company's progress toward achieving significant goals;
- g) New investments or financings or developments regarding investments or financings;
- h) Changes in auditors or auditor notification that the issuer may no longer rely on an audit report;
- i) Events regarding the Company's securities (such as repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, public or private sales of additional securities or information related to any additional funding);
- j) Bankruptcies, receiverships or financial liquidity problems;
- k) Pricing changes;
- l) Positive or negative developments in outstanding litigation, investigations or regulatory matters; or
- m) Known but unannounced changes in the members of the Senior Management, Board of Directors or the Key Managerial Personnel.

The Board of Directors of the Company has approved the Investor Communication Policy in its meeting held on 10<sup>th</sup> February, 2017. For more details, shareholders are requested to visit the website of the Company [www.sudarshan.com](http://www.sudarshan.com)

## XII. Other committees constituted by the Company:

1. **Finance Committee:** The scope of the Committee is to approve raising of short-term finance within the overall limits set up by the Board.

Mrs. S. A. Panse, Mr. S. Padmanabhan, Mr. S. K. Asher, Mr. P. R. Rathi and Mr. R. B. Rathi 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. **Share Transfer Committee:** The scope is to approve / reject the transfers based on the report of the Company's Registrar and Transfer Agents, M/s Link Intime India Private Limited.

Mr. K. L. Rathi, Mr. P. R. Rathi and Mr. N. J. Rathi, Directors constitute members of the Committee.

Meetings are held at convenient intervals to ensure transfer and dispatch of share certificates within the stipulated time limit prescribed by the stock exchanges.

3. **Issue of Share Certificates / Duplicate Shares Certificates Committee:** The scope of the committee is to approve issue of duplicate share certificates arising out of split / consolidation and loss of share certificates.

Mr. K. L. Rathi, Mr. N. J. Rathi and Mr. S. N. Inamdar, Directors constitute members of the Committee.

Meetings are held at convenient intervals to ensure issue and dispatch of share certificates within the stipulated deadline prescribed by the stock exchanges.

### XIII. Related Party Transactions :

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and Listing Regulations [a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity].

The policy has been disclosed on the website of the Company at [www.sudarshan.com](http://www.sudarshan.com).

All Related Party Transactions are approved by the Audit Committee prior to the transaction. The Audit Committee has, after obtaining approval of the Board of Directors, laid down the criteria for granting omnibus approval which forms part of the Policy on Related Party Transactions. Related Party Transactions of repetitive nature are approved by the Audit Committee on omnibus basis for one Financial Year at a time. The Audit Committee satisfies itself regarding the need for omnibus approval and ensures compliance with the requirements of Listing Regulations and the Companies Act, 2013.

There were no material significant transactions entered into by the Company with Independent Directors or relatives etc. that may have a potential conflict with the interest of the Company.

During the Financial Year 2016-17, there were no such Related Party Transactions, either as per Companies Act, 2013 or Listing Regulations which were required to be approved by the Board of Directors or the shareholders of the Company.

A confirmation as to compliance of Related Party Transactions as per Listing Regulations is also sent to the Stock Exchanges along with the quarterly compliance report on Corporate Governance.

#### Subsidiary Companies - Monitoring Framework

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

### XIV. General Body Meeting:

Details of last three Annual General Meetings are given below:

Financial Year	Date	Venue	No. of Directors present
2015-2016	12/08/2016	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	11
2014-2015	14/08/2015	Mahratta Chamber of Commerce, Industries And Agriculture, ICC Towers, Senapati Bapat Road, Pune.	12
2013-2014	09/08/2014	Mahratta Chamber of Commerce, Industries And Agriculture, Tilak Road, Pune	8

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

Date of AGM	Details of Special Resolution/s passed	Remarks
12/08/2016	Nil	Nil
14/08/2015	Approval for payment of commission to Non Executive Directors of the Company for FY 2014-15 and for future Financial Years.	Passed by three fourth's majority.
09/08/2014	<ol style="list-style-type: none"> <li>1. For obtaining the consents of the shareholders for borrowings and creation of charges on the properties of the Company situated at Roha, Mahad and Ambadvet upto an amount not exceeding Rs. 50 Million</li> <li>2. For obtaining the consents of the shareholders for entering into transactions with Rathi Brothers Poona Limited, Rathi Brothers Delhi Limited, Rathi Brothers Calcutta Limited and Rathi Brothers Madras Limited in which the Promoter Group Directors and Members of the Promoter Group are interested.</li> </ol>	<p>Passed by three fourth's majority.</p> <p>Passed by three fourth's majority</p>

**XVI. Disclosures:**

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years. The Company has complied with all the mandatory requirements of SEBI ( Listing Obligations and Disclosure Requirements ) Regulations, 2015 during FY 2016-17.

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of such subsidiary company. However, in the interest of good governance, an Independent Director has been appointed on the Boards of Prescient Color Limited and RIECO Industries Limited. The Audit Committee also reviews presentation made on significant issues in audit, internal control, risk management, etc. relating to subsidiaries. The policy for determining "Material" subsidiaries can be accessed from the company website: [www.sudarshan.com](http://www.sudarshan.com).

The minutes of the meetings of the Board of Wholly Owned Subsidiary Companies i.e. Prescient Color Limited, RIECO Industries Limited, Sudarshan CSR Foundation, Sudarshan Europe B.V. and Sudarshan North America Inc., wholly owned subsidiary of Sudarshan Europe B.V. and first level step down subsidiary of Sudarshan were tabled before the Board at respective Board meetings and noted.

Except for the constitution of Nomination and Remuneration Committee, other non-mandatory requirements under Listing Regulations, 2015 have not been adopted.

**XVII. Secretarial Audit:**

M/s Rajesh Karunakaran & Co., Company Secretaries, Pune has been entrusted with the task of discharging the following :

- a. to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit report submitted to the Board confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- b. to carry out audit of secretarial records of the Company for the Financial Year 2016-17 pursuant to Section 204 of the Companies Act, 2013 and to issue certificate to that effect. Certificate issued by PCS vide Form No. MR-3 is annexed to the Report of the Board of Directors as **Annexure VIII**.

**XVIII. Means of Communication:**

The Quarterly, Half-Yearly, Nine Monthly (Unaudited) and Yearly Consolidated Audited financial results of the Company are announced / published within the prescribed time period stipulated under the SEBI Listing Regulations. These financial results are published in The Economic Times - All Editions across the Country - English Newspaper and The Maharashtra Times - Pune & Mumbai Editions - Marathi Newspaper. The Notice of the Board Meetings pertaining to approval of Unaudited / Audited Financial Results were also published in The Indian Express - English Newspaper and The Loksatta - Marathi Newspaper, both Pune editions.

The Company also displays all unaudited / audited financial results, any major announcements, decisions, Press releases or significant developments on its website [www.sudarshan.com](http://www.sudarshan.com)

The Company has designated an e-mail address [grievance.redressal@sudarshan.com](mailto:grievance.redressal@sudarshan.com) for enabling investors to post their grievances and to enable timely action on investor grievances, if any. Members are requested to forward their grievances, if any, at the designated e-mail address.

**XIX. Shareholders Information:**

Shareholders information is separately provided in the Annual Report.

**CFO Certification:**

The Chairman and Managing Director and the Acting CFO give an annual certification on financial reporting and internal controls to the Board in terms of Listing Regulations, 2015. The Chairman and Managing Director and the Acting CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 17(8) of the Listing Regulations, 2015. The annual certificate given by the Chairman and Managing Director and the Acting CFO is published as **Annexure I** to this Report.

**Compliance Certificate of the Auditors**

Certificate from B. K. Khare & Co., Statutory Auditors confirming compliance with conditions of Corporate Governance as stipulated under Listing Regulations, 2015 is attached as **Annexure II** to this Report.

**XX. 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 [www.sudarshan.com](http://www.sudarshan.com)

All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017. The declaration dated 9<sup>th</sup> May, 2017 received from Mr. P. R. Rathi, Chairman and Managing Director in this regard is given below:

"I hereby declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017."

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

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE I

**CERTIFICATE OF CHAIRMAN AND MANAGING DIRECTOR AND  
DY. GENERAL MANAGER (FINANCE)-ACTING CFO**

To,

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

In respect of Audited Results of the Company for the Year ended 31<sup>st</sup> March, 2017, we hereby certify that:

- (A) We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (C) We have established and are maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee that there are no deficiencies in the design or operation of such internal controls of which we are aware.
- (D) We have indicated to the auditors and the Audit committee that:
- i. There are no significant changes in internal control over financial reporting during the year;
  - ii. There are no significant changes in accounting policies during the year; and
  - iii. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

P. R. Rathi  
Chairman and Managing Director

V. V. Thakur  
Dy. General Manager (Finance)  
Acting CFO

Pune : 26<sup>th</sup> May, 2017

ANNEXURE II

**AUDITORS' CERTIFICATE**

**To the Members of Sudarshan Chemical Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Sudarshan Chemical Industries Limited (the Company) for the year ended on 31<sup>st</sup> March, 2017 as stipulated in Regulation 17 to 27 and 46 (2) (b) to (i) and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

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 stipulated in the above mentioned Listing Regulations, 2015.

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

For B. K. Khare and Co.  
Chartered Accountants  
Firm Registration No. : 105102W

Shirish Rahalkar  
Partner  
Membership No.111212

Pune : 26<sup>th</sup> May, 2017



## SHAREHOLDERS INFORMATION

### 1. Annual General Meeting :

<b>Day and Date</b>	<b>Friday, 10<sup>th</sup> August, 2017</b>
<b>Time</b>	11.30 A.M.
<b>Venue</b>	Sumant Moolgaokar Auditorium, A-Wing, Ground Floor, Mahratta Chamber of Commerce, Industries And Agriculture, ICC Complex, Senapati Bapat Marg, Pune 411 016.

### 2. Financial Calendar (Tentative) :

**April 2017 to March 2018**

Sr. No.	Particulars of Meetings	Date
1	Audited Financial Results for the year ended 31 <sup>st</sup> March, 2017.	26 <sup>th</sup> May, 2017
2	Unaudited Quarterly Results for the Quarter ended 30 <sup>th</sup> June, 2017.	10 <sup>th</sup> August, 2017
3	66 <sup>th</sup> Annual General Meeting	10 <sup>th</sup> August, 2017
4	Unaudited Quarterly Results for the Quarter ended 30 <sup>th</sup> September, 2017.	9 <sup>th</sup> November, 2017
5	Unaudited Quarterly Results for the Quarter ended 31 <sup>st</sup> December, 2017.	8 <sup>th</sup> February, 2018
6	Audited Financial Results for the year ended on 31 <sup>st</sup> March, 2018.	24 <sup>th</sup> May, 2018

### 3. Date of Book Closure :

31<sup>st</sup> July, 2017 to 10<sup>th</sup> August, 2017 (both days inclusive).

### 4. Dividend payment date:

The dividend payment date for interim dividend declared by the Board on 10<sup>th</sup> February, 2017 was 4<sup>th</sup> March, 2017.

The Board of Directors at its meeting held on 26<sup>th</sup> May, 2017 have recommended final dividend of Rs. 1.00 per equity share (@ 50%) on a face value of Rs. 2.00 for the year Financial Year ended 31<sup>st</sup> March, 2017 subject to the approval of the shareholders in the Annual General Meeting. The final dividend, if approved by the shareholders at the Annual General Meeting, will be paid on or before 9<sup>th</sup> September, 2017 to those members whose names appear on the Register of Members of the Company / beneficial owners as on 10<sup>th</sup> August, 2017.

### 5. Dividend Trend for past five years:

Sr. No.	Dividend Year	Dividend %	Dividend per share
1	2016 – 17 (Interim Dividend) 2016 – 17 (Final Dividend)	175.00	Rs. 2.50 per share of Rs. 2 each Rs. 1.00 per share of Rs. 2 each
2	2015 – 16 (Interim Dividend) 2015 – 16 (Final Dividend)	150.00	Rs. 2.50 per share of Rs. 2 each Rs. 0.50 per share of Rs. 2 each
3	2014 – 15 (Final Dividend)	87.50	Rs. 1.75 per share of Rs. 2 each
4	2013 – 14 (Final Dividend)	150.00	Rs. 15 per share of Rs. 10 each
5	2012 – 13 (Final Dividend)	125.00	Rs. 12.50 per share of Rs. 10 each

## 6. Listing on Stock Exchanges and Stock Code:

Name	Code
BSE Limited	506655
The National Stock Exchange of India Limited	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 in respect of BSE Limited and The National Stock Exchange of India Limited for the Financial Year 2017-18. The Company has also paid the Annual Custodian Fees in respect of NSDL and CDSL for the Financial Year 2017-18.

## 7. Stock Prices:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2016	113.65	92.40	113.75	92.15
May, 2016	134.45	105.10	134.70	105.50
June, 2016	208.90	129.20	208.70	129.10
July, 2016	331.85	195.85	332.00	195.40
August, 2016	455.30	281.00	455.35	281.00
September, 2016	426.75	322.20	425.00	326.30
October, 2016	414.55	362.35	408.00	362.10
November, 2016	413.50	281.00	413.75	304.00
December, 2016	328.00	261.10	328.15	261.15
January, 2017	347.95	312.65	347.85	312.20
February, 2017	396.30	330.10	395.90	328.65
March, 2017	373.80	335.15	369.00	342.10

(Source: BSE and NSE - Websites)

Comparison of Sudarshan share price with BSE Sensex - April, 2016 to March, 2017:



## 8. Investor Relations

Investor Relations (IR) at the Company aims at proactively giving out timely information to the investors so that they can take a well-considered decision. This two way communication by periodically holding con call/ holding of annual Investor Meet helps keep the stakeholders updated with the quarterly financial performance and material business events. Feedback received from investors is given due consideration by the Company's Management.

In order to ensure timely and adequate information flow the following activities are organized :

- meetings with investors to brief them about the Company and respond to their queries and concerns.
- provide updates on the Company's performance to all investors immediately after the release of quarterly results.

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

- the Company holds annual analyst meets to brief them about the Company's vision, business situation and plans at a strategic level.
- Recently the Company has revamped its website and the Investor section has also been updated with a more user friendly interface in order to provide convenience to the various stakeholders.

## 9. Registrar and Transfer Agents:

Link Intime India Private Limited, Pune is acting as the Company's Registrar and Transfer Agents to take care of all share related work including giving electronic credit of dematerialized shares of the Company. All share related matters are handled under the supervision of Mr. P. S. Raghavan Company Secretary who is also the Compliance Officer under the Listing Regulations, 2015.

## 10. Share Transfer System:

The Board has constituted a Share Transfer Committee for expeditious transfer of shares. The shares lodged with the Company and complete in all respects are usually transferred within a period of three weeks from the date of lodgement.

## 11. Distribution of shareholding:

(As on 31<sup>st</sup> March, 2017)

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 – 3000	20,460	92.11	55,22,956	7.98
3001 – 5000	747	3.36	15,04,076	2.17
5001 & Above	1,006	4.53	6,22,00,218	89.85
<b>Total</b>	<b>22,213</b>	<b>100.00</b>	<b>6,92,27,250</b>	<b>100.00</b>

## 12. Shareholding pattern:

(As on 31<sup>st</sup> March, 2017)

Category	No. of shares held	% to total paid up share capital
Rathi Promoter Group	3,66,16,260	52.89
Foreign Companies / NRI`s / Foreign Individuals	62,39,947	9.01
FII`s / Financial Institutions / Banks / Insurance Companies / Mutual Funds / UTI	41,63,675	6.02
Corporate Bodies	20,40,411	2.95
Non-Promoter Directors / Resident Individuals	2,01,66,957	29.13
<b>Total</b>	<b>6,92,27,250</b>	<b>100.00</b>

## 13. Unpaid / Unclaimed Dividend:

In terms of the provisions of Section 124 of the Companies Act, 2013 the Company is obliged to transfer dividends which remain unpaid or unclaimed for period of seven years from the date of transfer to Unpaid Dividend Account to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Company has transferred unclaimed dividend upto the Financial Year

2008-09 to the fund and no claim shall lie against the Company or the fund in respect of dividends remaining unclaimed or unpaid and transferred to the Fund. Members are hereby informed that the seven years period for payment of the dividend pertaining to Financial Years as given below will expire on respective dates and thereafter the amount standing to the credit in the said account will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest.

**Dates of transfer of Unclaimed Dividend to the fund:**

Sr. No.	Financial Year ended	Date of Declaration	Date of completion of seven years for transfer to IEPF
1.	2009-10	14/08/2010	19/09/2017
2.	2010-11	12/08/2011	17/09/2018
3.	2011-12	10/08/2012	15/09/2019
4.	2012-13	20/09/2013	26/10/2020
5.	2013-14	09/08/2014	14/09/2021
6.	2014-15	14/08/2015	19/09/2022
7.	2015-16 ( Interim Dividend )	10/03/2016	15/04/2023
8.	2015-16 ( Final Dividend )	12/08/2016	17/09/2023
9.	2016-17 (Interim Dividend )	10/02/2017 *	15/03/2024
10.	2016-17 ( Final Dividend )	10/08/2017	15/09/2024

\* 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	864	6,81,390
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	06	6,350
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	06	6,350
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	858	6,75,040

**15. Transfer of Equity Shares of the Company to Investor Education and Protection Fund Suspense Account of the Central Government**

Pursuant to the provisions of the Investor Education and Protection Fund Authority ( Accounting, Audit, Transfer and Refund ) Rules, 2016 as notified by the Ministry of Corporate Affairs, where the dividend of any shareholder has remained unpaid or unclaimed for seven consecutive years, then in such an event, the Equity Shares pertaining to the said shareholder/s is required to be transferred to the Investor Education and Protection Fund ( IEPF ) Suspense Account of the Central Government The Company has informed the concerned shareholders to claim their unpaid dividends for the previous seven consecutive years on or before 31<sup>st</sup> May, 2017, failing which their relevant Equity Shares will be transferred to the Investor Education and Protection Fund ( IEPF ) Suspense Account of the Central Government No claim shall lie against the Company in respect of unclaimed dividend amount/s once the Equity Shares are transferred to IEPF.

**16. Dematerialization of shares and liquidity:**

The Company's shares are presently traded on the BSE and NSE in dematerialized form.

Promoters share holding is held in dematerialized form.

As on 31<sup>st</sup> March, 2017, 96.66 % of the total shareholding in the Company is held in dematerialized form which includes the promoters shareholding of 52.89%.

**17. Outstanding GDRs / ADRs / Warrants and other Convertible instruments, conversion dates and likely impact on equity:**

Not applicable as not issued.

**18. Plant locations:**

Location	Address
Roha	46 MIDC Estate, Dhatav, Roha 402 116, Dist Raigad
Mahad	Plot No. A-19/1+2, MIDC Estate, Mahad 402 301, Dist. Raigad
Ambadvet (Sutarwadi)	R&D Laboratory, Ambadvet (Sutarwadi), Dist. Pune
Chikhali	Gat No. 1559, Shelar Vasti, Chikhali, Pune 411 062

**19. Address for Correspondence:**

- (1) The Company Secretary  
Sudarshan Chemical Industries Limited,  
162 Wellesley Road,  
Pune: 411 001  
Tel No. : 020-26226200  
Email: grievance.redressal@sudarshan.com
- (2) Link Intime India Private Limited  
"Akshay Complex"  
Block No. 202, 2nd Floor,  
Off Dhole Patil Road,  
Near Ganesh Temple,  
Pune : 411 001  
Tel.No.: 020-26160084,020-26161629  
Telefax : 020-26163503  
E-mail : pune@linkintime.co.in

**Disclosure under Regulation 10(1)(a)(ii) of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers ) Regulations, 2011:**

**Persons named as Promoters in the shareholding pattern filed by the Company pursuant to Regulation 31 of the Listing Regulations, 2015 with the Stock Exchanges where the equity shares of the Company is listed.**

**Mr. P.R. Rathi Group**

- 1) Mrs. Kusum Ramwilas Rathi
- 2) Mr. Pradeep Ramwilas Rathi
- 3) Mrs. Subhadra Pradeep Rathi
- 4) Mr. Rahul Pradeep Rathi

**Mr. R.B. Rathi Group**

- 5) Mr. Rajesh Balkrishna Rathi
- 6) Mr. Rajesh Balkrishna Rathi (HUF)
- 7) Mr. Rajesh Balkrishna Rathi,  
Trustee of Shri. Balkrishna Rathi Family Trust
- 8) Mr. Rajesh Balkrishna Rathi,  
Trustee of Sow Rachana Rathi Family Trust
- 9) Mrs. Rachana Rajesh Rathi

**Mr. N. J. Rathi Group**

- 10) Mr. Narayandas Jagannath Rathi
- 11) Mr. Anuj Narayandas Rathi
- 12) Mr. Anuj Narayandas Rathi (HUF)
- 13) Mrs. Archana Anuj Rathi
- 14) NJR Finance Private Limited.

**Mr. K.L. Rathi Group**

- 15) Mr. Kishor Laxminarayan Rathi
- 16) Mrs. Aruna Kishor Rathi
- 17) Mr. Rohit Kishor Rathi
- 18) Laxminarayan Finance Private Limited

**Mr. A.B. Rathi Group**

- 19) Balkrishna Rathi Finance Private Limited
- 20) Mr. Balkrishna Jagannath Rathi (HUF)
- 21) Mrs. Kusum Balkrishna Rathi
- 22) Mr. Ajoy Balkrishna Rathi
- 23) Mr. Ajoy Balkrishna Rathi (HUF)
- 24) Mr. Ajoy Balkrishna Rathi,  
Trustee of Manan Rathi Trust
- 25) Mrs. Nisha Ajoy Rathi



# **SUDARSHAN CHEMICAL INDUSTRIES LIMITED**

## **Standalone Financial Statements for the Financial Year 2016-17**

## INDEPENDENT AUDITORS' REPORT

To the Members of Sudarshan Chemical Industries Limited

### Report on the Standalone the Financial Statements

1. We have audited the accompanying Standalone Financial Statements of Sudarshan Chemical Industries Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.
4. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### Opinion

8. 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 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<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purpose of our audit;
  - b. in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
  - d. in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2017, on its financial position in its Standalone Financial Statements – Ref. Note No. 3 (i) of Note No. 29 to the Financial Statements
    - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses, and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
    - iv. The Company has provided requisite disclosures in the Standalone Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of accounts maintained by the company and as produced to us by the Management. Ref. Note No. 33 of Note No. 29 to the Financial Statements.

For B. K. Khare and Co.  
Chartered Accountants  
Firm Registration No. : 105102W

Shirish Rahalkar  
Partner  
Membership No. : 111212

Pune : 26<sup>th</sup> May, 2017

## ANNEXURE A TO THE AUDITORS' REPORT

### Annexure to the Auditors' Report referred to in paragraph 9 of Report on Other Legal and Regulatory Requirements in our report of even date:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed during such verification were not material and have been given effect in the books of accounts.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. As explained to us, the inventory was physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of accounts.
- iii. The Company has granted unsecured loan to two wholly owned subsidiary companies covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act")
  - a. In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the two wholly owned subsidiary companies listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
  - b. In respect of the aforesaid loan, the parties are repaying the principal amount, as stipulated, and are also regular in payment of interest as applicable.
  - c. In respect of the aforesaid loan, there is no overdue amount.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Act in respect of loans given, investment made and guarantees given to parties covered under the respective sections have been complied with by the Company.
- v. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vi. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii.
  - a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and other material statutory dues, as applicable, with the appropriate authorities. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they become payable.
  - b. According to the information and explanations given to us and records of the Company examined by us, particulars of dues of Sales Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of disputes are as under:

Name of the Statute	Nature of Dues	Amount (Rs.)	Financial Years to which it pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	1,253,189	2004-05, 2005-06, 2006-07, 2009-10, 2010-11, 2016-17	Assistant Commissioner of Central Excise
The Central Excise Act, 1944	Excise Duty	26,803,331	2013-14, 2014-15	Custom, Excise & Service Tax Appellate Tribunal

Name of the Statute	Nature of Dues	Amount (Rs.)	Financial Years to which it pertains	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	109,864	2015-16	Commissioner Appeal Central Excise
Maharashtra VAT Act, 2002	VAT	19,356,797	2006-07 to 2011-12	Joint Commissioner of Sales Tax (Appeal 01)
Tamil Nadu VAT Act, 2006	VAT	623,691	2003-04	Assistant Commissioner, Commercial Tax Department Coimbatore
Andhra Pradesh VAT Act, 2005	VAT	826,015	2007-08	Assistant Commissioner, Commercial Tax Department (LTU)
Karnataka VAT Act, 2003	VAT	76,959	2008-09	The Commercial Tax Inspector, Commercial Tax Check Post
Customs Act, 1962	Custom Duty	32,276,716	2011-12, 2012-13	Custom, Excise & Service Tax Appellate Tribunal
<b>Total</b>		<b>81,326,562</b>		

- viii. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- ix. Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instances of frauds by the Company or any material fraud on the Company by its officers or employees nor have any instances of material fraud been reported to us by the management during the year.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a 'Nidhi' Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the Clause 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For B. K. Khare and Co.

Chartered Accountants  
Firm Registration No. : 105102W

Pune : 26<sup>th</sup> May, 2017

Shirish Rahalkar  
Partner  
Membership No. : 111212

## ANNEXURE B TO THE AUDITORS' REPORT

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Sudarshan Chemical Industries Limited on the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2017.

1. We have audited the internal financial controls over financial reporting of Sudarshan Chemical Industries Limited ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 ("the Act").

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
5. 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 system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's internal financial control over financial reporting includes those policies and procedures that
  - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - b. 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



- c. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare and Co.  
Chartered Accountants  
Firm Registration No. : 105102W

Shirish Rahalkar  
Partner  
Membership No. : 111212

Pune : 26<sup>th</sup> May, 2017

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017**

Particulars	Note No.	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	138,454,500	138,454,500
(b) Reserves and Surplus	2	3,816,243,866	3,130,454,249
		<u>3,954,698,366</u>	<u>3,268,908,749</u>
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	3	1,368,092,500	2,083,082,000
(b) Deferred tax liabilities (Net)	4	459,358,347	344,285,924
(c) Other long-term liabilities	5	45,127,832	38,771,536
(d) Long-term provisions	6	128,005,568	109,806,228
		<u>2,000,584,247</u>	<u>2,575,945,688</u>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	1,366,160,530	1,047,155,688
(b) Trade payables	8		
- Micro Enterprises and Small Enterprises		33,637,580	11,154,454
- Other than Micro Enterprises and Small Enterprises		1,999,045,295	1,702,290,742
(c) Other current liabilities	9	1,412,545,507	917,987,934
(d) Short-term provisions	10	14,167,546	61,334,712
		<u>4,825,556,458</u>	<u>3,739,923,530</u>
<b>Total</b>		<u><u>10,780,839,071</u></u>	<u><u>9,584,777,967</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	4,043,966,623	3,147,874,545
(ii) Intangible assets	12	131,794,651	135,467,760
(iii) Capital work-in-progress		80,230,993	154,348,213
(b) Non-current investments	13	533,862,112	482,862,112
(c) Long-term loans and advances	14	240,910,186	341,049,622
(d) Other non-current assets	15	58,138,724	2,500,000
		<u>5,088,903,289</u>	<u>4,264,102,252</u>
<b>(2) Current Assets</b>			
(a) Inventories	16	1,867,441,045	1,693,440,769
(b) Trade receivables	17	2,882,699,586	2,894,432,023
(c) Cash and cash equivalents	18	129,368,492	214,904,188
(d) Short-term loans and advances	19	492,208,244	457,896,696
(e) Other current assets	20	320,218,415	60,002,039
		<u>5,691,935,782</u>	<u>5,320,675,715</u>
<b>Total</b>		<u><u>10,780,839,071</u></u>	<u><u>9,584,777,967</u></u>
See accompanying Notes to The Financial Statements	29		

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

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

SHIRISH RAHALKAR  
Partner  
Membership No.:111212

Pune : 26<sup>th</sup> May, 2017

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
Chairman &  
Managing Director

R.B.RATHI  
Deputy  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

P.S.RAGHAVAN  
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

Particulars	Note No.	Current Year Rs.	Previous Year Rs.
I. Revenue from operations	21	13,905,142,205	12,973,233,766
Less : Excise duty		976,540,976	900,669,442
		12,928,601,229	12,072,564,324
II. Other Income	22	227,269,894	128,814,882
<b>III. Total Revenue (I +II)</b>		<b>13,155,871,123</b>	<b>12,201,379,206</b>
IV. Expenses :			
Cost of materials consumed	23	7,164,848,115	6,596,407,755
Purchase of stock-in-trade	24	493,012,991	346,774,989
(Increase) / Decrease in inventories of finished goods, work in progress and stock-in-trade	25	(155,742,340)	64,060,448
Employee benefit expense	26	788,332,836	717,793,766
Finance costs	27	245,031,610	263,500,749
Depreciation and amortisation expense	11,12	498,778,352	437,907,805
Other expenses	28	2,903,430,752	2,790,065,330
<b>Total Expenses</b>		<b>11,937,692,316</b>	<b>11,216,510,842</b>
<b>V. Profit / (Loss) before exceptional, extraordinary items and tax (III - IV)</b>		<b>1,218,178,807</b>	<b>984,868,364</b>
VI. Exceptional Items		-	-
<b>VII. Profit / (Loss) before extraordinary items and tax (V-VI)</b>		<b>1,218,178,807</b>	<b>984,868,364</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit / (Loss) before tax (VII - VIII)</b>		<b>1,218,178,807</b>	<b>984,868,364</b>
X. Tax expense :			
Current Tax		261,006,044	211,289,724
MAT Credit (Entitlement) / Utilised (Net)		(51,995,872)	74,500,000
		209,010,172	285,789,724
Deferred Tax Charge / (Credit)		115,072,423	(17,207,047)
<b>Total Tax Expense</b>		<b>324,082,595</b>	<b>268,582,677</b>
<b>XI. Profit / (Loss) for the period from continuing operations</b>		<b>894,096,212</b>	<b>716,285,687</b>
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)		-	-
<b>XV. Profit / (Loss) for the period (XI + XIV)</b>		<b>894,096,212</b>	<b>716,285,687</b>
XVI. Earnings per equity share, Basic and Diluted (Rs. Per Equity Share of Rs. 2 each) (Ref. Note No. 21 of Note No. 29)		12.92	10.35
See accompanying Notes to The Financial Statements	29		

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

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

SHIRISH RAHALKAR  
Partner  
Membership No.:111212

Pune : 26<sup>th</sup> May, 2017

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
Chairman &  
Managing Director

R.B.RATHI  
Deputy  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

P.S.RAGHAVAN  
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

Particulars	Current Year Rs.	Previous Year Rs.
<b>Cash flow from operating activities</b>		
Profit / (Loss) before tax from operations	1,218,178,807	984,868,364
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation / amortization	498,778,352	437,907,805
Loss / (Profit) on sale or write off of fixed assets	25,718,420	(490,868)
Provision no longer required written back	(14,541,319)	(67,961,944)
Unrealized foreign exchange Loss / (Gain)	(57,536,850)	13,566,318
Provision for doubtful debts and advances	(5,933,064)	41,576,838
Advance and Bad Debts written-off	39,178,582	40,860,186
Interest expense	245,031,610	263,500,749
Interest income	(39,855,071)	(37,918,480)
<b>Operating profit before working capital changes</b>	<b>1,909,019,467</b>	<b>1,675,908,968</b>
<b>Movements in working capital :</b>		
Increase / (decrease) in trade payables	330,626,673	155,480,984
Increase / (decrease) in provisions	12,693,499	(9,691,073)
Increase / (decrease) in other liabilities	(16,017,456)	155,728,818
Decrease / (increase) in trade receivables	24,390,237	(309,808,460)
Decrease / (increase) in inventories	(174,000,275)	32,812,793
Decrease / (increase) in loans and advances	(137,420,985)	(36,505,690)
Decrease / (increase) in other assets	(260,216,376)	46,923,294
<b>Cash generated from / (used in) operations</b>	<b>1,689,074,784</b>	<b>1,710,849,634</b>
Direct taxes paid	(294,623,573)	(190,870,625)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,394,451,211</b>	<b>1,519,979,009</b>
<b>Cash flows from investing activities :</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances / liabilities	(1,330,569,629)	(752,288,622)
Proceeds from sale of fixed assets	13,151,800	2,485,184
Proceeds from non-current investments	19,000,000	10,000,000
Share Application Money	(6,634,000)	(70,000,000)
Investments in bank deposits (Having original maturity of more than three months) (Net)	(58,134,092)	(19,562,441)
Loan given to subsidiaries	(64,804,164)	(209,219,159)
Repayment of loan from subsidiaries	149,219,159	221,872,628
Interest received	39,855,071	35,107,064
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,238,915,855)</b>	<b>(781,605,346)</b>
<b>Cash flows from financing activities :</b>		
Proceeds from long-term borrowings	337,437,210	692,464,975
Repayment of long-term borrowings	(415,866,229)	(368,513,383)
Dividend Paid (Including Dividend Distribution Tax)	(248,069,581)	(354,121,999)
Proceeds from short-term borrowings (Net)	327,155,887	(442,434,440)
Interest paid	(244,223,707)	(251,581,696)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(243,566,420)</b>	<b>(724,186,543)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(88,031,064)</b>	<b>14,187,120</b>
Cash and cash equivalents at the beginning of the year	182,868,576	168,681,456
<b>Cash and cash equivalents at the end of the year</b>	<b>94,837,512</b>	<b>182,868,576</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,168,980	1,704,770
<b>With banks :</b>		
on current account	80,761,661	170,123,645
on deposit account	-	31,629
unpaid dividend accounts*	12,906,871	11,008,532
<b>Total cash and cash equivalents (Ref. Note No. 18)</b>	<b>94,837,512</b>	<b>182,868,576</b>

## Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement, prescribed under Section 133 of the Companies Act, 2013.
- Previous year's figures have been regrouped wherever necessary to conform to the current year classification.  
\* The Company can utilise these balances only towards settlement of the respective unpaid dividend.

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

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

P.R.RATHI  
Chairman &  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

SHIRISH RAHALKAR  
Partner  
Membership No.:111212

Pune : 26<sup>th</sup> May, 2017

R.B.RATHI  
Deputy  
Managing Director

P.S.RAGHAVAN  
Company Secretary

Pune : 26<sup>th</sup> May, 2017

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.		As at 31-03-2016 Rs.	
	<b>SHAREHOLDERS' FUNDS :</b>				
1	<b>SHARE CAPITAL</b>				
	<b>Equity Share Capital :</b>				
	<b>AUTHORISED :</b>				
	75,000,000 (Previous Year : 75,000,000) Equity Shares of Rs. 2 each.	<u>150,000,000</u>		<u>150,000,000</u>	
	<b>ISSUED :</b>				
	* 69,227,750 (Previous Year : 69,227,750) Equity Shares of Rs. 2 each.	<u>138,455,500</u>		<u>138,455,500</u>	
	<b>SUBSCRIBED AND PAID-UP :</b>				
	69,227,250 (Previous Year : 69,227,250) Equity Shares of Rs. 2 each fully paid up.	<u>138,454,500</u>		<u>138,454,500</u>	
	* Allotment of 500 Rights Equity Shares of Rs. 2 each is kept in abeyance, matter being sub-judice.				
	<b>(a) Reconciliation of the shares outstanding at the beginning and at the end of the year :</b>				
		<b>No.</b>	<b>Rs.</b>	<b>No.</b>	<b>Rs.</b>
	At the beginning of the year	69,227,250	138,454,500	69,227,250	138,454,500
	Add : Issued during the year	-	-	-	-
	Less : Shares bought back during the year	-	-	-	-
	Outstanding at the end of the year	<u>69,227,250</u>	<u>138,454,500</u>	<u>69,227,250</u>	<u>138,454,500</u>
	<b>(b) Terms / Rights attached to equity shares :</b>				
	The Company has only one class of equity shares having a par value of Rs. 2 per share (Previous Year : Rs.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.				
	During March, 2017 an Interim Dividend of Rs. 2.50 per share was paid. Also, a Final Dividend of Rs. 1.00 per share was proposed to be paid for the Financial Year ended 31 <sup>st</sup> March, 2017, subject to approval of shareholders. In view of this, the amount of dividend per share aggregates to Rs. 3.50 (Previous Year : Rs. 3.00) on a face value of Rs. 2 per share.				
	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.				
	<b>(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates :</b>				
	The Company does not have any holding or ultimate holding company.				
	<b>(d) Details of shareholders holding more than 5% shares in the company :</b>				
		<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
	Mr. Pradeep R. Rathi	3,823,450	5.52	3,823,450	5.52
	Mr. Rahul P. Rathi	4,754,540	6.87	4,754,540	6.87
	Mr. Anuj N. Rathi	3,827,620	5.53	3,827,620	5.53
	DIC Corporation, Japan	5,579,890	8.06	5,579,890	8.06

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.		As at 31-03-2016 Rs.	
<b>2</b>	<b>RESERVES AND SURPLUS</b>				
	<b>(a) CAPITAL RESERVE</b>				
	Balance at the beginning of the year	5,044,100		5,044,100	
	Additions during the year	-		-	
	Less : Deductions during the year	-		-	
	Balance at the end of the year	<u>5,044,100</u>	<u>5,044,100</u>	<u>5,044,100</u>	<u>5,044,100</u>
	<b>(b) SECURITIES PREMIUM ACCOUNT</b>				
	Balance at the beginning of the year	132,115,000		132,115,000	
	Additions during the year	-		-	
	Less : Deductions during the year	-		-	
	Balance at the end of the year	<u>132,115,000</u>	<u>132,115,000</u>	<u>132,115,000</u>	<u>132,115,000</u>
	<b>(c) GENERAL RESERVE</b>				
	Balance at the beginning of the year	1,684,050,614		1,584,050,614	
	Add : Transferred from Surplus in the Statement of Profit and Loss	150,000,000		100,000,000	
	Less : Deductions during the year	-		-	
	Balance at the end of the year	<u>1,834,050,614</u>	<u>1,834,050,614</u>	<u>1,684,050,614</u>	<u>1,684,050,614</u>
	<b>(d) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>				
	Surplus at the beginning of the year	1,309,244,535		942,927,554	
	Add : Profit After Tax for the year	894,096,212		716,285,687	
	Less: Appropriations				
	Interim Equity Dividend	173,068,125		173,068,911	
	Proposed Final Equity Dividend	-		34,613,625	
	Tax on Interim and Final Equity Dividend <i>Ref. Note No. 32 and Note No. 29</i>	35,238,470		42,286,170	
	Transferred to General Reserve	150,000,000		100,000,000	
		<u>1,845,034,152</u>	<u>1,845,034,152</u>	<u>1,309,244,535</u>	<u>1,309,244,535</u>
	Total ...		<u><u>3,816,243,866</u></u>		<u><u>3,130,454,249</u></u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
	<b>NON-CURRENT LIABILITIES :</b>		
<b>3</b>	<b>LONG-TERM BORROWINGS</b>		
	<b>(a) SECURED LOANS FROM BANKS :</b>		
	<b>- Rupee Loans :</b>		
	Export - Import Bank of India (EXIM Bank) <i>Ref. Note No. i) below</i>	75,000,000	112,400,000
	State Bank of India <i>Ref. Note No. ii) below</i>	60,000,000	120,000,000
	<b>- Foreign Currency Loans :</b>		
	State Bank of India <i>Ref. Note Nos. iii) and iv) below</i>	969,862,500	1,195,902,000
		<b>1,104,862,500</b>	<b>1,428,302,000</b>
	<b>(b) UNSECURED LOANS FROM OTHERS :</b>		
	<b>Loans and Advances from Related Parties :</b>		
	i) Intercompany Deposits <i>Ref. Note No. v) below</i>	105,185,000	86,570,000
	ii) Fixed Deposits		
	1) From Public	-	3,620,000
	2) From Shareholders <i>Ref. Note No. vi) below and Note No. 7 of Note No. 29</i>	-	70,130,000
		<b>105,185,000</b>	<b>160,320,000</b>
	<b>Loans and Advances from Others :</b>		
	i) Intercompany Deposits <i>Ref. Note No. v) below</i>	23,860,000	27,950,000
	ii) Fixed Deposits		
	1) From Public	134,185,000	404,720,000
	2) From Shareholders <i>Ref. Note No. vi) below and Note No. 7 of Note No. 29</i>	-	61,790,000
		<b>158,045,000</b>	<b>494,460,000</b>
		<b>263,230,000</b>	<b>654,780,000</b>
	<b>Total ...</b>	<b>1,368,092,500</b>	<b>2,083,082,000</b>

Sr. No.	Particulars	Rate and Repayment Schedule	Security
i)	Corporate Term Loan from EXIM Bank of Rs. 15 Crores was taken in Financial Year 2014-15. Outstanding : Non-current Maturity Rs. 75,000,000 Current Maturity Rs. 37,500,000 (P.Y. Non-Current Maturity Rs. 112,400,000 Current Maturity Rs. 37,600,000)	Interest @ 10.20% p.a. Repayable in 16 quarterly instalments of Rs. 94 Lacs each from July 2016.	Secured by a First Pari Passu Charge by way of hypothecation of the entire movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune and further secured by way of mortgage by First Pari Passu Charge over the entire fixed assets including immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune
ii)	Corporate Term Loan from SBI of Rs. 30 Crores was taken in parts till 31 <sup>st</sup> March, 2014. Outstanding : Non-current Maturity Rs. 60,000,000 Current Maturity Rs. 60,000,000 (P.Y. Non-current Maturity Rs. 120,000,000 Current Maturity Rs. 60,000,000)	Interest @ 10.40% p.a. Repayable in 20 quarterly instalments of Rs. 150 Lacs each from June 2014.	Secured by a First Pari Passu Charge on all the movable fixed assets and current assets of the Company. Also the said Corporate Loan is secured by a mortgage charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune
iii)	ECB Loan from SBI of EURO 13 Million was taken in Financial Year 2014-15 Outstanding : Non-current Maturity Rs. 408,915,000 Current Maturity Rs. 181,740,000 (P.Y. Non-current Maturity Rs. 639,580,500 Current Maturity Rs. 196,794,000)	Interest @ 3.20% p.a. Repayable in 20 quarterly instalments of EURO 6.50 Lacs each from July 2015.	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), Amrablevadi, Dist. Pune and further secured by way of Supplemental Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Sr. No.	Particulars	Rate and Repayment Schedule	Security
iv)	ECB Loan from SBI of EURO 10.70 Million was taken in Financial Year 2015-16. Outstanding : Non-current Maturity Rs. 560,947,500 Current Maturity Rs. 149,586,000 (P.Y. Non-current Maturity Rs. 556,321,500 Current Maturity Rs. Nil)	Interest @ EURIBOR + 2.00% p.a. Repayable in 20 quarterly instalments of EURO 5.35 Lacs each from March 2017.	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), Amrablevadi, Dist. Pune and further secured by way of Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrablevadi, Dist. Pune
v)	Intercompany Deposits	Rate of Interest is 8.50 to 10.50% p.a. Accepted for period of 3 years.	None
vi)	Fixed Deposits	Rate of Interest is 10.25% p.a. Accepted for period of 3 years.	None
vii)	Borrowing maturing within 12 months are disclosed in Note No. 9 (a)		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>4</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
	Deferred Tax Liabilities :		
	Depreciation	502,505,326	386,739,658
		<u>502,505,326</u>	<u>386,739,658</u>
	Deferred Tax Assets :		
	Provision for Doubtful Advance / Debtors	15,442,119	17,495,434
	Expenditure accrued, allowable on actual payment	27,704,860	24,958,300
		<u>43,146,979</u>	<u>42,453,734</u>
	Deferred Tax Liabilities (Net)	Total ... 459,358,347	344,285,924
	<i>Ref. Note No. 1 (xiii) of Note No. 29</i>		
<b>5</b>	<b>OTHER LONG-TERM LIABILITIES</b>		
	Security Deposits	29,081,008	28,346,008
	Retention Money	16,046,824	10,425,528
		<u>45,127,832</u>	<u>38,771,536</u>
	Total ...		
<b>6</b>	<b>LONG-TERM PROVISIONS</b>		
	<b>PROVISION FOR EMPLOYEE BENEFITS :</b>		
	Pension	78,062,379	67,221,208
	<i>Ref. Note No.1 (xii) and Note No. 4 (A) 2 (a) of Note No. 29</i>		
	<i>For current liability Ref. Note No.10 (a)</i>		
	Compensated Absences	49,943,189	42,585,020
	<i>Ref. Note No.1 (xii) and Note No. 4 (A) 3 of Note No. 29</i>		
	<i>For current liability Ref. Note No.10 (a)</i>		
	Total ...	<u>128,005,568</u>	<u>109,806,228</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
	<b>CURRENT LIABILITIES :</b>		
7	<b>SHORT-TERM BORROWINGS</b>		
	<b>LOANS REPAYABLE ON DEMAND :</b>		
	<b>FROM BANKS -</b>		
	<b>(a) SECURED LOANS :</b>		
	- Rupee Loans :		
	Working Capital Borrowings Ref. Note Nos. i) to ix) below	528,650,428	695,066,840
	- Foreign Currency Loans :		
	Working Capital Borrowings Ref. Note Nos. x) to xvii) below	437,510,102	74,588,848
	<b>(b) UNSECURED LOANS :</b>		
	- Rupee Loans :		
	Short-Term Loans Ref. Note Nos. xviii) to xix) below	400,000,000	277,500,000
	<b>Total ...</b>	<b>1,366,160,530</b>	<b>1,047,155,688</b>

Sr. No.	Particulars	Rate and Repayment Schedule	Security	
i)	Working Capital Borrowing (Cash Credit) Rs. 130,842,787 (P.Y. Rs. 132,000,513) from Bank of Maharashtra	Interest @ 9.85% p.a.	Working Capital Borrowings from Bank of Maharashtra led Consortium Banks consisting of Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by a First Charge on the Current Assets of the Company viz. inventories and trade receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amrlewadi, Dist. Pune by creation of a joint registered mortgage. None	
ii)	Working Capital Borrowing (Cash Credit) Rs. 41,374,544 (P.Y. Rs. 200,137,795) from State Bank of India	Interest @ 10.50% p.a.		
iii)	Working Capital Borrowing (Cash Credit) Rs. 88,018,550 (P.Y. Rs. 48,945,975) from Bank of Baroda	Interest @ 9.60% p.a.		
iv)	Working Capital Borrowing (Cash Credit) Rs. 8,288,179 (Debit) (P.Y. Rs. 30,220,176) from HDFC Bank Limited	Interest @ 12.25% p.a.		
v)	Working Capital Borrowing (Cash Credit) Rs. 6,702,726 (P.Y. Rs. 78,504,618) from ICICI Bank Limited	Interest @ 9.70% p.a.		
vi)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 100,000,000) from HSBC Limited	Interest @ 8.40% p.a. The Loan is repayable within 90 days from the date of borrowing.		
vii)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 100,000,000) from State Bank of India	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.		
viii)	Short-Term Borrowing Rs. 70,000,000 (P.Y. Rs. Nil) from HDFC Bank Limited	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.		
ix)	Working Capital Borrowing (Bills Discounted) Rs. Nil (P.Y. Rs. 5,257,763) from HDFC Bank Limited	Interest @ 9.70% p.a. The Loan is repayable within 90 days from the date of borrowing.		
x)	Working Capital Borrowing (PCFC) Rs. 65,270,000 (P.Y. Rs. Nil) from Bank of Baroda	Interest @ LIBOR + 85 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.		
xi)	Working Capital Borrowing (PCFC) Rs. Nil (P.Y. Rs. 66,680,000) from HDFC Bank Limited	Interest @ LIBOR + 85 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.		
xii)	Working Capital Borrowing (PCFC) Rs. 130,540,000 (P.Y. Rs. Nil) from State Bank of India	Interest @ LIBOR + 55 to 80 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.		
xiii)	Working Capital Borrowing (PCFC) Rs. 45,689,000 (P.Y. Rs. Nil) from ICICI Bank Limited	Interest @ LIBOR + 85 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.		
xiv)	Working Capital Borrowing (Packing Credit (Post-shipment)) Rs. 74,008,418 (P.Y. Rs. 7,908,848) from Bank of Maharashtra	Interest @ LIBOR + 100 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.		
xv)	Working Capital Borrowing (PCFC) Rs. 65,270,000 (P.Y. Rs. Nil) from Bank of Maharashtra	Interest @ LIBOR + 100 b.p.s. p.a. The Loan is repayable within 180 days from the date of borrowing.		
xvi)	Working Capital Borrowing (Buyer's Credit) Rs. 56,732,684 (P.Y. Rs. Nil) from HSBC Limited	Interest @ LIBOR + 72 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.		
xvii)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 77,500,000) from HDFC Bank Limited	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.		None
xviii)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 200,000,000) from IDFC Bank Limited	Interest @ 8.20% p.a. The Loan is repayable within 90 days from the date of borrowing.		None
xix)	Short-Term Borrowing Rs. 200,000,000 (P.Y. Rs. Nil) from Kotak Mahindra Bank	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.		None

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>8</b>	<b>TRADE PAYABLES</b>		
	<b>(a) Micro Enterprises and Small Enterprises</b>	<b>33,637,580</b>	<b>11,154,454</b>
	<i>Ref. Note No. 5 of Note No. 29</i>	<b>33,637,580</b>	<b>11,154,454</b>
	<b>(b) Other than Micro Enterprises and Small Enterprises</b>		
	Acceptances	<b>373,465,427</b>	326,600,951
	Others	<b>1,625,579,868</b>	1,375,689,791
		<b>1,999,045,295</b>	1,702,290,742
	Total ...	<b>2,032,682,875</b>	<b>1,713,445,196</b>
<b>9</b>	<b>OTHER CURRENT LIABILITIES</b>		
	<b>(a) Current maturities of long-term debt :</b>		
	<i>For non-current maturities Ref. Note No. 3</i>		
	- <b>Secured Loans from Banks :</b>		
	<b>Rupee Loans :</b>		
	Export - Import Bank of India (EXIM Bank)	<b>37,500,000</b>	37,600,000
	State Bank of India	<b>60,000,000</b>	60,000,000
	<b>Foreign Currency Loans :</b>		
	Export - Import Bank of India (EXIM Bank)	-	21,558,857
	State Bank of India	<b>331,326,000</b>	196,794,000
	<i>For security &amp; other terms Ref. Note Nos. i) to iv) of Note No. 3</i>		
	- <b>Unsecured Loans :</b>		
	<b>Loans and Advances from Related Parties :</b>		
	i) Intercompany Deposits	<b>15,170,000</b>	6,110,000
	<i>Ref. Note No. v) of Note No. 3</i>		
	ii) Fixed Deposits		
	1) From Public	<b>3,620,000</b>	-
	2) From Shareholders	<b>70,130,000</b>	-
	<i>Ref. Note No. vi) of Note No. 3 and Note No. 7 of Note No. 29</i>		
	<b>Loans and Advances from Others :</b>		
	i) Intercompany Deposits	<b>28,900,000</b>	18,610,000
	<i>Ref. Note No. v) of Note No. 3</i>		
	ii) Fixed Deposits		
	1) From Public	<b>268,185,000</b>	-
	2) From Shareholders	<b>61,790,000</b>	-
	<i>Ref. Note No. vi) of Note No. 3 and Note No. 7 of Note No. 29</i>		
		<b>876,621,000</b>	340,672,857
	<b>(b) Interest accrued but not due on borrowings :</b>	<b>7,921,807</b>	7,113,905
	<b>(c) Unclaimed Liabilities :</b>		
	Unclaimed Dividend	<b>12,896,871</b>	10,998,532
	Unclaimed Matured Fixed Deposits	<b>670,000</b>	670,000
	<i>Ref. Note No. 7 of Note No. 29</i>		
	<b>(d) Other payables :</b>		
	Statutory Dues	<b>102,641,870</b>	115,646,511
	Other Liabilities ( <i>Ref. Note No. 26 of Note No. 29</i> )	<b>399,360,955</b>	401,502,406
	Unamortised Premium of Forward Contracts	-	410,903
	Forward Contracts Payable	-	21,358,075
	Creditors - For Capital Goods	<b>12,433,004</b>	19,614,745
	Total ...	<b>1,412,545,507</b>	<b>917,987,934</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>10</b>	<b>SHORT-TERM PROVISIONS</b>		
	<b>(a) PROVISION FOR EMPLOYEE BENEFITS :</b>		
	Compensated Absences <i>Ref. Note No.1 (xii) and Note No. 4 (A) 3 of Note No. 29</i> <i>For non-current liability Ref. Note No.16</i>	<b>7,575,835</b>	6,997,804
	Pension <i>Ref. Note No.1 (xii) and Note No. 4 (A) 2 (a) of Note No. 29</i> <i>For non-current liability Ref. Note No.6</i>	<b>6,591,711</b>	5,992,473
	Gratuity <i>Ref. Note No.1 (xii) and Note No. 4 (A) 1 (c) of Note No. 29</i>	-	6,683,110
	<b>(b) OTHERS :</b>		
	i) Proposed Equity Dividend	-	34,613,625
	ii) Dividend Distribution Tax <i>Ref. Note No. 32 and Note No. 29</i>	-	7,047,700
	Total ...	<b>14,167,546</b>	61,334,712



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NON-CURRENT ASSETS :  
FIXED ASSETS**

Note No.	Description	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
		Balance As on 01-04-2016 Rs.	Additions Rs.	Deductions / Changes Rs.	Balance As on 01-04-2016 Rs.	For the Year Rs.	Deductions / Changes Rs.	Balance As on 31-03-2017 Rs.	Balance As on 31-03-2016 Rs.	
11	<b>TANGIBLE ASSETS :</b>									
	FREEHOLD LAND	101,223,288 (101,223,288)	-	143,700	-	-	-	-	101,079,588 (101,223,288)	101,223,288 (101,223,288)
	LEASEHOLD LAND	16,127,747	-	-	2,498,214 (2,324,293)	173,921 (173,921)	2,672,135 (2,498,214)	-	13,455,612 (13,629,533)	13,629,533 (13,803,454)
	BUILDINGS*	759,943,438 (673,851,858)	48,176,650 (72,347,021)	14,177,071 (13,744,559)	793,943,017 (759,943,438)	19,096,915 (20,116,199)	4,918,157 (216,193,481)	-	563,570,778 (543,749,957)	543,749,957 (477,774,576)
	PLANT & MACHINERY*	4,920,709,787 (4,464,013,476)	1,331,368,214 (385,396,023)	202,355,206 (71,300,288)	6,049,722,795 (4,920,709,787)	392,938,561 (334,441,989)	80,750,411 (688,041)	3,046,475,028 (2,734,286,878)	3,003,247,767 (2,186,422,909)	2,186,422,909 (2,063,480,546)
	DATA PROCESSING EQUIPMENT	114,197,552 (112,762,418)	20,991,847 (2,639,250)	133,050 (1,204,116)	135,056,349 (114,197,552)	7,647,918 (6,597,872)	126,398 (1,143,916)	96,682,552 (89,161,032)	38,373,797 (25,036,520)	25,036,520 (29,055,342)
	VEHICLES	68,233,219 (57,542,115)	6,825,389 (22,574,293)	5,779,256 (11,883,189)	69,279,352 (68,233,219)	10,121,148 (9,753,278)	5,597,313 (11,126,886)	33,485,718 (28,961,883)	35,793,634 (39,271,336)	39,271,336 (27,206,624)
	FURNITURE & FIXTURES	67,011,395 (42,886,846)	1,936,503 (24,435,377)	100,000 (310,828)	68,847,898 (67,011,395)	4,643,352 (4,461,694)	18,315 (223,464)	36,110,177 (31,485,140)	32,737,721 (35,526,255)	35,526,255 (15,639,936)
	OFFICE EQUIPMENTS	20,336,796 (16,742,757)	2,885,843 (3,594,039)	113,926	23,108,713 (20,336,796)	2,307,557 (1,823,971)	108,230 (2,340)	15,484,054 (13,284,727)	7,624,659 (7,052,069)	7,052,069 (5,284,341)
	<b>FIXED ASSETS - R&amp;D</b>									
	BUILDINGS*	99,768,408 (98,926,814)	15,300,582	508,519 (841,594)	114,560,471 (99,768,408)	1,396,958 (1,388,448)	-	21,432,274 (20,035,316)	93,128,197 (79,733,092)	79,733,092 (80,279,946)
	PLANT & MACHINERY*	219,912,290 (210,201,939)	3,007,496 (7,966,901)	24,861,666 (1,743,450)	198,056,120 (219,912,290)	14,955,258 (14,848,813)	21,619,817	98,097,111 (104,761,670)	99,961,009 (115,150,620)	115,150,620 (120,289,082)
	FURNITURE & FIXTURES	6,050,964 (6,050,964)	50,387,931	-	56,438,895 (6,050,964)	254,088 (175,272)	-	5,228,086 (4,971,998)	51,212,809 (1,078,966)	1,078,966 (1,254,238)
	OFFICE EQUIPMENTS	-	3,788,941	-	3,788,941	7,889	-	7,889	3,781,052	-
	<b>Sub-Total</b>	<b>6,393,514,884</b> (5,800,330,222)	<b>1,484,669,396</b> (518,952,904)	<b>248,172,394</b> (74,231,758)	<b>7,630,011,886</b> (6,393,514,884)	<b>453,543,565</b> (393,781,457)	<b>113,138,641</b> (13,179,967)	<b>3,586,045,263</b> (3,245,640,339)	<b>4,043,966,623</b> (3,147,874,545)	<b>3,147,874,545</b> (2,935,291,373)
12	<b>INTANGIBLE ASSETS :</b>									
	GOODWILL ON ACQUISITION OF BUSINESS	41,101,746 (41,101,746)	-	-	41,101,746 (41,101,746)	8,220,348 (8,220,348)	-	20,550,872 (12,330,524)	20,550,874 (28,771,222)	28,771,222 (36,991,571)
	COMPUTER SOFTWARES	59,693,314 (53,718,068)	3,568,776 (5,500,837)	-	63,262,090 (59,693,314)	6,481,297 (22,486,918)	-	44,995,867 (38,514,570)	18,286,223 (21,178,744)	21,178,744 (38,164,825)
	TECHNICAL KNOW-HOW	148,477,126 (148,477,126)	5,900,000	-	154,377,126 (148,477,126)	18,543,770 (6,001,144)	-	130,681,244 (112,137,474)	23,695,882 (36,339,652)	36,339,652 (42,340,796)
	REGISTRATIONS	60,954,400 (43,315,964)	32,092,902 (17,638,436)	-	93,047,302 (60,954,400)	11,989,372 (7,417,937)	-	23,765,630 (11,776,258)	69,281,672 (49,178,142)	49,178,142 (38,957,643)
	<b>Sub-Total</b>	<b>310,226,586</b> (286,612,904)	<b>41,561,678</b> (23,139,273)	<b>-</b> (474,409)	<b>351,788,264</b> (310,226,586)	<b>45,234,787</b> (44,126,348)	<b>-</b> (474,409)	<b>219,993,613</b> (174,758,826)	<b>131,794,651</b> (135,467,760)	<b>135,467,760</b> (156,454,835)
	<b>TOTAL</b>	<b>6,703,741,470</b> (6,086,943,126)	<b>1,526,231,074</b> (542,092,177)	<b>248,172,394</b> (74,706,167)	<b>7,981,800,150</b> (6,703,741,470)	<b>498,778,352</b> (437,907,805)	<b>113,138,641</b> (12,705,558)	<b>3,806,038,876</b> (3,420,399,165)	<b>4,175,761,274</b> (3,283,342,305)	<b>3,283,342,305</b> (3,091,746,208)

\*Ref. Note No. 24 of Note No. 29

Ref. Note No. 23 & 25 of Note No. 29

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>13</b>	<b>NON-CURRENT INVESTMENTS</b>		
	<b>Long-Term and Non-Trade Investments</b>		
	<b>(a) Investments in Equity Instruments (unquoted) :</b>		
	<b>Investments in Subsidiaries :</b>		
	6,000,000 (Previous Year : 6,000,000) Equity shares of Rs. 10 each fully paid-up in Prescient Color Limited.	60,000,000	60,000,000
	28,100 (Previous Year : 28,100) Equity shares of Euro 100 each fully paid-up in Sudarshan Europe B.V.	190,897,415	190,897,415
	12,500,000 (Previous Year : 5,500,000) Equity shares of Rs. 10 each fully paid-up in RIECO Industries Limited. <i>(Includes amount of Purchase Consideration of Rs. 155,000,000 paid to shareholders of RIECO Industries Limited consequent to the acquisition of their business w.e.f. 1<sup>st</sup> October, 2014)</i>	280,000,000	210,000,000
	10,000 (Previous Year : 10,000) Equity shares of Rs. 10 each fully paid-up in Sudarshan CSR Foundation <i>Ref. Note No. 10 of Note No. 29</i>	100,000	100,000
		<u>530,997,415</u>	<u>460,997,415</u>
	<b>(b) Investments in Preference Shares (unquoted) :</b>		
	<b>Investments in Subsidiaries :</b>		
	Nil (Previous Year : 190,000) 10% Non-cumulative, redeemable and with a right of call and put option, Preference shares of Rs. 100 each fully paid-up in Prescient Color Limited.	-	19,000,000
		<u>-</u>	<u>19,000,000</u>
	<b>(c) Investments in Mutual Funds (quoted) :</b>		
	Aggregate amount of quoted investments and market value thereof :		
	202,715.67 (Previous Year : 202,715.67) Units of Rs. 10 each in UTI Gilt Advantage-LTP-Dividend Payout Fund. <i>[Market Value Rs. 4,646,527 (Previous Year : Rs. 3,969,781)]</i>	2,864,697	2,864,697
		<u>2,864,697</u>	<u>2,864,697</u>
	<i>Aggregate amount of quoted investments</i>	2,864,697	2,864,697
	<i>Aggregate amount of unquoted investments</i>	530,997,415	479,997,415
	Total ...	<u>533,862,112</u> <u>533,862,112</u>	<u>482,862,112</u> <u>482,862,112</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>14</b>	<b>LONG-TERM LOANS AND ADVANCES</b>		
	<b>Unsecured (Considered Good unless stated otherwise) :</b>		
(a)	Capital Advances	27,835,946	156,561,906
	Considered doubtful	9,000,000	9,000,000
	Less : Provision for doubtful advances	9,000,000	9,000,000
		<u>27,835,946</u>	<u>156,561,906</u>
(b)	Security Deposits :		
	Deposit with Government etc.	35,769,748	30,152,169
	Tender Deposit	871,530	1,268,830
	Deposit with Others	7,546,376	7,454,729
		<u>44,187,654</u>	<u>38,875,728</u>
(c)	Other Loans and Advances :		
	Stamp Duty refund recoverable	27,605,500	27,605,500
		<u>27,605,500</u>	<u>27,605,500</u>
(d)	MAT Credit Entitlement	51,995,872	-
(e)	Income Tax Paid	1,750,963,259	1,456,339,686
	Less : Provision	1,668,312,045	1,408,333,198
	Income Tax Paid (Net)	<u>82,651,214</u>	<u>48,006,488</u>
(f)	Share Application Money towards Equity Shares in RIECO Industries Limited	-	70,000,000
(g)	Share Application Money towards Equity Shares in Sudarshan (Shanghai) Trading Company Limited	6,634,000	-
	Total ...	<u>240,910,186</u>	<u>341,049,622</u>
<b>15</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	Fixed Deposit with Banks with maturity of more than 12 months	58,138,724	2,500,000
	Total ...	<u>58,138,724</u>	<u>2,500,000</u>
	<b>CURRENT ASSETS :</b>		
<b>16</b>	<b>INVENTORIES</b>		
(a)	Raw Materials	420,627,122	353,783,429
	Goods in Transit	124,877,329	193,743,250
		<u>545,504,451</u>	<u>547,526,679</u>
(b)	Work-in-progress	401,343,780	233,610,161
(c)	Finished Goods	750,722,767	762,209,576
	Goods in Transit	8,806,826	4,046,904
		<u>759,529,593</u>	<u>766,256,480</u>
(d)	Stores and Spares	110,207,110	89,074,334
(e)	Stock-in-Trade	42,112,729	47,377,121
(f)	Packing Materials	8,743,382	9,595,994
	<i>For breakup of Inventories Ref. Note No. 11 of Note No. 29</i>		
	Total ...	<u>1,867,441,045</u>	<u>1,693,440,769</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>17</b>	<b>TRADE RECEIVABLES</b>		
	<b>Unsecured :</b>		
	(a) Outstanding for a period exceeding six months from the due date (Considered good)	68,065,467	62,646,982
	Considered doubtful	40,962,665	46,895,730
	Less : Provision for doubtful debt	40,962,665	46,895,730
		-	-
	(b) Others (Considered good)	2,814,634,119	2,831,785,041
	Total ...	<u>2,882,699,586</u>	<u>2,894,432,023</u>
<b>18</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	(a) Cash and Cash Equivalents		
	i) Cash on hand	1,168,980	1,704,770
	ii) In Current Accounts	80,761,661	170,123,645
	iii) Other Bank Balances		
	- Deposit Account (Original maturity less than 3 months)	-	31,629
	- Earmarked balances with Bank		
	Unclaimed Dividend Account	9,849,247	8,214,922
	Dividend Account (Unclaimed Shares)	3,057,624	2,793,610
		94,837,512	182,868,576
	(b) Other Bank Balances (Original maturity 3 - 12 months)		
	Lien Account	34,530,980	32,035,612
	Total ...	<u>129,368,492</u>	<u>214,904,188</u>
<b>19</b>	<b>SHORT-TERM LOANS AND ADVANCES</b>		
	<b>Unsecured and considered good :</b>		
	Advances recoverable in cash or in kind or for value to be received	260,066,988	249,363,003
	Loans to Wholly-owned Subsidiary (Ref. Note No. 10 and 31 of Note No. 29)	64,804,164	149,219,158
	Prepaid Expenses	17,982,621	17,284,980
	Service Tax Receivable	5,865,602	6,258,548
	Deposit with Excise, Customs etc.	143,488,869	35,771,007
	Total ...	<u>492,208,244</u>	<u>457,896,696</u>
<b>20</b>	<b>OTHER CURRENT ASSETS</b>		
	Export Benefits Accrued	226,255,960	14,743,575
	Unamortised Premium of Forward Contracts	11,440,267	22,620,924
	Forward Contracts Receivable	33,586,059	194,546
	Contribution to Gratuity Fund (Advance) Ref. Note No. 1 (xii) and Ref. Note No. 4 (A) 1 (c) of Note No. 29	1,546,346	-
	Others Ref. Note No. 27 of Note No. 29	47,389,783	22,442,994
	Total ...	<u>320,218,415</u>	<u>60,002,039</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	Current Year Rs.	Previous Year Rs.
	<b>REVENUE :</b>		
<b>21</b>	<b>REVENUE FROM OPERATIONS</b>		
	(a) Sale of products	<b>13,587,694,132</b>	12,872,819,713
	Less: Excise duty	<b>976,540,976</b>	900,669,442
	<i>For breakup of Sales Ref. Note. No. 12 of Note No. 29</i>	<b>12,611,153,156</b>	11,972,150,271
	(b) Services Rendered	<b>161,121</b>	277,360
	(c) Other operating revenues		
	Export Incentives	<b>285,441,159</b>	66,897,770
	Miscellaneous Operating Income (Net of Excise Duty)	<b>31,845,793</b>	33,238,923
		<b>317,286,952</b>	100,136,693
	Total ...	<b>12,928,601,229</b>	12,072,564,324
<b>22</b>	<b>OTHER INCOME</b>		
	(a) Interest Income		
	Bank Deposits	<b>7,094,843</b>	3,483,121
	Others	<b>32,760,228</b>	34,435,359
	(b) Other Non-Operating Income :		
	Miscellaneous Income	<b>17,744,045</b>	4,603,272
	Provisions no longer required, written back	<b>14,541,319</b>	67,961,944
	Provisions for doubtful debts, written back	<b>5,933,064</b>	-
	Foreign Exchange Difference (Net)	<b>149,196,395</b>	17,840,318
	Profit on Sale / Disposal of Fixed Assets (Net)	-	490,868
	Total ...	<b>227,269,894</b>	128,814,882

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	Current Year Rs.	Previous Year Rs.
	<b>EXPENSES :</b>		
<b>23</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Opening Stock	547,526,679	537,192,653
	Add : Purchases	7,162,825,887	6,606,741,781
		<u>7,710,352,566</u>	<u>7,143,934,434</u>
	Less : Closing Stock	545,504,451	547,526,679
	<i>Ref. Note No. 13 and 14 of Note No. 29</i>		
	Total ...	<u>7,164,848,115</u>	<u>6,596,407,755</u>
<b>24</b>	<b>PURCHASE OF STOCK-IN-TRADE</b>	493,012,991	346,774,989
	Total ...	<u>493,012,991</u>	<u>346,774,989</u>
<b>25</b>	<b>(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	Stocks at Commencement :		
	Finished Products	766,256,480	685,475,026
	Work-in-progress (Semi-finished Products)	233,610,161	383,085,600
	Stock-in-Trade	47,377,121	42,743,584
		<u>1,047,243,762</u>	<u>1,111,304,210</u>
	Less:		
	Stocks at Close :		
	Finished Products	759,529,593	766,256,480
	Work-in-progress (Semi-finished Products)	401,343,780	233,610,161
	Stock-in-Trade	42,112,729	47,377,121
		<u>1,202,986,102</u>	<u>1,047,243,762</u>
	Total ...	<u>(155,742,340)</u>	<u>64,060,448</u>
<b>26</b>	<b>EMPLOYEE BENEFIT EXPENSE</b>		
	Salaries and Wages :		
	Other Than Research and Development	631,665,197	575,181,258
	For Research and Development	47,111,507	55,792,183
	<i>(Ref. Note No. 8 of Note No. 29)</i>		
	Contribution to Provident and Other Funds	39,028,454	31,020,308
	Staff Welfare Expenses	35,536,954	27,849,789
	Gratuity <i>(Ref. Note No. 4 (A) 1 (d) of Note No. 29)</i>	17,557,840	18,532,068
	Pension <i>(Ref. Note No. 4 (A) 2 (b) of Note No. 29)</i>	17,432,884	9,418,160
	Total ...	<u>788,332,836</u>	<u>717,793,766</u>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.	Particulars	Current Year Rs.	Previous Year Rs.
<b>27</b>	<b>FINANCE COSTS</b>		
	Interest expenses	234,971,960	255,413,525
	Other borrowing costs (Includes Bank charges for Bank Guarantee, Loan Processing etc.)	9,083,659	4,542,244
	Foreign Exchange difference to the extent considered as borrowing cost	975,991	3,544,980
	Total ...	<u>245,031,610</u>	<u>263,500,749</u>
<b>28</b>	<b>OTHER EXPENSES</b>		
	Consumption of Stores and Spare parts <i>Ref. Note No. 15 of Note No. 29</i>	233,714,273	249,474,211
	Consumption of Packing Material	170,278,272	152,450,826
	Power and Fuel	676,377,078	667,765,661
	Water Charges	119,161,768	116,367,358
	Labour Charges	307,333,063	259,704,018
	Rent ( <i>Ref. Note No. 28 of Note No. 29</i> )	15,201,663	12,817,931
	Repairs to Buildings	32,507,866	66,169,109
	Repairs to Plant and Machinery	169,148,350	139,774,786
	Repairs to Others	3,986,957	5,142,099
	Insurance	26,900,398	20,846,806
	Rates and Taxes	11,832,360	10,037,220
	Advertisement	16,113,394	13,325,181
	Auditors' Remuneration ( <i>Ref. Note No. 6 of Note No. 29</i> )	2,666,568	2,739,796
	Bad Debts Written Off	26,823,263	34,372,896
	Provision for Doubtful Debts	-	35,576,838
	Advance Written Off	12,355,319	6,487,290
	Provision for Doubtful Advances	-	6,000,000
	Bank Charges	11,836,832	11,098,477
	Export Market Development Expenses :		
	Commission on Exports	34,411,172	35,475,971
	Travelling, Postage, Forwarding, etc.	118,197,705	101,502,221
	Commission to Selling Agents	289,033,153	265,482,251
	Directors' Sitting Fees	1,966,500	2,130,817
	Discounts (Other Than Trade Discounts)	67,622,620	71,140,090
	ERP / Computer related expenses	25,135,226	16,553,854
	Freight and Octroi	5,227,693	10,707,149
	Legal, Professional and Consultancy Charges	209,605,981	163,717,930
	Licence Fees	6,164,947	2,837,341
	Loss on Sale / Disposal of Fixed Assets (Net)	25,718,420	-
	Printing, Stationery and Communication Expenses	29,405,955	32,572,277
	Sales Tax Surcharge / Turnover Tax	4,180,046	6,838,147
	Selling and Distribution Expenses	67,948,094	63,076,365
	Research and Development Expenses ( <i>Ref. Note No. 8 of Note No. 29</i> ) :		
	Stores, Spares and Consumables etc.	16,473,178	14,212,946
	Other Expenses	17,574,497	21,002,799
	Travelling and Conveyance	30,536,795	31,873,234
	General Expenses ( <i>Ref. Note No. 29 &amp; 30 of Note No. 29</i> )	78,364,273	68,085,597
	Other Expenses	55,695,401	55,773,158
	Increase / (Decrease) in Excise Duty on Closing Stock of Finished Goods	(16,068,328)	16,932,680
	Total	<u>2,903,430,752</u>	<u>2,790,065,330</u>

## NOTE NO. 29 : NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant Accounting Policies :

#### (i) Basis of Preparation :

The Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or where a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (ii) Use of Estimates :

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (iii) Fixed Assets :

##### (a) Tangible Assets :

Fixed Assets are stated at cost of acquisition along with attributable costs, including related borrowing costs, for bringing the assets to its working condition for its intended use, less accumulated depreciation.

##### (b) Intangible Assets :

Costs incurred on acquisition, development or enhancement of intangible resources are recognized as intangible assets if these are identifiable, controlled by the Company and it is probable that future economic benefit attributable to the assets would flow to the Company. Intangible assets are stated at cost less accumulated amortization and impairments, if any. Cost includes taxes, duties and other incidental expenses related to acquisition, development and enhancement.

(c) Borrowing costs that are directly attributable to the acquisition or production of a qualifying assets are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(d) The cost also comprises of exchange differences arising on translation / settlement of long-term foreign currency borrowings pertaining to the acquisition of fixed assets.

#### (iv) Depreciation :

Depreciation on tangible assets is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule – II of the Companies Act, 2013, or as assessed by the Management based on the technical evaluation by an approved valuer.

Assets whose acquisition value is less than Rs. 5,000 are depreciated 100% during the year of acquisition.

Leasehold land is amortised over the lease period.

When significant parts of an item of property, plant and equipment have materially different useful lives,

they are accounted for as separate items (major components) of property, plant and equipment based on technical evaluation done by an independent valuer.

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Useful life of the following asset classes differs from that prescribed by Schedule II :

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

Intangible assets are amortised on a systematic basis over the best estimate of their useful lives, commencing from the date the asset is available to the Company for its use.

The Management's estimates of the useful lives for various categories of intangible assets are given below:

<b>Asset Class</b>	<b>Years</b>
Goodwill	5.00
Registrations	10.00
Others	9.20

The amortisation period and the amortisation method for intangible assets are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

**(v) Impairment of Assets :**

The carrying amounts of Cash Generating Units / Assets are reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds recoverable amount.

**(vi) Investments :**

Long-term Investments are carried at cost including related expenses, provision for diminution being made, if necessary, to recognize a decline, other than temporary, in the value thereof.

Current investments are valued at lower of cost and fair value.

**(vii) Inventories:**

Inventories are valued at lower of Cost and Net Realisable Value.

- (a) Raw Materials, Packing Materials, Stores and Consumables are valued at Weighted Average Cost.
- (b) The cost of Finished Goods and Work-in-progress (Semi-finished Goods) is ascertained by Weighted Average of Cost of Raw Material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Provision is made for obsolete and non-moving items.

**(viii) Research and Development :**

Research and Development expenditure of a capital nature is added to Fixed Assets and depreciation is provided thereon. All other expenditure on Research and Development is charged to the Statement of Profit and Loss in the year of incurrence.

**(ix) Foreign Currency Transactions :**

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing as on the date of the transaction. Monetary items are translated at the year-end rate. The difference between the rate prevailing as on the date of the transaction and as on the date of settlement and also on translation of monetary items, at the end of the year, is recognised as income or expense, as the case may be.
- (b) In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract. Losses on cancellation of forward exchange contracts are recognised as expense.
- (c) The Company has accounted for exchange differences arising on reporting of long-term foreign currency monetary items in accordance with Companies (Accounting Standards) Amendment Rules, 2009 pertaining to Accounting Standard – 11 (AS – 11) notified by Government of India on 31<sup>st</sup> March, 2009 (as amended on 29<sup>th</sup> December, 2011).

Accordingly, the effect of exchange differences on foreign currency loans of the Company taken to acquire fixed assets is added to / deducted from the cost of the respective assets.

- (d) Forward contracts entered into by the Company for taking of forecasted exposure are marked to market at the reporting date. Losses (net), if any, are charged to the Statement of Profit and Loss and gains (net) are not recognised.

**(x) Derivative Financial Instruments :**

The Company uses derivative financial instruments such as Forwards and Swaps to hedge its risks associated with foreign exchange fluctuations. Such derivative financial instruments are used as risk management tools and not for speculative purposes, in terms of the Policy duly adopted by the Board.

Derivative financial instruments entered into for hedging foreign exchange risks of recognized foreign currency monetary items are accounted for as per the "Guidance Note on Accounting of Derivative Contracts" issued by the Institute of Chartered Accountants of India in June, 2015 (applicable w.e.f. 1<sup>st</sup> April, 2016).

Interest rate swaps entered into by the Company for hedging are marked to market at the reporting date. Gains / losses (net), if any, are charged to the Statement of Profit and Loss.

**(xi) Revenue Recognition :**

Sale of goods is recognised on dispatches to customers, which coincides with the transfer of significant risks and rewards associated with ownership, inclusive of excise duty and net of trade discount.

Dividend income is accounted for when the right to receive is established.

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

Credits on account of Export Incentives are accrued upon completion of export when there is a reasonable certainty of fulfillment of obligations as stipulated under respective export promotion schemes.

**(xii) Employee Benefits :****(a) Contribution to provident fund –**

Company's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss.

**(b) Gratuity –**

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an independent actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**(c) Superannuation –**

The Company makes contribution 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.

**(d) Leave encashment / compensated absences / sick leave –**

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilized compensated absences and utilize it in 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 a qualified actuary.

**(e) 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.

Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**(xiii) Taxation :**

(a) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income Tax Act, 1961) over normal Income Tax, is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

(b) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation.

Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**(xiv) Provisions and Contingent Liabilities :**

- (a) A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
- (b) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**(xv) Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit / (loss) for the period after deducting preference dividends and any attributable tax thereto for the period.

The weighted average number of equity shares outstanding during the period and for all periods processed is adjusted for events, such as bonus shares and sub-division, 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 / (loss) for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(xvi) Cash and Cash Equivalents :**

Cash and cash equivalents for the purposes of the Cash Flow Statement comprise of cash at bank, cash in hand and current investments with an original maturity of three months or less.

**(xvii) Segment Reporting :**

The business segment has been considered as the primary segment for disclosure. The categories included in each of the reported business segments are as follows :

- (i) Pigments
- (ii) Agro Chemicals
- (iii) Others

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

- (a) Allocation of common costs –  
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.
- (b) Unallocated items –  
Unallocated items include general corporate income and expense items which are not allocated to any business segment. Assets and liabilities which relate to the Company as a whole but are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets / Liabilities".
- (c) Segment accounting policies –  
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.



2. Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances) – **Rs. 62,125,829** (Previous Year : Rs. 22,471,269).

3. **Contingent liabilities not provided for :**

**Claims against the Company not acknowledged as debts**

**(i) Pending Litigations –**

- (a) Excise Duty – **Rs. 28,140,352** (Previous Year : Rs. 27,577,293).
- (b) VAT / CST – **Rs. 19,807,945** (Previous Year : Rs. 21,234,745).
- (c) Custom Duty – **Rs. 32,276,716** (Previous Year: Rs. 32,276,716).
- (d) Income Tax – **Rs. 17,021,343** (Previous Year : Rs. 37,993,200).

- 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 judgements / 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 by employees and 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 results.

**(ii) Guarantees –**

**– Corporate Guarantee**

- (a) Corporate Guarantee issued on behalf of the wholly owned subsidiary company Sudarshan Europe B.V. – **Euro 3,000,000** (Previous Year : Euro 3,000,000) [Equivalent to **Rs. 207,742,800** (Previous Year : Rs. 227,070,000)]
- (b) Corporate Guarantee issued on behalf of Sudarshan North America, Inc., wholly owned subsidiary company of Sudarshan Europe B.V. and step-down subsidiary of Sudarshan Chemical Industries Limited India – **USD 3,000,000** (Previous Year : USD 3,000,000) [Equivalent to **Rs. 194,515,800** (Previous Year : Rs. 200,040,000)].
- (c) Corporate Guarantee issued on behalf of the wholly owned subsidiary company RIECO Industries Limited – **Rs. 1,000,000,000** (Previous Year : Rs. 1,000,000,000).
- (d) Corporate Guarantee issued on behalf of the wholly owned subsidiary company Prescient Color Limited – **Rs. 378,200,000** (Previous Year : Rs. Nil).

**– Bank Guarantee**

Bank Guarantees – **Rs. 212,329,750** (Previous Year : Rs. 156,814,994)

## 4. The following disclosures are made in accordance with Accounting Standard – 15 (Revised) :

## (A) Pertaining to Defined Benefit Plans :

## 1 Gratuity

Particulars	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>(a) Present value of the defined benefit obligation :</b>		
Obligations at period beginning	169,546,423	153,750,732
Service cost	9,234,015	9,120,227
Acquisition adjustment	–	–
Interest cost	12,937,660	11,410,908
Past service cost	–	–
Curtailment cost / (credit)	–	–
Settlement cost / (credit)	–	–
Actuarial (gain) / loss	8,693,565	10,178,644
Benefits paid	(11,557,161)	(14,914,088)
Obligations at period end	188,854,502	169,546,423
<b>(b) Fair value of plan assets :</b>		
Plan assets at period beginning, at fair value	162,863,313	136,204,911
Expected return on plan assets	14,056,737	12,192,847
Acquisition adjustment	–	–
Actuarial gain / (loss)	(749,337)	(15,136)
Contributions	26,599,916	29,394,779
Mortality Charges and Taxes	(812,620)	–
Benefits paid	(11,557,161)	(14,914,088)
Plan assets at period end, at fair value	190,400,848	162,863,313
Actual returns on plan assets	13,307,400	12,177,711
<b>(c) Assets and liabilities recognized in the Balance Sheet :</b>		
Fair value of the plan assets at the end of the year	190,400,848	162,863,313
Present value of the defined benefit obligations at the end of the period	188,854,502	169,546,423
Asset / (liability) recognized in the Balance Sheet	1,546,346	(6,683,110)
<b>(d) Expense recognized in the Statement of Profit and Loss :</b>		
Current service cost	9,234,015	9,120,227
Past service cost	–	–
Interest cost	12,937,660	11,410,908
Expected return on plan assets	(14,056,737)	(12,192,847)
Curtailment cost / (credit)	–	–
Settlement cost / (credit)	–	–
Actuarial (gain) / loss	9,442,902	10,193,780
Net gratuity cost	17,557,840	18,532,068
<b>(e) Investment details of the plan assets* :</b>		
Government of India Securities	0.00%	0.00%
High quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special deposit scheme	0.00%	0.00%
Funds managed by Insurer	100.00%	100.00%
Others	0.00%	0.00%
* Plan assets are invested in the debt instruments prescribed by IRDA.		
<b>(f) Summary of Actuarial Assumptions :</b>		
Discount Rate	7.40%	7.90%
Rate of return on plan assets	8.25%	8.50%
Rate of increase in Compensation levels	7.00%	7.00%
Expected Average remaining working lives of employees (Years)	13.50	13.09

The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(g) Experience adjustment :	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.	As at 31 <sup>st</sup> March, 2015 Rs.	As at 31 <sup>st</sup> March, 2014 Rs.	As at 31 <sup>st</sup> March, 2013 Rs.
On plan liability (loss) / gain	(979,229)	(11,924,714)	(13,776,460)	(6,223,441)	(12,072,291)
On plan asset (loss) / gain	(323,375)	702,090	624,525	(359,709)	(727,174)
Present value of benefit obligation	188,854,502	169,546,423	153,750,732	126,365,357	141,936,812
Fair value of plan assets	190,400,848	162,863,313	136,204,911	145,677,831	150,856,574
Surplus / (deficit)	1,546,346	(6,683,110)	(17,545,821)	19,312,474	8,919,762

## 2 Pension (Unfunded)

Particulars	Current Year Rs.	Previous Year Rs.
<b>(a) Reconciliation of PBO :</b>		
Projected Benefit Obligation at beginning of the year	73,213,681	69,243,221
Current service cost	418,063	357,204
Interest cost	5,297,663	5,216,373
Contributions by plan participation	–	–
Actuarial (gain) / loss due to change in assumptions	(588,277)	3,844,583
Benefits paid	(5,992,475)	(5,447,700)
Past service cost	12,305,435	–
Amalgamations	–	–
Curtailements	–	–
Settlements	–	–
Projected Benefit Obligation at end of the year	84,654,090	73,213,681
Includes Current maturity <b>Rs. 6,591,711</b> (Previous Year : Rs. 5,992,473)		
<b>(b) Statement of Profit and Loss :</b>		
Current service cost	418,063	357,204
Interest cost	5,297,663	5,216,373
Expected return on plan asset	–	–
Net actuarial (gain) / loss to be recognised in the year	(588,277)	3,844,583
Past service cost	12,305,435	–
Effect of Curtailments	–	–
(Income) / Expense recognised in the Statement of Profit and Loss	17,432,884	9,418,160

## 3 Compensated Absences (Unfunded)

Particulars	Current Year Rs.	Previous Year Rs.
<b>Movements in Net Liability</b>		
Present value of obligation	57,519,024	49,582,824
Includes Current maturity <b>Rs. 7,575,835</b> (Previous Year : Rs. 6,997,804)		
Net asset / (liability) recognised in Balance Sheet	(57,519,024)	(49,582,824)

## (B) Pertaining to Defined Contribution Plans :

Particulars	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>(a) Expected contribution to the fund in the next year :</b>		
Gratuity	28,461,910	28,461,515
<b>(b) Defined contribution plans :</b>		
Provident fund paid to the authorities	30,891,948	27,449,049

**5. Trade Payables (Creditors) :**

Outstanding to Micro, Small and Medium Enterprise : **Rs. 33,637,580** (Previous Year : Rs. 11,154,454).  
The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Company. Total outstanding dues of Micro and Small Enterprises, which were outstanding for more than stipulated period, are given below :

	31-03-2017	31-03-2016
	Rs.	Rs.
(a) Principal amount due	Nil	Nil
(b) Interest paid under MSMED Act, 2006	Nil	Nil
(c) Interest due	3,181,306	2,187,414
(d) Interest accrued and due	Nil	Nil
(e) Interest due and payable till actual payment	3,181,306	2,187,414

**6. Auditors' Remuneration :**

	Current Year	Previous Year
	Rs.	Rs.
(a) Audit Fees	800,000	800,000
(b) Tax Audit Fees	300,000	300,000
(c) Other Services – Certification and Limited Review Stock Verification	1,335,000 200,000	1,430,700 200,000
(d) Reimbursement of Expenses	31,568	9,096
Total ...	<b>2,666,568</b>	<b>2,739,796</b>

**7. Fixed Deposits :  
(Accepted under Section 76 (1) of the Companies Act, 2013)**

	31-03-2017	31-03-2016
	Rs.	Rs.
(a) Fixed Deposits with Maturity less than 12 months	403,725,000	–
(b) Fixed Deposits with Maturity more than 12 months	134,185,000	540,260,000
(c) Unclaimed Matured Fixed Deposits	670,000	670,000
Total ...	<b>538,580,000</b>	<b>540,930,000</b>

**8. Research and Development Expenditure :**

This includes expenditure incurred by the Company on in-house research and development in respect of eligible facilities at Roha and Pune, approved by the Department of Scientific & Industrial Research, Ministry of Science and Technology.

	Current Year	Previous Year
	Rs.	Rs.
(a) Revenue Expenditure Roha Unit Pune Unit <i>Ref. Note No. 26 and Note No. 28</i>	30,107,445 51,051,737	28,341,060 62,666,868
Total ...	<b>81,159,182</b>	<b>91,007,928</b>
(b) Capital Expenditure Roha Unit Pune Unit <i>Ref. Note No. 11</i>	1,587,961 79,787,700	845,000 7,121,901
Total ...	<b>81,375,661</b>	<b>7,966,901</b>

## 9. Segment Reporting :

Particulars	Year Ended 31-03-2017 Rs.	Year Ended 31-03-2016 Rs.
<b>(A) Primary Segment Information :</b>		
<b>1 Segment Revenue</b>		
(a) Pigments	11,317,633,198	10,733,772,509
(b) Agro Chemicals	1,445,832,169	1,162,959,104
(c) Others	165,135,862	175,832,711
Total ...	12,928,601,229	12,072,564,324
Less : Inter-segment revenue	—	—
<b>Net Sales / Income from Operations</b>	<b>12,928,601,229</b>	<b>12,072,564,324</b>
<b>2 Segment Results</b>		
Profit / (Loss) before tax		
(a) Pigments	1,803,188,504	1,636,944,859
(b) Agro Chemicals	84,288,532	62,829,197
(c) Others	(48,140,769)	(84,714,566)
Total ...	1,839,336,267	1,615,059,490
Less : i. Finance Cost	245,031,610	263,500,749
ii. Other Unallocable Expenditure (Net of Unallocable Income)	376,125,850	366,690,377
<b>Profit Before Tax</b>	<b>1,218,178,807</b>	<b>984,868,364</b>
Less : Tax Expense	324,082,595	268,582,677
<b>Profit After Tax</b>	<b>894,096,212</b>	<b>716,285,687</b>
<b>3 Other Information</b>		
<b>Segment assets</b>		
(a) Pigments	7,515,736,827	6,752,444,376
(b) Agro Chemicals	606,114,368	394,707,681
(c) Others	161,077,331	318,389,115
(d) Unallocated	2,497,910,545	2,119,236,795
Total ...	10,780,839,071	9,584,777,967
<b>Segment liabilities</b>		
(a) Pigments	2,082,832,240	2,047,507,904
(b) Agro Chemicals	277,407,266	176,349,407
(c) Others	9,849,900	19,188,860
(d) Unallocated	356,067,920	228,609,573
Total ...	2,726,157,326	2,471,655,744
<b>4 Capital Expenditure</b>		
(a) Pigments	820,190,406	500,659,714
(b) Agro Chemicals	25,605,959	2,450,920
(c) Others	6,282,476	117,785
(d) Unallocated	478,490,788	249,060,203
Total ...	1,330,569,629	752,288,622
<b>5 Depreciation and Amortisation</b>		
(a) Pigments	377,523,707	337,167,770
(b) Agro Chemicals	2,664,129	2,977,226
(c) Others	12,685,569	12,974,289
(d) Unallocated	105,904,947	84,788,520
Total ...	498,778,352	437,907,805

Particulars	Year Ended 31-03-2017 Rs.	Year Ended 31-03-2016 Rs.
<b>(B) Secondary Segment Disclosures :</b>		
<b>1 Revenue from External Customers</b>		
(a) Indigenous	7,564,253,857	6,829,646,531
(b) Exports (including export incentives)	5,364,347,372	5,242,917,793
Total...	<b>12,928,601,229</b>	<b>12,072,564,324</b>
<b>2 Carrying amount of Assets</b>		
(a) In India	9,183,745,806	7,952,226,681
(b) Outside India	1,597,093,265	1,632,551,286
Total...	<b>10,780,839,071</b>	<b>9,584,777,967</b>
<b>3 Capital Expenditure</b>		
(a) In India	1,330,569,629	752,288,622
(b) Outside India	—	—
Total...	<b>1,330,569,629</b>	<b>752,288,622</b>

#### 10. Related Party Transaction (As per AS-18 on Related Party Disclosures Specified under Section 133 of the Companies Act, 2013) :

List of Related Parties and description of relationship :

(a) Key Management Personnel :	Mr. P.R.Rathi Mr. R.B.Rathi Mr. A.V.Vij
(b) Relatives of Key Management Personnel :	Mrs. R.R.Rathi – Wife of Mr. R.B.Rathi Mr. R.P.Rathi – Son of Mr. P.R.Rathi Mrs. K.B.Rathi – Mother of Mr. R.B.Rathi Mrs. K.R.Rathi – Mother of Mr. P.R.Rathi Mr. A.B.Rathi – Brother of Mr. R.B.Rathi Mrs. S.P.Rathi – Wife of Mr. P.R.Rathi Mrs. R.R.Agarwal – Daughter of Mr. P.R.Rathi
(c) Subsidiary Companies :	Prescient Color Limited RIECO Industries Limited Sudarshan Europe B.V. Sudarshan North America, Inc. (Step-down subsidiary of Sudarshan Chemical Industries Limited, India) Sudarshan (Shanghai) Trading Company Limited Sudarshan CSR Foundation <small>(Sudarshan CSR Foundation (CSR foundation); a wholly owned subsidiary of Sudarshan Chemical Industries Limited (the "Company"), is a "not for profit Company" under Section 8 of the Companies Act, 2013. The main objective of CSR foundation is to carry out CSR activities as per the CSR policies of the Company. As the Company is not deriving any economic benefits from the activities of CSR foundation, the same is not considered for consolidation.)</small>
(d) Entities in which Key Management Personnel and / or their relatives exercise significant influence (SIKMP) :	Rathi Brothers Poona Limited Rathi Brothers Madras Limited Rathi Brothers Calcutta Limited Rathi Brothers Delhi Limited Manan Rathi Trust Balkrishna Rathi Finance Private Limited PRR Finance Private Limited Marathwada Chemical Industries Private Limited Rathi Vessels & Systems Private Limited



Transactions with Related Parties :

Nature of Transactions	2016 – 17				2015 – 16			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	SIKMP*	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	SIKMP*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
• <b>Salary, Pension, Reimbursement of expenses etc. :</b>								
Mr. P.R.Rathi	24,433,397	-	-	-	23,837,361	-	-	-
Mr. R.B.Rathi	22,678,787	-	-	-	21,218,330	-	-	-
Mr. A.V.Vij	11,674,165	-	-	-	9,028,215	-	-	-
Mr. R.P.Rathi	-	3,824,091	-	-	-	3,268,964	-	-
Mrs. K.B.Rathi	-	1,872,520	-	-	-	1,816,632	-	-
Mr. A.B.Rathi (Arrears net of taxes)	-	-	-	-	-	8,925,709	-	-
• <b>Interest paid / payable :</b>								
Mr. P.R.Rathi	951,720	-	-	-	951,720	-	-	-
Mr. R.B.Rathi	1,055,756	-	-	-	1,055,756	-	-	-
Mrs. K.R.Rathi	-	1,710,216	-	-	-	1,710,216	-	-
Mr. R.P.Rathi	-	1,100,860	-	-	-	1,100,860	-	-
Mr. A.B.Rathi	-	468,940	-	-	-	468,940	-	-
Mrs. S.P.Rathi	-	283,924	-	-	-	283,924	-	-
Mrs. R.R.Agarwal	-	371,052	-	-	-	371,052	-	-
Manan Rathi Trust	-	-	-	979,392	-	-	-	979,392
Rathi Brothers Poona Ltd.	-	-	-	1,155,712	-	-	-	566,440
Rathi Brothers Madras Ltd.	-	-	-	439,472	-	-	-	404,652
Rathi Brothers Calcutta Ltd.	-	-	-	102,383	-	-	-	154,693
Rathi Brothers Delhi Ltd.	-	-	-	1,479,725	-	-	-	1,259,839
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	3,744,116	-	-	-	4,258,034
PRR Finance Pvt. Ltd.	-	-	-	1,061,360	-	-	-	2,006,785
Rathi Vessels & Systems Pvt. Ltd.	-	-	-	2,585,784	-	-	-	2,199,902
Others	-	57,400	-	705,053	-	57,400	-	719,809
• <b>Acceptance of Deposits :</b>								
Rathi Brothers Poona Ltd.	-	-	-	24,800,000	-	-	-	23,800,000
Rathi Brothers Madras Ltd.	-	-	-	3,275,000	-	-	-	2,200,000
Rathi Brothers Delhi Ltd.	-	-	-	15,050,000	-	-	-	13,000,000
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	5,300,000	-	-	-	6,000,000
Rathi Vessels & Systems Pvt. Ltd.	-	-	-	3,350,000	-	-	-	25,075,000
Others	-	-	-	1,450,000	-	-	-	1,900,000
• <b>Repayments of Deposits :</b>								
Rathi Brothers Poona Ltd.	-	-	-	7,600,000	-	-	-	25,350,000
Rathi Brothers Delhi Ltd.	-	-	-	3,800,000	-	-	-	15,300,000
Rathi Brothers Madras Ltd.	-	-	-	850,000	-	-	-	2,300,000
PRR Finance Pvt. Ltd.	-	-	-	9,500,000	-	-	-	15,500,000
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	3,300,000	-	-	-	21,300,000
Others	-	-	-	500,000	436,000	-	-	3,400,000
• <b>Sale of Fixed Asset:</b>								
Mr. R.B.Rathi	-	-	-	-	24,520	-	-	-
Mr. A.V.Vij	-	-	-	-	3,924	-	-	-
Mrs. K.B.Rathi	-	-	-	-	-	8,490	-	-
RIECO Industries Ltd.	-	-	-	-	-	-	493,274	-
• <b>Sale of Goods :</b>								
Sudarshan Europe B.V.	-	1,625,160,069	-	-	-	1,600,566,257	-	-
Prescient Color Ltd.	-	27,120,743	-	-	-	16,953,642	-	-
Sudarshan North America, Inc.	-	365,759,214	-	-	-	478,939,348	-	-
RIECO Industries Ltd.	-	582,188	-	-	-	499,769	-	-
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	913,830	-	-	-	1,054,265
• <b>Purchase of Goods / Services :</b>								
Sudarshan Europe B. V.	-	-	165,733	-	-	-	2,835,790	-
Prescient Color Ltd.	-	-	386,273	-	-	-	-	-
Sudarshan North America, Inc.	-	-	4,330,722	-	-	-	-	-
RIECO Industries Ltd.	-	-	28,107,607	-	-	-	23,018,720	-
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	-	-	-	-	6,972,133
• <b>Payment of Arrears of Interest:</b>								
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	-	-	-	-	4,038,876
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	-	2,019,416
• <b>Payment of Arrears of Rent :</b>								
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	-	471,451
Rathi Brothers Madras Ltd.	-	-	-	-	-	-	-	30,027
• <b>Subscription to Share Capital / Share Application Money :</b>								
RIECO Industries Ltd.	-	-	-	-	-	-	70,000,000	-
Sudarshan (Shanghai) Trading Co. Ltd	-	-	6,634,000	-	-	-	-	-
• <b>Proceeds from Redemption of Preference Share Capital :</b>								
Prescient Color Ltd.	-	-	19,000,000	-	-	-	10,000,000	-

Nature of Transactions	2016 – 17				2015 – 16			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	SIKMP*	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	SIKMP*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
• <b>Unsecured Loans given :</b>								
Sudarshan Europe B.V.	-	-	34,804,164	-	-	-	149,219,159	-
RIECO Industries Ltd.	-	-	30,000,000	-	-	-	-	-
Prescient Color Ltd.	-	-	-	-	-	-	60,000,000	-
• <b>Unsecured Loans repayments received :</b>								
Sudarshan Europe B.V.	-	-	149,219,159	-	-	-	161,872,628	-
Prescient Color Ltd.	-	-	-	-	-	-	60,000,000	-
• <b>Interest received / accrued :</b>								
Sudarshan Europe B.V.	-	-	2,691,879	-	-	-	1,688,010	-
RIECO Industries Ltd.	-	-	1,442,466	-	-	-	-	-
Prescient Color Ltd.	-	-	-	-	-	-	253,151	-
• <b>Commission on Sales (Incl. Taxes):</b>								
Rathi Brothers Calcutta Ltd.	-	-	-	6,339,218	-	-	-	6,821,702
Rathi Brothers Delhi Ltd.	-	-	-	23,831,645	-	-	-	23,304,637
Rathi Brothers Madras Ltd.	-	-	-	4,867,881	-	-	-	4,256,581
Rathi Brothers Poona Ltd.	-	-	-	55,832,363	-	-	-	50,042,871
• <b>Management Consultancy fees received (Incl. Taxes) :</b>								
Prescient Color Ltd.	-	-	185,127	-	-	-	315,638	-
• <b>Rent received (Incl. Taxes) :</b>								
Prescient Color Ltd.	-	-	517,860	-	-	-	515,608	-
RIECO Industries Ltd.	-	-	1,561,609	-	-	-	1,554,819	-
Rathi Brothers Madras Ltd.	-	-	-	131,100	-	-	-	130,530
Rathi Brothers Poona Ltd.	-	-	-	436,513	-	-	-	365,965
• <b>Rent Paid :</b>								
RIECO Industries Ltd.	-	-	1,130,780	-	-	-	1,123,400	-
Rathi Brothers Calcutta Ltd.	-	-	-	144,900	-	-	-	144,270
Rathi Brothers Delhi Ltd.	-	-	-	397,321	-	-	-	-
• <b>Donation Paid :</b>								
Sudarshan CSR Foundation	-	-	105,000	-	-	-	402,000	-
Shri Jagannath Rathi Charity Trust	-	-	-	4,140,000	-	-	-	8,691,256
• <b>Reimbursement of Expenses (Net) :</b>								
Sudarshan Europe B.V.	-	-	6,399,602	-	-	-	5,094,839	-
Prescient Color Ltd.	-	-	1,272,172	-	-	-	745,271	-
Sudarshan North America, Inc.	-	-	287,500	-	-	-	285,000	-
RIECO Industries Ltd.	-	-	1,377,078	-	-	-	(5,630,904)	-
Rathi Brothers Calcutta Ltd.	-	-	-	14,584	-	-	-	-
Rathi Brothers Madras Ltd.	-	-	-	34,800	-	-	-	-
Rathi Brothers Poona Ltd.	-	-	-	329,353	-	-	-	-
• <b>Corporate guarantee issued /renewed :</b>								
Sudarshan North America Inc. (in USD)	-	-	-	-	-	-	3,000,000	-
Sudarshan North America Inc. (in INR)	-	-	-	-	-	-	200,235,000	-
Sudarshan Europe B.V. (in EUR)	-	-	-	-	-	-	3,000,000	-
Sudarshan Europe B.V. (in INR)	-	-	-	-	-	-	206,724,300	-
Prescient Color Ltd.	-	-	378,200,000	-	-	-	-	-
RIECO Industries Ltd.	-	-	-	-	-	-	1,000,000,000	-
• <b>Balance outstanding at year end :</b>								
- <b>Customer / (Vendor) Account</b>								
Prescient Color Ltd.	-	-	2,399,075	-	-	-	2,277,345	-
Sudarshan Europe B.V.	-	-	419,264,260	-	-	-	418,715,624	-
Sudarshan North America, Inc.	-	-	31,021,289	-	-	-	145,284,768	-
Sudarshan (Shanghai) Trading Co. Ltd	-	-	5,328,468	-	-	-	-	-
RIECO Industries Ltd.	-	-	1,126,382	-	-	-	(7,662,793)	-
Marathwada Chemical Inds. Pvt. Ltd.	-	-	-	130,140	-	-	-	198,967
- <b>Loan given</b>								
Sudarshan Europe B.V.	-	-	34,804,164	-	-	-	149,219,159	-
RIECO Industries Ltd.	-	-	30,000,000	-	-	-	-	-
- <b>Corporate guarantee</b>								
Sudarshan North America Inc. (in USD)	-	-	3,000,000	-	-	-	3,000,000	-
Sudarshan North America Inc. (in INR)	-	-	194,515,800	-	-	-	200,040,000	-
Sudarshan Europe B.V. (in EUR)	-	-	3,000,000	-	-	-	3,000,000	-
Sudarshan Europe B.V. (in INR)	-	-	207,742,800	-	-	-	227,070,000	-
Prescient Color Ltd.	-	-	378,200,000	-	-	-	-	-
RIECO Industries Ltd.	-	-	1,000,000,000	-	-	-	1,000,000,000	-
- <b>Deposits</b>								
Mr. P.R.Rathi	9,285,000	-	-	-	9,285,000	-	-	-
Mr. R.B.Rathi	10,300,000	-	-	-	10,300,000	-	-	-
Mr. R.P.Rathi	-	10,740,000	-	-	-	10,740,000	-	-
Mrs. K.R.Rathi	-	16,685,000	-	-	-	16,685,000	-	-
PRR Finance Pvt. Ltd.	-	-	-	7,330,000	-	-	-	16,830,000
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	39,665,000	-	-	-	37,665,000
Rathi Vessels & Systems Pvt. .Ltd.	-	-	-	27,475,000	-	-	-	24,175,000
Others	-	11,525,000	-	60,700,000	-	11,525,000	-	29,225,000

Nature of Transactions	2016 – 17				2015 – 16			
	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	SIKMP*	Key Management Personnel	Relatives of Key Management Personnel	Subsidiary Companies	SIKMP*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Salary and Commission								
Mr. P.R.Rathi	6,000,000	-	-	-	6,000,000	-	-	-
Mr. R.B.Rathi	6,000,000	-	-	-	6,000,000	-	-	-

\* Significant Influence of Key Management Personnel and / or their relatives

### 11. Inventories (At Cost or Net Realisable Value) :

	As at	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
	Value	Value
	Rs.	Rs.
<b>(a) Finished Products :</b>		
(i) Inorganic Pigments	129,200,882	144,859,565
(ii) Organic Pigments	499,127,897	524,713,968
(iii) Intermediates	1,805,172	2,634,947
(iv) Pesticides (100%)	127,659,310	80,366,556
(v) Vessels / Agitators	1,736,332	13,681,444
Total...	759,529,593	766,256,480
<b>(b) Semi-finished Products (Work-in-progress) :</b>		
(i) Inorganic Pigments	79,888,265	26,437,588
(ii) Organic Pigments	302,616,790	183,245,848
(iii) Intermediates	5,126,422	4,993,452
(iv) Pesticides (100%)	8,450,271	5,995,338
(v) Agitators / Mixers	5,262,032	12,937,935
Total...	401,343,780	233,610,161

### 12. Sales (Net of Excise Duty) :

	Current Year	Previous Year
	Rs.	Rs.
(i) Inorganic Pigments	2,786,295,983	2,668,895,756
(ii) Organic Pigments	8,211,457,403	7,981,009,539
(iii) Pesticides (100%)	838,940,026	729,465,755
(iv) Pesticides Trading Sales	606,369,834	433,493,348
(v) Pigment Trading Sales	2,954,048	6,368,377
(vi) Agitators / Mixers	165,135,862	152,917,496
Total...	12,611,153,156	11,972,150,271

### 13. Raw Materials Consumed :

	Current Year	Previous Year
	Rs.	Rs.
(i) Litharge and Lead Metal	486,276,993	378,049,162
(ii) Sodium Bichromate	173,152,574	159,456,860
(iii) Pesticides	559,429,233	437,447,757
(iv) C P C Blue	852,505,679	798,491,538
(v) C Acid	281,375,380	167,884,854
(vi) Naphthol	426,040,091	425,575,533
(vii) Beta Naphthol	27,863,085	49,149,033
(viii) 3,3' Dichlorobenzidine Dihydrochloride	266,356,918	249,447,792
(ix) Bon Acid	200,869,288	185,034,163
(x) Titanium Oxy Chloride	198,783,915	187,990,936
(xi) Caustic Soda	214,319,257	200,855,016
(xii) 5-Amino, 6-Methyl Benzimidazolone	123,444,085	88,157,919
(xiii) Dimethyl Succinyl Succinate	85,862,206	104,983,308
(xiv) Barbituric Acid	74,552,086	70,995,899
(xv) Uncalcined Mica	117,120,945	94,722,750
(xvi) Calcined Mica	20,227,822	23,453,776
(xvii) Other	3,056,668,558	2,974,711,459
Total...	7,164,848,115	6,596,407,755

**14. Value of Imported and Indigenous Raw Materials consumed during the year :**

	Rs.	% to Total Consumption
(a) Value of Imported Raw Materials including duty, handling, clearance charges etc.	<u>1,901,178,091</u>	<u>27%</u>
	(1,734,134,556)	(26%)
(b) Value of Indigenous Raw Materials	<u>5,263,670,024</u>	<u>73%</u>
	(4,862,273,199)	(74%)
Total...	<u>7,164,848,115</u>	<u>100%</u>
	(6,596,407,755)	(100%)

**15. Value of Imported and Indigenous Stores, Spares and Components consumed during the year :**

	Rs.	% to Total Consumption
(a) Value of Imported Stores, Spares and Components including duty, handling, clearance charges etc.	<u>105,357,898</u>	<u>45%</u>
	(36,323,711)	(15%)
(b) Value of Indigenous Stores, Spares and Components	<u>128,356,375</u>	<u>55%</u>
	(213,150,500)	(85%)
Total...	<u>233,714,273</u>	<u>100%</u>
	(249,474,211)	(100%)

**16. Expenditure / Payments in Foreign Currencies on Account of :**

	Current Year Rs.	Previous Year Rs.
(a) Commission	<u>29,431,382</u>	26,994,620
(b) Foreign Travel	<u>15,236,525</u>	15,158,368
(c) Interest	<u>39,531,556</u>	32,774,493
(d) Legal and Professional Charges	<u>46,134,725</u>	36,041,530
(e) Others	<u>23,820,259</u>	16,585,245
Total...	<u>154,154,447</u>	127,554,256

**17. C.I.F. Value of Imports :**

	Current Year Rs.	Previous Year Rs.
(a) Raw Materials (including through Canalising Agencies)	<u>1,853,171,191</u>	1,897,390,083
(b) Stores and Components	<u>45,631,986</u>	33,171,257
(c) Capital Goods	<u>31,754,613</u>	5,461,469
Total...	<u>1,930,557,790</u>	1,936,022,809

**18. Remittances during the year in foreign currencies on account of dividend to non-resident shareholders were as follows :**

	Current Year	Previous Year
Number of Shareholders	<u>1</u>	1
Number of Equity Shares	<u>5,579,890</u>	5,579,890
Face value (Rs.) each	<u>2</u>	2
Amount of Final Dividend remitted during the year (Rs.) (Year to which dividend pertains)	<u>2,789,945</u> (FY 15 – 16)	9,764,808 (FY 14 – 15)
Amount of Interim Dividend remitted during the year (Rs.) (Year to which dividend pertains)	<u>13,949,725</u> (FY 16 – 17)	13,949,725 (FY 15 – 16)

The above information pertains to a non-resident shareholder to whom direct remittance has been made by the Company.

**19. Earnings in Foreign Exchange :**

	Current Year Rs.	Previous Year Rs.
(a) Export of goods on F.O.B. Basis (inclusive of exports of Export House)	<u>5,078,906,213</u>	5,176,020,023
(b) Others	<u>2,691,879</u>	1,688,010
Total...	<u>5,081,598,092</u>	5,177,708,033

## 20. Hedged / Un-hedged Foreign Exposure :

The following currency transactions remain outstanding :

Nature	Currency	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>(A) Un-hedged Exposure</b>			
<b>Assets</b>			
Export Receivables	EURO	137,582,603	5,647,499
Export Receivables	USD	13,378,375	278,625,200
Loan to Subsidiary - Sudarshan Europe B.V.	EURO	19,641,506	80,684,708
Loan to Subsidiary - Sudarshan Europe B.V.	USD	15,162,658	68,534,450
Advances to Creditors	EURO	3,831,640	–
Advances to Creditors	USD	5,645,465	–
Advances to Creditors	GBP	312,390	–
<b>Liabilities</b>			
Import Payables	EURO	2,635,230	901,362
Import Payables	USD	369,517,840	330,328,525
<b>Foreign currency working capital borrowings</b>			
Packing Credit (Pre-shipment)	USD	306,769,000	66,680,000
Packing Credit (Post-shipment)	EURO	74,008,418	7,908,848
Buyer's Credit	USD	56,732,684	–
<b>Foreign currency term loans</b>			
Exim Term loan	USD	–	21,558,857
ECB loan	EURO	1,301,188,500	1,392,696,000
<b>(B) Hedged Exposure (Forward Exchange Contracts)</b>			
<b>Assets</b>			
Export Receivables	EURO	312,386,540	375,756,528
Export Receivables	USD	734,110,580	628,003,392
<b>Liabilities</b>			
Import Payables	USD	–	18,190,304

Note : The Company has also hedged the interest rate on foreign currency loan of EURO 13 million (Previous Year : EURO 13 million) by swapping floating interest rate of LIBOR plus 279 Basis Point to fixed interest rate of 3.20% p.a.

## 21. Earnings per Share (EPS) :

Particulars	31-03-2017	31-03-2016
Net Profit After Tax available for Equity Shareholders	894,096,212	716,285,687
Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted Average number of equity shares used to compute basic earnings per share	69,227,250	69,227,250
Earnings per share basic and diluted (Rs.)	12.92	10.35

## 22. Managerial Remuneration :

	Mr. P.R.Rathi Chairman and Managing Director	Mr. R.B.Rathi Deputy Managing Director
Salary and Other Allowances	16,351,097	15,130,450
	(15,628,261)	(13,028,695)
Contribution to Provident Fund and Other Funds	1,879,200	1,508,737
	(1,879,200)	(1,371,576)
Other Perquisites	203,100	39,600
	(329,900)	(818,059)
Commission	6,000,000	6,000,000
	(6,000,000)	(6,000,000)
Total ...	24,433,397	22,678,787
	(23,837,361)	(21,218,330)

**23. Expenses Capitalized during the year are as below :**

	Current Year Rs.	Previous Year Rs.
(A) Employee Cost	4,067,358	3,656,556
(B) Borrowing Cost	19,717,357	9,610,737
(C) Power Cost	17,772,368	–
Total...	<b>41,557,083</b>	<b>13,267,293</b>

**24. Foreign Exchange Difference Capitalised during the year :**

The foreign exchange difference arising out of re-alignment of the value of the foreign currency loan, taken for the purpose of procurement of fixed assets, has been adjusted in the carrying cost of the respective fixed assets and has been depreciated over their remaining depreciable life as follows :

	Current Year Gain / (Loss) Rs.	Previous Year Gain / (Loss) Rs.
(i) Plant and Machinery (Including CWIP)	101,325,549	(88,105,350)
(ii) Buildings	8,304,926	(13,744,559)
(iii) R&D Plant and Machinery	1,053,451	(1,743,450)
(iv) R&D Buildings	508,519	(841,594)
Total...	<b>111,192,445</b>	<b>(104,434,953)</b>

**25. Revision in Depreciation on account of Componentisation of Fixed Assets :**

During the Financial Year 2015-16, in terms of the requirement of Schedule II of the Companies Act, 2013, the Company has identified significant component of Property, Plant and Equipment which have materially different useful lives, based on the technical evaluation done by an Independent Valuer. Consequently depreciation charge for the aforementioned year was higher by Rs. 17,328,640.

**26. Details of Other Current Liabilities :**

	As at 31 <sup>st</sup> March 2017 Rs.	As at 31 <sup>st</sup> March 2016 Rs.
Outstanding Expenses	245,197,157	250,442,231
Debtors' Credit Balances / Debtors' Advances	75,086,658	74,435,031
Export Commission Payable	29,405,768	28,333,319
Director Commission Payable	16,450,000	15,200,000
Salaries	365,694	240,362
Deposit from Employees	15,579,779	15,502,735
Others	17,275,899	17,348,728
Total...	<b>399,360,955</b>	<b>401,502,406</b>

**27. Details of Other Current Assets :**

	As at 31 <sup>st</sup> March 2017 Rs.	As at 31 <sup>st</sup> March 2016 Rs.
Accrued Income	5,967,795	2,815,363
Mediclaime, Excise Duty Recoverable	32,767,737	16,389,863
Gratuity Receivable	8,654,251	3,237,768
Total...	<b>47,389,783</b>	<b>22,442,994</b>



**28. Lease Rent :**

The Company has taken residential accommodation, office premises and warehouses on lease / rental basis. Lease period varies from one month to twelve months. These leases are cancellable in nature. Lease / rentals recognised in the Statement of Profit and Loss is **Rs. 15,201,663** (Previous Year : Rs. 12,817,931)

**29. Amount spent towards Corporate Social Responsibility :**

During the year the Company has incurred CSR expenses of **Rs. 14,310,878** (Previous Year : Rs. 13,178,377) which includes contribution / donation of **Rs. 2,140,000** (Previous Year : Rs. 6,691,256) to trusts (related party) which are engaged in activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto and other expenses of **Rs. 12,170,878** (Previous Year : Rs. 6,487,121) directly incurred by the Company.

In addition to the above, a contribution of **Rs. 105,000** (Previous Year : Rs. 402,000) is made to its subsidiary Sudarshan CSR Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports (d) protection of national heritage and promotion and development of traditional arts (e) promotion of gender equality and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermin-culture, organic farming etc.

**30. General expenses include donation to Political Party Rs. 2,000,000** (Nationalist Congress Party) (Previous Year : Rs. Nil)

**31. Disclosure required under Sec. 186 (4) of Companies Act, 2013**

Loan given to subsidiaries for working capital finance - repayable on demand		Loan given during	
Name of party	Rate of interest	Current Year	Previous Year
Sudarshan Europe B.V.	5.00% p.a.	<b>34,804,164</b>	149,219,159
Prescient Color Ltd.	11.00% p.a.	-	60,000,000
RIECO Industries Ltd.	9.75% p.a.	<b>30,000,000</b>	-

Loan given to subsidiaries for working capital finance - repayable on demand		Loan Outstanding as on	
Name of party	Rate of interest	31-03-2017	31-03-2016
Sudarshan Europe B.V.	5.00% p.a.	<b>34,804,164</b>	149,219,159
RIECO Industries Ltd.	9.75% p.a.	<b>30,000,000</b>	-

Investments in Share Capital		Investments made during	
Name of party		Current Year	Previous Year
RIECO Industries Ltd (Share Application Money)		-	70,000,000
Sudarshan (Shanghai) Trading Co. Ltd. (Share Application Money)		<b>6,634,000</b>	-

Corporate Guarantees issued for working capital finance on behalf of	Guarantees issued / renewed during			
	Current Year		Previous Year	
	In Foreign currency*	In Rs.	In Foreign currency	In Rs.
Sudarshan North America Inc.	-	-	USD 3 Millions	200,235,000
Sudarshan Europe B.V.	-	-	EUR 3 Millions	206,724,300
Prescient Color Ltd.	-	378,200,000	-	-
RIECO Industries Ltd.	-	-	-	1,000,000,000

Corporate Guarantees issued for working capital finance on behalf of	Guarantees Outstanding as on			
	31-03-2017		31-03-2016	
	In Foreign currency**	In Rs.	In Foreign currency	In Rs.
Sudarshan North America Inc.	USD 3 Millions	194,515,800	USD 3 Millions	200,040,000
Sudarshan Europe B.V.	EUR 3 Millions	207,742,800	EUR 3 Millions	227,070,000
Prescient Color Ltd.	-	378,200,000	-	-
RIECO Industries Ltd.	-	1,000,000,000	-	1,000,000,000

\* Value of Corporate Guarantees which were renewed during the year have been converted into equivalent rupees at the prevailing rate on the date of renewal.

\*\* Value of Corporate Guarantees which are outstanding as at 31<sup>st</sup> March, 2017 have been converted into equivalent rupees at the closing rate.

32. In accordance with Accounting Standard - 4 "Contingencies and Events Occurring after Balance Sheet Date" issued by the Ministry of Corporate Affairs dated 30<sup>th</sup> March, 2016, the Company has not recorded proposed final dividend as a liability as at 31<sup>st</sup> March, 2017.

33. Details of Specified Bank Notes (SBN) held and transacted during the period 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 :

Particulars	Amount in Rs.		
	Specified Bank Notes	Other Denominations	Total
Closing Cash on Hand on 8 <sup>th</sup> November, 2016	1,102,000	368,708	1,470,708
(+) Permitted Receipts	34,000*	3,959,290	3,993,290
(-) Permitted Payments	8,000	3,496,557	3,504,557
(-) Amount Deposited in Banks	1,128,000	-	1,128,000
Closing Cash in Hand as on 30 <sup>th</sup> December, 2016	-	831,441	831,441

\* These represents advances refunded by the employee of the company.

34. The Company has reclassified previous year's figures to conform to this year's classification.

The figures in brackets are those in respect of previous year.

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

SHIRISH RAHALKAR  
Partner  
Membership No.:111212  
Pune : 26<sup>th</sup> May, 2017

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
Chairman &  
Managing Director

R.B.RATHI  
Deputy  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

P.S.RAGHAVAN  
Company Secretary

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# **SUDARSHAN CHEMICAL INDUSTRIES LIMITED**

## **Consolidated Financial Statements for the Financial Year 2016-17**

## INDEPENDENT AUDITORS' REPORT

**To the Members of Sudarshan Chemical Industries Limited**

### **Report on the Consolidated Financial Statements**

1. We have audited the accompanying Consolidated Financial Statements of Sudarshan Chemical Industries Limited ("the Holding Company") and its subsidiaries ("the Holding Company and its subsidiaries are referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### **Management's Responsibility for the Consolidated Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the Holding Company, as aforesaid.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
4. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Opinion

8. 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 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<sup>st</sup> March, 2017, and its consolidated profit and its consolidated cash flows for the year ended on that date.

### Other Matters

9. We did not audit the Financial Statements of three subsidiaries, included in the consolidated financial results. Of the aforementioned three subsidiaries, two were audited by other auditors, and their Financial Statements reflect total assets (before consolidation adjustments) of Rs. 1,549,886,694 as at 31<sup>st</sup> March, 2017, total revenue (before consolidation adjustments) of Rs. 1,804,989,789 and net cashflows of Rs. 1,189,076 for the year ended 31<sup>st</sup> March, 2017. Further, one subsidiary was unaudited and its Financial Statements reflect total assets (before consolidation adjustments) of Rs. 897,869 and net cashflows of Rs. 495,694 as at 31<sup>st</sup> March, 2017. Our opinion on the consolidated financial results for the year ended 31<sup>st</sup> March, 2017, to the extent they have been derived from such Financial Statements is based on solely on the report of such other auditors and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

10. 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 purpose of our audit of the aforesaid Consolidated Financial Statements;
  - b. in our opinion, proper books of accounts as required by law have been kept so far as it appears from our examination of those books and the reports of the other auditors relating to preparation of the aforesaid Consolidated Financial Statements;
  - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d. in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. on the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiaries incorporated in India, none of the directors is disqualified as on 31<sup>st</sup> March, 2017, 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 over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer to our separate report in the “Annexure”; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31<sup>st</sup> March, 2017, on the consolidated financial position of the Group – Ref. Note No. 5 (i) of Note No. 29 to the Consolidated Financial Statements.



- ii. The Group did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses, and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditor's report of the Indian subsidiaries there were no amounts which were required to be transferred to the said fund.
- iv. The Group has provided requisite disclosures (in respect of the holding company and domestic subsidiaries) in the Consolidated Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of accounts maintained by the company and as produced to us by the Management. Ref. Note No. 22 of Note No. 29 to the Consolidated Financial Statements.

For B. K. Khare and Co.  
Chartered Accountants  
Firm Registration No. : 105102W

Pune : 26<sup>th</sup> May, 2017

Shirish Rahalkar  
Partner  
Membership No. : 111212

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Sudarshan Chemical Industries Limited on the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2017.

1. In conjunction with our audit of the Consolidated Financial Statements of Sudarshan Chemical Industries Limited as of and for the ended 31<sup>st</sup> March, 2017, we have audited the internal financial controls over financial reporting of Sudarshan Chemical Industries Limited ("the Holding Company"), and its two subsidiary companies incorporated in India ("Indian Subsidiary Companies"), as of that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the of the Holding Company and its Indian subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate 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 ("the Act").

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.
5. 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 system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's internal financial control over financial reporting includes those policies and procedures that
  - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- b. 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
- c. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Holding Company and its Indian Subsidiary Companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its Indian Subsidiary Companies respectively 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.

For B. K. Khare and Co.  
Chartered Accountants  
Firm Registration No. : 105102W

Shirish Rahalkar  
Partner  
Membership No. : 111212

Pune : 26<sup>th</sup> May, 2017

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

Particulars	Note No.	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	138,454,500	138,454,500
(b) Reserves and Surplus	2	3,807,655,284	3,001,095,976
		<u>3,946,109,784</u>	<u>3,139,550,476</u>
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	3	1,439,843,580	2,184,146,248
(b) Deferred tax liabilities (Net)	4	468,846,039	364,815,584
(c) Other long-term liabilities	5	50,513,842	40,229,536
(d) Long-term provisions	6	146,381,009	125,302,084
		<u>2,105,584,470</u>	<u>2,714,493,452</u>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	1,985,206,309	1,741,412,212
(b) Trade payables	8		
- Micro Enterprises and Small Enterprises		115,802,028	75,812,208
- Other than Micro Enterprises and Small Enterprises		2,455,276,053	2,080,027,478
(c) Other current liabilities	9	1,532,005,518	1,076,067,604
(d) Short-term provisions	10	24,689,610	70,026,181
		<u>6,112,979,518</u>	<u>5,043,345,683</u>
<b>Total</b>		<u><b>12,164,673,772</b></u>	<u><b>10,897,389,611</b></u>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	4,303,230,228	3,368,946,742
(ii) Intangible assets	12A	137,345,936	140,436,528
(iii) Capital work-in-progress		80,297,141	154,348,222
(b) Goodwill on consolidation	12B	50,724,819	68,442,101
(c) Non-current investments	13	2,964,697	2,964,697
(d) Long-term loans and advances	14	282,535,136	323,998,768
(e) Other non-current assets	15	58,138,724	2,500,000
		<u>4,915,236,681</u>	<u>4,061,637,058</u>
<b>(2) Current Assets</b>			
(a) Inventories	16	2,690,265,006	2,531,367,767
(b) Trade receivables	17	3,534,490,813	3,529,360,488
(c) Cash and cash equivalents	18	152,605,742	249,942,336
(d) Short-term loans and advances	19	549,381,795	465,079,923
(e) Other current assets	20	322,693,735	60,002,039
		<u>7,249,437,091</u>	<u>6,835,752,553</u>
<b>Total</b>		<u><b>12,164,673,772</b></u>	<u><b>10,897,389,611</b></u>
See accompanying Notes to The Consolidated Financial Statements	29		

The accompanying notes form an integral part of The Consolidated Financial Statements.

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

P.R.RATHI  
Chairman &  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

SHIRISH RAHALKAR  
Partner  
Membership No.:111212

Pune : 26<sup>th</sup> May, 2017

R.B.RATHI  
Deputy  
Managing Director

P.S.RAGHAVAN  
Company Secretary

Pune : 26<sup>th</sup> May, 2017

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

Particulars	Note No.	Current Year Rs.	Previous Year Rs.
I. Revenue from operations	21	<b>16,396,067,162</b>	15,163,230,326
Less : Excise duty		<b>1,169,980,773</b>	1,069,972,800
		<b>15,226,086,389</b>	14,093,257,526
II. Other Income	22	<b>223,816,102</b>	140,313,520
<b>III. Total Revenue (I +II)</b>		<b>15,449,902,491</b>	14,233,571,046
IV. Expenses :			
Cost of materials consumed	23	<b>8,214,440,037</b>	7,724,770,603
Purchase of stock-in-trade	24	<b>573,761,635</b>	361,518,879
(Increase) / Decrease in inventories of finished goods, work in progress and stock-in-trade	25	<b>(124,041,543)</b>	91,862,876
Employee benefit expense	26	<b>1,110,767,091</b>	1,033,512,488
Finance costs	27	<b>306,103,601</b>	343,393,929
Depreciation and amortisation expense	11, 12A-B	<b>545,719,288</b>	481,018,536
Other expenses	28	<b>3,460,830,603</b>	3,207,777,947
<b>Total Expenses</b>		<b>14,087,580,712</b>	13,243,855,258
<b>V. Profit / (Loss) before exceptional, extraordinary items and tax (III - IV)</b>		<b>1,362,321,779</b>	989,715,788
VI. Exceptional Items		-	-
<b>VII. Profit / (Loss) before extraordinary items and tax (V - VI)</b>		<b>1,362,321,779</b>	989,715,788
VIII. Extraordinary Items		-	-
<b>IX. Profit / (Loss) before tax (VII - VIII)</b>		<b>1,362,321,779</b>	989,715,788
X. Tax expense :			
Current Tax		<b>289,998,796</b>	225,983,360
MAT Credit (Entitlement) / Utilised (Net)		<b>(65,736,572)</b>	63,489,300
		<b>224,262,224</b>	289,472,660
Deferred Tax Charge / (Credit)		<b>104,030,455</b>	1,098,078
<b>Total Tax Expense</b>		<b>328,292,679</b>	290,570,738
<b>XI. Profit / (Loss) for the period from continuing operations</b>		<b>1,034,029,100</b>	699,145,050
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)		-	-
<b>XV. Profit / (Loss) for the period (XI + XIV)</b>		<b>1,034,029,100</b>	699,145,050
XVI. Earnings per equity share, Basic and Diluted (Rs. Per Equity Share of Rs. 2 each) (Ref. Note No. 11 of Note No. 29)		<b>14.94</b>	10.10
See accompanying Notes to The Consolidated Financial Statements	29		

The accompanying notes form an integral part of The Consolidated Financial Statements.

As per our report of even date.

For and on behalf of the Board of Directors

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

P.R.RATHI  
Chairman &  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

SHIRISH RAHALKAR  
Partner  
Membership No.:111212

R.B.RATHI  
Deputy  
Managing Director

P.S.RAGHAVAN  
Company Secretary

Pune : 26<sup>th</sup> May, 2017

Pune : 26<sup>th</sup> May, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

Particulars	Current Year Rs.	Previous Year Rs.
<b>Cash flow from operating activities</b>		
Profit / (Loss) before tax from operations	1,362,321,779	989,715,788
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation / amortization on Goodwill on Consolidation	17,717,282	17,717,282
Depreciation / amortization	528,002,003	463,301,254
Loss / (Profit) on sale or write off of fixed assets	26,497,030	(578,484)
Provision no longer required written back	(14,541,319)	(67,961,944)
Unrealized foreign exchange Loss / (Gain)	(77,912,179)	77,700,891
Provision for doubtful debt and advances	(5,933,064)	41,576,838
Advance and bad debts written off	89,001,537	77,419,305
Interest expense	306,103,601	343,393,929
Interest income	(37,686,390)	(41,122,344)
<b>Operating profit before working capital changes</b>	<b>2,193,570,280</b>	<b>1,901,162,515</b>
<b>Movements in working capital :</b>		
Increase / (decrease) in trade payables	425,691,668	269,322,996
Increase / (decrease) in provisions	17,403,679	(1,442,443)
Increase / (decrease) in other liabilities	(53,010,727)	161,380,380
Decrease / (increase) in trade receivables	(40,147,620)	(468,584,143)
Decrease / (increase) in inventories	(158,897,239)	(29,700,459)
Decrease / (increase) in loans and advances	(100,157,819)	(38,312,856)
Decrease / (increase) in other assets	(262,691,696)	46,923,294
<b>Cash generated from / (used in) operations</b>	<b>2,021,760,526</b>	<b>1,840,749,284</b>
Direct taxes paid	(319,131,438)	(201,954,375)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>1,702,629,088</b>	<b>1,638,794,909</b>
<b>Cash flows from investing activities :</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances / liabilities	(1,388,334,130)	(850,784,887)
Proceeds from sale of fixed assets	13,181,484	2,678,815
Investments in bank deposits (Having original maturity of more than three months) (Net)	(58,405,905)	(22,424,764)
Interest received	37,686,390	38,310,928
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,395,872,161)</b>	<b>(832,219,908)</b>
<b>Cash flows from financing activities :</b>		
Proceeds from long-term borrowings	342,220,275	735,068,112
Repayment of long-term borrowings	(447,660,838)	(378,269,383)
Dividend Paid (Including Dividend Distribution Tax)	(248,069,581)	(354,121,999)
Proceeds from short-term borrowings (Net)	251,945,141	(478,832,393)
Interest paid	(305,295,699)	(331,474,876)
<b>Net cash flow from / (used in) in financing activities (C)</b>	<b>(406,860,702)</b>	<b>(807,630,539)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(100,103,775)</b>	<b>(1,055,538)</b>
Cash and cash equivalents at the beginning of the year	214,586,447	215,641,985
<b>Cash and cash equivalents at the end of the year</b>	<b>114,482,672</b>	<b>214,586,447</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,258,849	2,015,327
<b>With banks :</b>		
on current account	100,316,952	201,520,959
on deposit account	-	41,629
unpaid dividend accounts*	12,906,871	11,008,532
<b>Total cash and cash equivalents (Ref. Note No. 18)</b>	<b>114,482,672</b>	<b>214,586,447</b>

## Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement, prescribed under Section 133 of the Companies Act, 2013.
- Previous year's figures have been regrouped wherever necessary to conform to the current year classification.  
\* The Company can utilise these balances only towards settlement of the respective unpaid dividend.

The accompanying notes form an integral part of The Consolidated Financial Statements.

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

SHIRISH RAHALKAR  
Partner  
Membership No.: 111212  
Pune : 26<sup>th</sup> May, 2017

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

Pune : 26<sup>th</sup> May, 2017

P.R.RATHI  
Chairman &  
Managing Director

R.B.RATHI  
Deputy  
Managing Director

V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

P.S.RAGHAVAN  
Company Secretary



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.		As at 31-03-2016 Rs.	
	<b>SHAREHOLDERS' FUNDS :</b>				
1	<b>SHARE CAPITAL</b>				
	<b>Equity Share Capital :</b>				
	<b>AUTHORISED :</b>				
	75,000,000 (Previous Year : 75,000,000) Equity Shares of Rs. 2 each.	<u>150,000,000</u>		<u>150,000,000</u>	
	<b>ISSUED :</b>				
	* 69,227,750 (Previous Year : 69,227,750) Equity Shares of Rs. 2 each.	<u>138,455,500</u>		<u>138,455,500</u>	
	<b>SUBSCRIBED AND PAID-UP :</b>				
	69,227,250 (Previous Year : 69,227,250) Equity Shares of Rs. 2 each fully paid up.	<u>138,454,500</u>		<u>138,454,500</u>	
	* Allotment of 500 Rights Equity Shares of Rs. 2 each is kept in abeyance, matter being sub-judice.				
	<b>(a) Reconciliation of the shares outstanding at the beginning and at the end of the year :</b>				
		<b>No.</b>	<b>Rs.</b>	<b>No.</b>	<b>Rs.</b>
	At the beginning of the year	69,227,250	138,454,500	69,227,250	138,454,500
	Add : Issued during the year	-	-	-	-
	Less : Shares bought back during the year	-	-	-	-
	Outstanding at the end of the year	<u>69,227,250</u>	<u>138,454,500</u>	<u>69,227,250</u>	<u>138,454,500</u>
	<b>(b) Terms / Rights attached to equity shares :</b>				
	The Company has only one class of equity shares having a par value of Rs. 2 per share (Previous Year : Rs.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.				
	During March, 2017 an Interim Dividend of Rs. 2.50 per share was paid. Also, a Final Dividend of Rs. 1.00 per share was proposed to be paid for the Financial Year ended 31 <sup>st</sup> March, 2017, subject to approval of shareholders. In view of this, the amount of dividend per share aggregates to Rs. 3.50 (Previous Year : Rs. 3.00) on a face value of Rs. 2 per share.				
	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.				
	<b>(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates :</b>				
	The Company does not have any holding or ultimate holding company.				
	<b>(d) Details of shareholders holding more than 5% shares in the company :</b>				
		<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
	Mr. Pradeep R. Rathi	3,823,450	5.52	3,823,450	5.52
	Mr. Rahul P. Rathi	4,754,540	6.87	4,754,540	6.87
	Mr. Anuj N. Rathi	3,827,620	5.53	3,827,620	5.53
	DIC Corporation, Japan	5,579,890	8.06	5,579,890	8.06

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.		As at 31-03-2016 Rs.	
<b>2</b>	<b>RESERVES AND SURPLUS</b>				
	<b>(a) CAPITAL RESERVE</b>				
	Balance at the beginning of the year	5,044,100		5,044,100	
	Additions during the year	-		-	
	Less : Deductions during the year	-		-	
	Balance at the end of the year	<u>5,044,100</u>	<u>5,044,100</u>	<u>5,044,100</u>	5,044,100
	<b>(b) SECURITIES PREMIUM ACCOUNT</b>				
	Balance at the beginning of the year	132,115,000		132,115,000	
	Additions during the year	-		-	
	Less : Deductions during the year	-		-	
	Balance at the end of the year	<u>132,115,000</u>	<u>132,115,000</u>	<u>132,115,000</u>	132,115,000
	<b>(c) GENERAL RESERVE</b>				
	Balance at the beginning of the year	1,684,050,614		1,584,050,614	
	Add: Transferred from Surplus in the Statement of Profit and Loss	150,000,000		100,000,000	
	Less: Deductions during the year	-		-	
	Balance at the end of the year	<u>1,834,050,614</u>	<u>1,834,050,614</u>	<u>1,684,050,614</u>	1,684,050,614
	<b>(d) FOREIGN CURRENCY TRANSLATION RESERVE</b>				
	Balance at the beginning of the year	(8,491,795)		(72,872,390)	
	Additions during the year	(19,163,197)		64,380,595	
	Less : Deductions during the year	-		-	
	Balance at the end of the year	<u>(27,654,992)</u>	<u>(27,654,992)</u>	<u>(8,491,795)</u>	(8,491,795)
	<b>(e) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>				
	Surplus at the beginning of the year	1,188,378,057		839,201,713	
	Add : Profit After Tax for the year	1,034,029,100		699,145,050	
	Less: Appropriations				
	Interim Equity Dividend	173,068,125		173,068,911	
	Proposed Final Equity Dividend	-		34,613,625	
	Tax on Interim and Final Equity Dividend <i>Ref. Note No. 21 of Note No. 29</i>	35,238,470		42,286,170	
	Transferred to General Reserve	150,000,000		100,000,000	
		<u>1,864,100,562</u>	<u>1,864,100,562</u>	<u>1,188,378,057</u>	1,188,378,057
	Total ...		<u><u>3,807,655,284</u></u>		<u><u>3,001,095,976</u></u>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
	<b>NON-CURRENT LIABILITIES :</b>		
<b>3</b>	<b>LONG-TERM BORROWINGS</b>		
	<b>(a) SECURED LOANS FROM BANKS :</b>		
	<b>- Rupee Loans :</b>		
	Export - Import Bank of India (EXIM Bank) <i>Ref. Note Nos. i) below</i>	75,000,000	112,400,000
	State Bank of India <i>Ref. Note Nos. ii) below</i>	60,000,000	120,000,000
	Bank of Maharashtra <i>Ref. Note Nos. iii) to v) below</i>	69,269,639	101,064,248
	ICICI Bank Limited <i>Ref. Note Nos. vi) below</i>	2,481,441	-
	<b>- Foreign Currency Loans :</b>		
	State Bank of India <i>Ref. Note Nos. vii) and viii) below</i>	969,862,500	1,195,902,000
		<b>1,176,613,580</b>	<b>1,529,366,248</b>
	<b>(b) UNSECURED LOANS FROM OTHERS :</b>		
	<b>Loans and Advances from Related Parties :</b>		
	i) Intercompany Deposits <i>Ref. Note No. ix) below</i>	105,185,000	86,570,000
	ii) Fixed Deposits		
	1) From Public	-	3,620,000
	2) From Shareholders <i>Ref. Note No. x) below and Note No. 8 of Note No. 29</i>	-	70,130,000
		<b>105,185,000</b>	<b>160,320,000</b>
	<b>Loans and Advances from Others :</b>		
	i) Intercompany Deposits <i>Ref. Note No. ix) below</i>	23,860,000	27,950,000
	ii) Fixed Deposits		
	1) From Public	134,185,000	404,720,000
	2) From Shareholders <i>Ref. Note No. x) below and Note No. 8 of Note No. 29</i>	-	61,790,000
		<b>158,045,000</b>	<b>494,460,000</b>
		<b>263,230,000</b>	<b>654,780,000</b>
	<b>Total ...</b>	<b>1,368,092,500</b>	<b>2,184,146,248</b>

Sr. No.	Particulars	Rate and Repayment Schedule	Security
i)	Corporate Term Loan from EXIM Bank of Rs. 15 Crores was taken in Financial Year 2014-15. Outstanding : Non-current Maturity Rs. 75,000,000 Current Maturity Rs. 37,500,000 (P.Y. Non-Current Maturity Rs. 112,400,000 Current Maturity Rs. 37,600,000)	Interest @ 10.20% p.a. Repayable in 16 quarterly instalments of Rs. 94 Lacs each from July 2016.	Secured by a First Pari Passu Charge by way of hypothecation of the entire movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrlevadi, Dist. Pune and further secured by way of mortgage by First Pari Passu Charge over the entire fixed assets including immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amrlevadi, Dist. Pune

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Sr. No.	Particulars	Rate and Repayment Schedule	Security
ii)	Corporate Term Loan from SBI of Rs. 30 Crores was taken in parts till 31 <sup>st</sup> March, 2014. Outstanding : Non-current Maturity Rs. 60,000,000 Current Maturity Rs. 60,000,000 (P.Y. Non-current Maturity Rs. 120,000,000 Current Maturity Rs. 60,000,000)	Interest @ 10.40% p.a. Repayable in 20 quarterly instalments of Rs. 150 Lacs each from June 2014.	Secured by a First Pari Passu Charge on all the movable fixed assets and current assets of the Company. Also the said Corporate Loan is secured by a mortgage charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune
iii)	Term Loan from Bank of Maharashtra of Rs. 6.16 Crores is taken in Financial Year 2012-13. Outstanding : Non-current Maturity Rs. 13,363,429 Current Maturity Rs. 8,808,000 (P.Y. Non-current Maturity Rs. 22,300,895 Current Maturity Rs. 8,808,000)	Interest @ 10.20% p.a. Repayable in 84 monthly instalments of Rs. 7.34 Lacs from October, 2012.	Secured by hypothecation of machinery, equipment and other movable fixed assets, both present and future, and further by a registered mortgage of immovable fixed assets of the Company situated at Gat No. 1162, Tal. Mulshi, Pirangut, Pune-412 115
iv)	Term Loan from Bank of Maharashtra of Rs. 66 lacs taken in Financial Year 2012-13 and 2013-14. Outstanding : Non-current Maturity Rs. 1,571,999 Current Maturity Rs. 948,000 (P.Y. Non-current Maturity Rs. 2,534,169 Current Maturity Rs. 948,000)	Interest @ 10.20% p.a. Repayable in 84 monthly instalments of Rs. 0.79 Lacs from December, 2012.	
v)	Term Loan from Bank of Maharashtra of Rs. 10 Crores is taken in parts upto 31 <sup>st</sup> March, 2016 Outstanding : Non-current Maturity Rs. 54,334,211 Current Maturity Rs. 20,000,004 (P.Y. Non-current Maturity Rs. 76,229,184 Current Maturity Rs. 20,000,004)	Interest @ 10.20% p.a. Repayable in 84 monthly instalments of Rs. 16.67 Lacs from February 2016.	
vi)	Term Loan from ICICI Bank of Rs.60 Lacs was taken in Financial Year 2016-17. Outstanding : Non-current Maturity Rs. 2,481,441 Current Maturity Rs. 2,301,624 (P.Y. Non-current Maturity Rs. Nil Current Maturity Rs. Nil)	Interest @ 9.35% p.a. Repayable in 36 monthly instalments of Rs. 1.92 Lacs from August 2016	Secured by hypothecation of vehicle procured out of said term loan, in favour of ICICI Bank Limited.
vii)	ECB Loan from SBI of EURO 13 Million was taken in Financial Year 2014-15 Outstanding : Non-current Maturity Rs. 408,915,000 Current Maturity Rs. 181,740,000 (P.Y. Non-current Maturity Rs. 639,580,500 Current Maturity Rs. 196,794,000)	Interest @ 3.20% p.a. Repayable in 20 quarterly instalments of EURO 6.50 Lacs each from July 2015.	Secured by a First Pari Passu Charge on all the movable fixed assets both present and future situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune and further secured by way of Supplemental Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune
viii)	ECB Loan from SBI of EURO 10.70 Million was taken in Financial Year 2015-16. Outstanding : Non-current Maturity Rs. 560,947,500 Current Maturity Rs. 149,586,000 (P.Y. Non-current Maturity Rs. 556,321,500 Current Maturity Rs. Nil)	Interest @ EURIBOR + 2.00% p.a. Repayable in 20 quarterly instalments of EURO 5.35 Lacs each from March 2017.	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 Deed of Mortgage by First Pari Passu Charge on the immovable properties of the Company situated at Roha, Mahad. Dist. Raigad and Ambadvet (Sutarwadi), Amravezadi, Dist. Pune
ix)	Intercompany Deposits	Rate of Interest is 8.50 to 10.50% p.a. Accepted for period of 3 years.	None
x)	Fixed Deposits	Rate of Interest is 10.25% p.a. Accepted for period of 3 years.	None
xi)	Borrowing maturing within 12 months are disclosed in Note No. 9 (a)		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>4</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
	Deferred Tax Liabilities :		
	Depreciation	549,344,472	414,836,112
		<u>549,344,472</u>	<u>414,836,112</u>
	Deferred Tax Assets :		
	Provision for Doubtful Advance / Debtors	17,291,079	17,495,434
	Expenditure accrued, allowable on actual payment	34,674,401	32,525,094
	Carried forward Business Losses	28,532,953	-
		<u>80,498,433</u>	<u>50,020,528</u>
	Deferred Tax Liabilities (Net)	Total ... <u>468,846,039</u>	<u>364,815,584</u>
	<i>Ref. Note No. 1 (xiii) of Note No. 29</i>		
<b>5</b>	<b>OTHER LONG-TERM LIABILITIES</b>		
	Security Deposits	34,467,018	29,804,008
	Retention Money	16,046,824	10,425,528
		Total ... <u>50,513,842</u>	<u>40,229,536</u>
<b>6</b>	<b>LONG-TERM PROVISIONS</b>		
	<b>PROVISION FOR EMPLOYEE BENEFITS :</b>		
	Pension	84,159,394	72,240,094
	<i>Ref. Note No.1 (xii) and Note No. 6 (A) 2 (a) of Note No. 29</i>		
	<i>For current liability Re. Note No.10 (a)</i>		
	Compensated Absences	62,221,615	53,061,990
	<i>Ref. Note No.1 (xii) and Note No. 6 (A) 3 of Note No. 29</i>		
	<i>For current liability Ref. Note No.10 (a)</i>		
		Total ... <u>146,381,009</u>	<u>125,302,084</u>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
	<b>CURRENT LIABILITIES :</b>		
<b>7</b>	<b>SHORT-TERM BORROWINGS</b>		
	<b>LOANS REPAYABLE ON DEMAND :</b>		
	<b>FROM BANKS -</b>		
	<b>(a) SECURED LOANS :</b>		
	- Rupee Loans :		
	Working Capital Borrowings <i>Ref. Note Nos. i) to ix), xvii) and xviii) below</i>	<b>870,827,096</b>	1,073,837,645
	- Foreign Currency Loans :		
	Working Capital Borrowings <i>Ref. Note Nos. x) to xvi), xix) to xxi) below</i>	<b>714,379,213</b>	390,074,567
	<b>(b) UNSECURED LOANS :</b>		
	- Rupee Loans :		
	Short-Term Loans <i>Ref. Note Nos. xxii) to xxiv)</i>	<b>400,000,000</b>	277,500,000
	<b>Total ...</b>	<b>1,985,206,309</b>	<b>1,741,412,212</b>

Sr. No.	Particulars	Rate and Repayment Schedule	Security
i)	Working Capital Borrowing (Cash Credit) Rs. 130,842,787 (P.Y. Rs. 132,000,513) from Bank of Maharashtra	Interest @ 9.85% p.a.	Working Capital Borrowings from Bank of Maharashtra led Consortium Banks consisting of Bank of Maharashtra, State Bank of India, Bank of Baroda, ICICI Bank Limited, HDFC Bank Limited and The Hong Kong and Shanghai Banking Corporation Limited are secured by a First Charge on the Current Assets of the Company viz. inventories and trade receivables. These are further secured by second charge on the immovable properties of the Company situated at Roha, Mahad, Dist. Raigad and Ambadvet, Amralewadi, Dist. Pune by creation of a joint registered mortgage. None
ii)	Working Capital Borrowing (Cash Credit) Rs. 41,374,544 (P.Y. Rs. 200,137,795) from State Bank of India	Interest @ 10.50% p.a.	
iii)	Working Capital Borrowing (Cash Credit) Rs. 88,018,550 (P.Y. Rs. 48,945,975) from Bank of Baroda	Interest @ 9.60% p.a.	
iv)	Working Capital Borrowing (Cash Credit) Rs. 8,288,179 (Debit) (P.Y. Rs. 30,220,176) from HDFC Bank Limited	Interest @ 12.25% p.a.	
v)	Working Capital Borrowing (Cash Credit) Rs. 6,702,726 (P.Y. Rs. 78,504,618) from ICICI Bank Limited	Interest @ 9.70% p.a.	
vi)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 100,000,000) from HSBC Limited	Interest @ 8.40% p.a. The Loan is repayable within 90 days from the date of borrowing.	
vii)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 100,000,000) from State Bank of India	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.	
viii)	Short-Term Borrowing Rs. 70,000,000 (P.Y. Rs. Nil) from HDFC Bank Limited	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.	
ix)	Working Capital Borrowing (Bills Discounted) Rs. Nil (P.Y. Rs. 5,257,763) from HDFC Bank Limited	Interest @ 9.70% p.a. The Loan is repayable within 90 days from the date of borrowing.	
x)	Working Capital Borrowing (PCFC) Rs. 65,270,000 (P.Y. Rs. Nil) from Bank of Baroda	Interest @ LIBOR + 85 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.	
xi)	Working Capital Borrowing (PCFC) Rs. Nil (P.Y. Rs. 66,680,000) from HDFC Bank Limited	Interest @ LIBOR + 85 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.	
xii)	Working Capital Borrowing (PCFC) Rs. 130,540,000 (P.Y. Rs. Nil) from State Bank of India	Interest @ LIBOR + 55 to 80 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.	
xiii)	Working Capital Borrowing (PCFC) Rs. 45,689,000 (P.Y. Rs. Nil) from ICICI Bank Limited	Interest @ LIBOR + 85 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.	
xiv)	Working Capital Borrowing (Packing Credit (Post-shipment)) Rs. 74,008,418 (P.Y. Rs. 7,908,848) from Bank of Maharashtra	Interest @ LIBOR + 100 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.	
xv)	Working Capital Borrowing (PCFC) Rs. 65,270,000 (P.Y. Rs. Nil) from Bank of Maharashtra	Interest @ LIBOR + 100 b.p.s. p.a. The Loan is repayable within 180 days from the date of borrowing.	
xvi)	Working Capital Borrowing (Buyer's Credit) Rs. 56,732,684 (P.Y. Rs. Nil) from HSBC Limited	Interest @ LIBOR + 72 b.p.s. p.a. The Loan is repayable within 90 days from the date of borrowing.	



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Sr. No.	Particulars	Rate and Repayment Schedule	Security
xvii)	Working Capital Borrowing (Cash Credit) Rs. 74,967,344 (P.Y. Rs. 99,814,912) from Bank of Maharashtra	Interest @ base rate + 0.5% p.a. (presently 10.20%).	Secured by hypothecation of inventory & receivables and Corporate Guarantee from Sudarshan Chemicals India Limited
xviii)	Working Capital Borrowing (Cash Credit) Rs. 267,209,324 (P.Y. Rs. 278,955,893) from Bank of Maharashtra	Interest @ base rate + 0.5 % p.a (presently 10.20%).	Secured by hypothecation of inventory & receivables and Corporate Guarantee from Sudarshan Chemicals India Limited
xix)	Working Capital Borrowing (Cash Credit) Rs. 162,161,708 (P.Y. Rs. Nil) from HSBC Limited	Interest @ EURIBOR+325 b.p.s p.a.	Secured by hypothecation of inventory & receivables and Corporate Guarantee from Sudarshan Chemicals India Limited
xx)	Working Capital Borrowing (Cash Credit) Rs. Nil (P.Y. Rs. 191,708,505) from HSBC Limited	Interest @ 3.30% p.a.	Secured by hypothecation of inventory & receivables and Corporate Guarantee from Sudarshan Chemicals India Limited
xxi)	Buyer's Credit Borrowing Rs. 114,707,403 (P.Y. Rs. 123,777,214) from EXIM Bank	Interest @ LIBOR+250 b.p.s p.a. Repayable within 180 days from the date of borrowing.	Secured by Corporate Guarantee from Sudarshan Chemicals India Limited
xxii)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 77,500,000) from HDFC Bank Limited	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.	None
xxiii)	Short-Term Borrowing Rs. 100,000,000 (P.Y. Rs. 200,000,000) from IDFC Bank Limited	Interest @ 8.20% p.a. The Loan is repayable within 90 days from the date of borrowing.	None
xxiv)	Short-Term Borrowing Rs. 200,000,000 (P.Y. Rs. Nil) from Kotak Mahindra Bank	Interest @ 8.45% p.a. The Loan is repayable within 90 days from the date of borrowing.	None

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>8</b>	<b>TRADE PAYABLES</b>		
	(a) Micro Enterprises and Small Enterprises	115,802,028	75,812,208
		<u>115,802,028</u>	<u>75,812,208</u>
	(b) Other than Micro Enterprises and Small Enterprises		
	Acceptances	373,465,427	326,600,951
	Others	2,081,810,626	1,753,426,527
		<u>2,455,276,053</u>	<u>2,080,027,478</u>
	Total ...	<u>2,571,078,081</u>	<u>2,155,839,686</u>
<b>9</b>	<b>OTHER CURRENT LIABILITIES</b>		
	(a) Current maturities of long-term debt :		
	For non-current maturities Ref. Note No. 3		
	- Secured Loans from Banks :		
	Rupee Loans :		
	Export - Import Bank of India (EXIM Bank)	37,500,000	37,600,000
	State Bank of India	60,000,000	60,000,000
	Bank of Maharashtra	29,756,004	29,756,004
	ICICI Bank Limited	2,301,624	-
	Foreign Currency Loans :		
	Export - Import Bank of India (EXIM Bank)	-	21,558,857
	State Bank of India	331,326,000	196,794,000
	For security & other terms Ref. Note Nos. i) to viii) of Note No. 3		
	- Unsecured Loans :		
	Loans and Advances from Related Parties :		
	i) Intercompany Deposits	15,170,000	6,110,000
	Ref. Note No. ix) of Note No. 3		
	ii) Fixed Deposits		
	1) From Public	3,620,000	-
	2) From Shareholders	70,130,000	-
	Ref. Note No. x) of Note No. 3 and Note No. 8 of Note No. 29		
	Loans and Advances from Others :		
	i) Intercompany Deposits	28,900,000	18,610,000
	Ref. Note No. ix) of Note No. 3		
	ii) Fixed Deposits		
	1) From Public	268,185,000	-
	2) From Shareholders	61,790,000	-
	Ref. Note No. x) of Note No. 3 and Note No. 8 of Note No. 29		
		<u>908,678,628</u>	<u>370,428,861</u>
	(b) Interest accrued but not due on borrowings :	7,921,807	7,113,905
	(c) Unclaimed Liabilities :		
	Unclaimed Dividend	12,896,871	10,998,532
	Unclaimed Matured Fixed Deposits	670,000	670,000
	Ref. Note No. 8 of Note No. 29		
	(d) Other payables :		
	Statutory Dues	118,498,878	130,258,507
	Other Liabilities (Ref. Note No. 16 of Note No. 29)	459,429,781	500,316,806
	Unamortised Premium of Forward Contracts	-	410,903
	Forward Contracts Payable	-	21,358,075
	Retention Payable	11,476,549	14,897,270
	Creditors - For Capital Goods	12,433,004	19,614,745
	Total ...	<u>1,532,005,518</u>	<u>1,076,067,604</u>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>10</b>	<b>SHORT-TERM PROVISIONS</b>		
	<b>(a) PROVISION FOR EMPLOYEE BENEFITS :</b>		
	Compensated Absences <i>Ref. Note No. 1 (xii) and Note. No. 6 (A) 3 of Note No. 29</i> <i>For non-current liability Ref. Note No.6</i>	<b>8,836,434</b>	8,234,636
	Pension <i>Ref. Note No. 1 (xii) and Note. No. 6 (A) 2 (a) of Note No. 29</i> <i>For non-current liability Ref. Note No.6</i>	<b>6,810,213</b>	6,178,773
	Gratuity <i>Ref. Note No. 1 (xii) and Note. No. 6 (A) 1 (c) of Note No. 29</i>	<b>9,042,963</b>	13,951,447
	<b>(b) OTHERS :</b>		
	i) Proposed Equity Dividend	-	34,613,625
	ii) Dividend Distribution Tax <i>Ref. Note No. 21 of Note No. 29</i>	-	7,047,700
	Total ...	<b>24,689,610</b>	70,026,181

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NON-CURRENT ASSETS :

## FIXED ASSETS

Note No.	Description	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
		Balance As on 01-04-2016 Rs.	Additions Rs.	Deductions / Changes Rs.	Balance As on 31-03-2017 Rs.	For the Year Rs.	Deductions / Changes Rs.	Balance As on 31-03-2017 Rs.	Balance As on 31-03-2016 Rs.
11	<b>TANGIBLE ASSETS :</b>								
	FREEHOLD LAND	120,704,138 (120,704,138)	7,729,600	143,700	128,290,038 (120,704,138)	-	-	128,290,038 (120,704,138)	120,704,138 (120,704,138)
	LEASEHOLD LAND	16,127,747 (16,127,747)	-	-	16,127,747 (16,127,747)	2,498,214 (2,324,293)	173,921 (173,921)	13,455,612 (13,629,539)	13,629,533 (13,803,454)
	BUILDINGS*	822,880,750 (716,809,198)	49,807,864 (92,326,993)	14,177,071 (13,744,559)	858,511,543 (822,880,750)	227,420,762 (206,040,806)	20,960,314 (21,379,956)	615,048,624 (595,459,988)	595,459,988 (510,768,392)
	PLANT & MACHINERY*	5,050,482,661 (4,580,381,378)	1,334,799,216 (398,800,995)	202,355,206 (71,300,288)	6,182,926,671 (5,050,482,661)	2,817,049,850 (2,471,028,197)	403,579,151 (346,709,694)	3,043,048,081 (2,233,432,811)	2,233,432,811 (2,109,353,181)
	DATA PROCESSING EQUIPMENTS	134,883,253 (131,303,160)	24,317,119 (4,728,392)	453,990 (1,148,299)	158,746,382 (134,883,253)	104,543,606 (95,361,858)	9,514,173 (10,301,640)	45,111,137 (30,339,647)	30,339,647 (35,941,302)
	VEHICLES	79,738,736 (69,716,244)	15,626,333 (22,574,293)	6,849,146 (12,551,801)	88,515,923 (79,738,736)	34,426,308 (35,047,316)	11,840,304 (11,141,058)	48,136,314 (45,312,428)	45,312,428 (34,668,928)
	FURNITURE & FIXTURES	76,068,266 (49,940,800)	4,022,259 (26,464,417)	100,603 (336,951)	79,989,922 (76,068,266)	35,214,784 (30,466,354)	5,426,041 (4,978,288)	39,367,590 (40,853,482)	40,853,482 (19,474,446)
	OFFICE EQUIPMENTS	27,353,661 (23,548,853)	3,385,179 (3,911,846)	118,693 (107,038)	30,620,147 (27,353,661)	19,211,265 (17,060,758)	2,764,488 (2,195,940)	8,754,526 (8,142,396)	8,142,396 (6,488,095)
	<b>FIXED ASSETS - R&amp;D BUILDINGS*</b>	129,324,846 (98,926,813)	17,268,519 (29,556,439)	508,519 (841,594)	146,084,846 (129,324,846)	20,184,044 (18,646,869)	2,380,902 (1,537,175)	123,519,900 (109,140,802)	109,140,802 (80,279,944)
	<b>PLANT &amp; MACHINERY*</b>	290,661,526 (251,242,082)	39,774,319 (37,675,994)	24,861,666 (11,743,450)	305,574,179 (290,661,526)	123,535,058 (103,046,929)	24,084,672 (20,488,129)	179,574,266 (167,126,468)	167,126,468 (148,195,153)
	<b>FURNITURE &amp; FIXTURES</b>	9,806,177 (6,412,746)	50,945,942 (3,393,431)	-	60,752,119 (9,806,177)	5,078,924 (4,819,367)	631,594 (259,557)	55,041,601 (4,727,253)	4,727,253 (1,593,379)
	<b>OFFICE EQUIPMENTS</b>	87,344 (87,344)	3,835,394 (87,344)	-	3,922,738 (87,344)	9,548 (9,548)	30,651 (9,548)	3,882,539 (77,796)	77,796 (-)
	<b>Sub-Total</b>	6,758,119,105 (6,065,113,159)	1,551,511,744 (619,520,144)	249,568,594 (73,485,802)	8,060,622,555 (6,758,119,105)	3,389,172,363 (2,983,842,747)	481,386,211 (419,174,906)	3,756,832,027 (3,389,172,363)	4,303,230,228 (3,368,946,742)
12	<b>INTANGIBLE ASSETS :</b>								
	GOODWILL ON ACQUISITION OF BUSINESS	41,101,746 (41,101,746)	-	-	41,101,746 (41,101,746)	12,330,524 (4,110,175)	8,220,348 (8,220,349)	20,550,872 (12,330,524)	28,771,222 (36,991,571)
	COMPUTER SOFTWARES	68,986,035 (63,010,789)	5,532,301 (5,500,837)	-	74,518,336 (68,986,035)	39,811,022 (16,849,695)	7,862,305 (22,486,918)	26,845,009 (29,175,013)	29,175,013 (46,161,094)
	TECHNICAL KNOW-HOW	148,477,126 (148,477,126)	5,900,000 (-)	-	154,377,126 (148,477,126)	115,164,975 (109,163,831)	18,543,770 (6,001,144)	20,668,381 (33,312,151)	33,312,151 (39,313,295)
	REGISTRATIONS	60,954,400 (43,315,964)	32,092,902 (17,638,436)	-	93,047,302 (60,954,400)	11,776,258 (4,358,321)	11,989,372 (7,417,937)	69,281,672 (49,178,142)	49,178,142 (38,957,643)
	<b>Sub-Total</b>	319,519,307 (295,905,625)	43,525,203 (23,139,273)	-	363,044,510 (319,519,307)	179,082,779 (134,482,022)	46,615,795 (44,126,348)	225,698,574 (179,082,779)	140,436,936 (161,423,603)
	<b>TOTAL</b>	7,077,638,412 (6,361,018,794)	1,595,036,947 (642,659,417)	249,568,594 (73,960,211)	8,423,106,765 (7,077,638,412)	3,568,255,142 (3,118,324,769)	528,002,006 (463,301,254)	3,982,530,601 (3,568,255,142)	4,440,576,164 (3,509,383,270)

\*Ref. Note No. 14 of Note No. 29

Ref. Note No. 13 of Note No. 15

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>12B</b>	<b>GOODWILL ON CONSOLIDATION</b>		
	Balance at the beginning of the year	68,442,101	86,159,383
	Additions during the year	-	-
	Less : Amortization during the year	17,717,282	17,717,282
	Balance at the end of the year	50,724,819	68,442,101
	<i>Ref. Note No. 2(D) of Note No. 29</i>		
	Total ...	50,724,819	68,442,101
<b>13</b>	<b>NON-CURRENT INVESTMENTS</b>		
	<b>Long-Term and Non-Trade Investments</b>		
	<b>(a) Investments in Equity Instruments (unquoted) :</b>		
	<b>Investments in Subsidiaries :</b>		
	10,000 (Previous Year : 10,000) Equity shares of Rs. 10 each fully paid-up in Sudarshan CSR Foundation	100,000	100,000
	<i>Ref. Note No. 2 (E) of Note No. 29</i>		
		100,000	100,000
	<b>(b) Investments in Mutual Funds (quoted) :</b>		
	Aggregate amount of quoted investments and market value thereof :		
	202,715.67 (Previous Year : 202,715.67) Units of Rs. 10 each in UTI Gilt Advantage-LTP-Dividend Payout Fund.	2,864,697	2,864,697
	<i>[Market Value Rs. 4,646,527 (Previous Year : Rs. 3,969,781)]</i>		
		2,864,697	2,864,697
	<i>Aggregate amount of quoted investments</i>	2,864,697	2,864,697
	<i>Aggregate amount of unquoted investments</i>	100,000	100,000
	Total ...	2,964,697	2,964,697

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>14</b>	<b>LONG-TERM LOANS AND ADVANCES</b>		
	<b>Unsecured (Considered Good unless stated otherwise) :</b>		
	(a) Capital Advances	27,835,946	167,669,420
	Considered doubtful	9,000,000	9,000,000
	Less : Provision for doubtful advances	9,000,000	9,000,000
		<u>27,835,946</u>	<u>167,669,420</u>
	(b) Security Deposits :		
	Deposit with Government etc.	36,799,029	33,303,512
	Tender Deposit	871,530	1,268,830
	Deposit with Others	8,195,273	7,923,004
		<u>45,865,832</u>	<u>42,495,346</u>
	(c) Other Loans and Advances :		
	Stamp Duty refund recoverable	27,605,500	27,605,500
		<u>27,605,500</u>	<u>27,605,500</u>
	(d) MAT Credit Entitlement	93,562,272	29,560,700
	(e) Income Tax Paid	1,807,618,907	1,488,487,470
	Less : Provision	1,719,953,321	1,431,819,668
	Income Tax Paid (Net)	87,665,586	56,667,802
	Total ...	<u>282,535,136</u>	<u>323,998,768</u>
<b>15</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	Fixed Deposit with Banks with maturity of more than 12 months	58,138,724	2,500,000
	Total ...	<u>58,138,724</u>	<u>2,500,000</u>
	<b>CURRENT ASSETS :</b>		
<b>16</b>	<b>INVENTORIES</b>		
	(a) Raw Materials	546,151,735	477,873,707
	Goods in Transit	138,550,857	193,991,614
		<u>684,702,592</u>	<u>671,865,321</u>
	(b) Work-in-progress	655,954,034	434,275,889
	(c) Finished Goods	1,124,361,680	1,109,150,823
	Goods in Transit	44,329,387	151,912,454
		<u>1,168,691,067</u>	<u>1,261,063,277</u>
	(d) Stores and Spares	129,238,251	106,135,561
	(e) Stock-in-Trade	42,112,729	47,377,121
	(f) Packing Materials	9,566,333	10,650,598
	Total ...	<u>2,690,265,006</u>	<u>2,531,367,767</u>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	As at 31-03-2017 Rs.	As at 31-03-2016 Rs.
<b>17</b>	<b>TRADE RECEIVABLES</b>		
	<b>Unsecured :</b>		
	(a) Outstanding for a period exceeding six months from the due date (Considered good)	150,723,788	117,576,042
	Considered doubtful	94,805,910	53,911,227
	Less : Provision for doubtful debt	94,805,910	53,911,227
		-	-
	(b) Others (Considered good)	3,383,767,025	3,411,784,446
	Total ...	3,534,490,813	3,529,360,488
<b>18</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	(a) Cash and Cash Equivalents		
	i) Cash on hand	1,258,849	2,015,327
	ii) In Current Accounts	100,316,952	201,520,959
	iii) Other Bank Balances		
	- Deposit Account (Original maturity less than 3 months)	-	41,629
	- Earmarked balances with Bank		
	Unclaimed Dividend Account	9,849,247	8,214,922
	Dividend Account (Unclaimed Shares)	3,057,624	2,793,610
		114,482,672	214,586,447
	(b) Other Bank Balances (Original maturity 3 - 12 months)		
	Lien Account	38,123,070	35,355,889
		152,605,742	249,942,336
<b>19</b>	<b>SHORT-TERM LOANS AND ADVANCES</b>		
	<b>Unsecured and considered good :</b>		
	Advances recoverable in cash or in kind or for value to be received	295,017,419	349,868,864
	Prepaid Expenses	31,100,987	28,563,345
	Service Tax Receivable	5,865,602	6,258,548
	Deposit with Excise, Customs etc.	217,397,787	80,389,166
	Total ...	549,381,795	465,079,923
<b>20</b>	<b>OTHER CURRENT ASSETS</b>		
	Export Benefits Accrued	226,255,960	14,743,575
	Unamortised Premium of Forward Contracts	11,440,267	22,620,924
	Forward Contracts Receivable	33,586,059	194,546
	Contribution to Gratuity Fund (Advance)	4,021,666	-
	<i>Ref. Note No. 1 (xii) and Note No. 6 (A) 1 (c) of Note No. 29</i>		
	Others	47,389,783	22,442,994
	<i>Ref. Note No. 17 of Note No. 29</i>		
	Total ...	322,693,735	60,002,039

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	Current Year Rs.	Previous Year Rs.
	<b>REVENUE :</b>		
<b>21</b>	<b>REVENUE FROM OPERATIONS</b>		
	(a) Sale of products	<b>16,040,530,851</b>	15,032,180,917
	Less: Excise duty	<b>1,169,980,773</b>	1,069,972,800
		<b>14,870,550,078</b>	13,962,208,117
	(b) Services Rendered	<b>38,249,359</b>	30,912,716
	(c) Other operating revenues		
	Export Incentives	<b>285,441,159</b>	66,897,770
	Miscellaneous Operating Income (Net of Excise Duty)	<b>31,845,793</b>	33,238,923
		<b>317,286,952</b>	100,136,693
	Total ...	<b>15,226,086,389</b>	14,093,257,526
<b>22</b>	<b>OTHER INCOME</b>		
	(a) Interest Income		
	Bank Deposits	<b>7,371,708</b>	3,776,613
	Others	<b>30,314,682</b>	37,345,731
	(b) Other Non-Operating Income :		
	Miscellaneous Income	<b>16,813,753</b>	12,606,589
	Provisions no longer required, written back	<b>14,541,319</b>	67,961,944
	Provision for doubtful debts, written back	<b>5,933,064</b>	597,021
	Foreign Exchange Difference (Net)	<b>148,841,576</b>	17,447,138
	Profit on Sale / Disposal of Fixed Assets (Net)	-	578,484
	Total ...	<b>223,816,102</b>	140,313,520

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	Current Year Rs.	Previous Year Rs.
	<b>EXPENSES :</b>		
<b>23</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Opening Stock	671,865,321	572,678,708
	Add : Purchases	8,227,277,308	7,823,957,216
		<b>8,899,142,629</b>	<b>8,396,635,924</b>
	Less : Closing Stock	684,702,592	671,865,321
	Total ...	<b>8,214,440,037</b>	<b>7,724,770,603</b>
<b>24</b>	<b>PURCHASE OF STOCK IN TRADE</b>	<b>573,761,635</b>	<b>361,518,879</b>
	Total ...	<b>573,761,635</b>	<b>361,518,879</b>
<b>25</b>	<b>(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	Stocks at Commencement :		
	Finished Products	1,261,063,277	1,240,556,287
	Work-in-progress (Semi-finished Products)	434,275,889	551,279,292
	Stock-in-Trade	47,377,121	42,743,584
		<b>1,742,716,287</b>	<b>1,834,579,163</b>
	Less:		
	Stocks at Close :		
	Finished Products	1,168,691,067	1,261,063,277
	Work-in-progress (Semi-finished Products)	655,954,034	434,275,889
	Stock-in-Trade	42,112,729	47,377,121
		<b>1,866,757,830</b>	<b>1,742,716,287</b>
	Total ...	<b>(124,041,543)</b>	<b>91,862,876</b>
<b>26</b>	<b>EMPLOYEE BENEFIT EXPENSE</b>		
	Salaries and Wages :		
	Other Than Research and Development	904,231,471	824,478,787
	For Research and Development	47,111,507	67,231,165
	Contribution to Provident and Other Funds	72,274,265	56,409,166
	Staff Welfare Expenses	43,348,234	46,902,254
	Gratuity (Ref. Note No. 6 (A) 1 (d) of Note No. 29)	25,258,399	28,861,385
	Pension (Ref. Note No. 6 (A) 2 (b) of Note No. 29)	18,543,215	9,629,731
	Total	<b>1,110,767,091</b>	<b>1,033,512,488</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.	Particulars	Current Year Rs.	Previous Year Rs.
<b>27</b>	<b>FINANCE COSTS</b>		
	Interest expenses	285,977,035	323,610,826
	Other borrowing costs (Includes Bank charges for Bank Guarantee, Loan Processing etc.)	19,150,575	16,238,123
	Foreign Exchange difference to the extent considered as borrowing cost	975,991	3,544,980
	Total	<u>306,103,601</u>	<u>343,393,929</u>
<b>28</b>	<b>OTHER EXPENSES</b>		
	Consumption of Stores and Spare parts	246,929,202	236,446,413
	Consumption of Packing Material	172,396,348	155,402,927
	Power and Fuel	703,680,396	690,396,841
	Water Charges	119,871,023	117,120,853
	Labour Charges	395,516,977	293,170,527
	Rent (Ref. Note No. 18 of Note No. 29)	49,936,554	49,315,945
	Repairs to Buildings	38,097,496	68,707,434
	Repairs to Plant and Machinery	175,633,617	146,133,437
	Repairs to Others	8,063,103	7,953,293
	Insurance	31,626,360	26,622,225
	Rates and Taxes	15,033,264	12,123,079
	Advertisement	30,423,831	24,054,612
	Auditors' Remuneration (Ref. Note No. 7 of Note No. 29)	3,804,497	3,696,461
	Bad Debts Written Off	76,646,218	70,932,015
	Provision for Doubtful Debts	-	35,576,838
	Advance Written Off	12,355,319	6,487,290
	Provision for Doubtful Advances	-	6,000,000
	Bank Charges	25,021,109	21,848,115
	Export Market Development Expenses :		
	Commission on Exports	34,411,172	35,475,971
	Travelling, Postage, Forwarding, etc.	118,333,705	101,957,810
	Commission to Selling Agents	303,869,733	281,553,279
	Directors' Sitting Fees	1,966,500	2,130,817
	Discounts (Other Than Trade Discounts)	70,676,863	75,616,452
	ERP / Computer related expenses	25,135,226	16,553,854
	Freight and Octroi	50,206,519	39,014,856
	Legal, Professional and Consultancy Charges	276,912,007	223,825,272
	Licence Fees	6,164,947	2,837,341
	Loss on Sale / Disposal of Fixed Assets (Net)	26,497,030	-
	Printing, Stationery and Communication Expenses	39,876,866	41,327,590
	Sales Tax Surcharge / Turnover Tax	4,180,046	6,984,418
	Selling and Distribution Expenses	103,527,609	91,783,285
	Research and Development Expenses		
	Stores, Spares and Consumables etc.	37,839,864	34,061,217
	Other Expenses	31,825,533	23,514,136
	Travelling and Conveyance	96,038,035	99,757,710
	General Expenses (Ref. Note No. 19 and 20 of Note No. 29)	86,031,537	74,835,237
	Other Expenses	59,435,573	64,802,359
	Increase / (Decrease) in Excise Duty on Closing Stock of Finished Goods	(17,133,476)	19,758,038
	Total	<u>3,460,830,603</u>	<u>3,207,777,947</u>

## NOTE NO. 29 : NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Significant Accounting Policies :

#### (i) Basis of Preparation :

The Consolidated Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or where a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (ii) Use of Estimates :

The preparation of the Consolidated Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (iii) Fixed Assets :

##### (a) Tangible Assets :

Fixed Assets are stated at cost of acquisition along with attributable costs, including related borrowing costs, for bringing the assets to its working condition for its intended use, less accumulated depreciation.

##### (b) Intangible Assets :

Costs incurred on acquisition, development or enhancement of intangible resources are recognized as intangible assets if these are identifiable, controlled by the Company and it is probable that future economic benefit attributable to the assets would flow to the Company. Intangible assets are stated at cost less accumulated amortization and impairments, if any. Cost includes taxes, duties and other incidental expenses related to acquisition, development and enhancement.

(c) Borrowing costs that are directly attributable to the acquisition or production of a qualifying assets are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(d) The cost also comprises of exchange differences arising on translation / settlement of long-term foreign currency borrowings pertaining to the acquisition of fixed assets.

#### (iv) Depreciation :

Depreciation on tangible assets is provided on the straight-line method on pro-rata basis, over the useful lives of assets as prescribed in Schedule – II of the Companies Act, 2013, or as assessed by the Management based on the technical evaluation by an approved valuer.

Assets whose acquisition value is less than Rs. 5,000 are depreciated 100% during the year of acquisition.

Leasehold land is amortised over the lease period.

When significant parts of an item of property, plant and equipment have materially different useful lives, they are accounted for as separate items (major components) of property, plant and equipment based on technical evaluation done by an independent valuer.

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Useful life of the following asset classes differs from that prescribed by Schedule II :

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

Intangible assets are amortised on a systematic basis over the best estimate of their useful lives, commencing from the date the asset is available to the Company for its use.

The Management's estimates of the useful lives for various categories of intangible assets are given below:

Asset Class	Years
Goodwill	5.00
Registrations	10.00
Others	9.20

The amortisation period and the amortisation method for intangible assets are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

**(v) Impairment of Assets :**

The carrying amounts of Cash Generating Units / Assets are reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds recoverable amount.

**(vi) Investments :**

Long-term Investments are carried at cost including related expenses, provision for diminution being made, if necessary, to recognize a decline, other than temporary, in the value thereof.

Current investments are valued at lower of cost and fair value.

**(vii) Inventories :**

Inventories are valued at lower of Cost and Net Realisable Value.

- (a) Raw Materials, Packing Materials, Stores and Consumables are valued at Weighted Average Cost.
- (b) The cost of Finished Goods and Work-in-progress (Semi-finished Goods) is ascertained by Weighted Average of Cost of Raw Material and standard rate of conversion and other related costs for bringing the inventory to the present location and condition.
- (c) Provision is made for obsolete and non-moving items.



**(viii) Research and Development :**

Research and Development expenditure of a capital nature is added to Fixed Assets and depreciation is provided thereon. All other expenditure on Research and Development is charged to the Statement of Profit and Loss in the year of incurrence.

**(ix) Foreign Currency Transactions :**

- (a) Transactions in foreign currencies are recorded at the exchange rates prevailing as on the date of the transaction. Monetary items are translated at the year-end rate. The difference between the rate prevailing as on the date of the transaction and as on the date of settlement and also on translation of monetary items, at the end of the year, is recognised as income or expense, as the case may be.
- (b) In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the period of the contract. Losses on cancellation of forward exchange contracts are recognised as expense.
- (c) The Company has accounted for exchange differences arising on reporting of long-term foreign currency monetary items in accordance with Companies (Accounting Standards) Amendment Rules, 2009 pertaining to Accounting Standard – 11 (AS – 11) notified by Government of India on 31<sup>st</sup> March, 2009 (as amended on 29<sup>th</sup> December, 2011).

Accordingly, the effect of exchange differences on foreign currency loans of the Company taken to acquire fixed assets is added to / deducted from the cost of the respective assets.

- (d) Forward contracts entered into by the Company for taking of forecasted exposure are marked to market at the reporting date. Losses (net), if any, are charged to the Statement of Profit and Loss and gains (net) are not recognised.

**(x) Derivative Financial Instruments :**

The Company uses derivative financial instruments such as Forwards and Swaps to hedge its risks associated with foreign exchange fluctuations. Such derivative financial instruments are used as risk management tools and not for speculative purposes, in terms of the Policy duly adopted by the Board.

Derivative financial instruments entered into for hedging foreign exchange risks of recognized foreign currency monetary items are accounted for as per the "Guidance Note on Accounting of Derivative Contracts" issued by the Institute of Chartered Accountants of India in June, 2015 (applicable w.e.f. 1<sup>st</sup> April, 2016).

Interest rate swaps entered into by the Company for hedging are marked to market at the reporting date. Gains / losses (net), if any, are charged to the Statement of Profit and Loss.

**(xi) Revenue Recognition :**

Sale of goods is recognised on dispatches to customers, which coincides with the transfer of significant risks and rewards associated with ownership, inclusive of excise duty and net of trade discount.

Dividend income is accounted for when the right to receive is established.

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

Credits on account of Export Incentives are accrued upon completion of export when there is a reasonable certainty of fulfilment of obligations as stipulated under respective export promotion schemes.

**(xii) Employee Benefits :**

(a) Contribution to provident fund –

Company's contribution paid / payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss.

(b) Gratuity –

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an independent actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(c) Superannuation –

The Company makes contribution 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.

(d) Leave encashment / compensated absences / sick leave –

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilized compensated absences and utilize it in 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 a qualified actuary.

(e) 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.

Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**(xiii) Taxation :**

(a) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of Section 115JB of the Income Tax Act, 1961) over normal Income Tax, is recognised as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment years.

(b) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation.

Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

**(xiv) Provisions and Contingent Liabilities :**

- (a) A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
- (b) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**(xv) Earnings Per Share :**

Basic earnings per share is calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit / (loss) for the period after deducting preference dividends and any attributable tax thereto for the period.

The weighted average number of equity shares outstanding during the period and for all periods processed is adjusted for events, such as bonus shares and sub-division, 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 / (loss) for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(xvi) Cash and Cash Equivalents :**

Cash and cash equivalents for the purposes of the Cash Flow Statement comprise of cash at bank, cash in hand and current investments with an original maturity of three months or less.

**(xvii) Segment Reporting :**

The business segment has been considered as the primary segment for disclosure. The categories included in each of the reported business segments are as follows :

- (i) Pigments
- (ii) Agro Chemicals
- (iii) Others

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

- (a) Allocation of common costs –  
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.
- (b) Unallocated items –  
Unallocated items include general corporate income and expense items which are not allocated to any business segment. Assets and liabilities which relate to the Company as a whole but are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets / Liabilities".
- (c) Segment accounting policies –  
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Company as a whole.

## 2. Principles of Consolidation :

- (A) The Consolidated Financial Statements are based on the audited Financial Statements of Prescient Color Limited, RIECO Industries Limited, Sudarshan Europe B.V., The Netherlands; wholly owned subsidiaries of the Company and step-down subsidiary Sudarshan North America, Inc., U.S.A. and unaudited Financial Statement of wholly owned subsidiary Sudarshan (Shanghai) Trading Company Limited, China.
- (B) The Financial Statements of the Holding Company and Subsidiaries have been combined to the extent possible, on a line by line basis, by adding together like items of assets, liabilities, income and expenses. All significant intra-group balances and transactions have been eliminated on consolidation.
- (C) The Consolidated Financial Statements have been prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's Financial Statements.
- (D) Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the value of the assets and liabilities of a subsidiary at the date of acquisition. Goodwill is amortized proportionately over a period of 5 years.

(E) Name of the subsidiaries	Ownership in % either directly or through subsidiaries		Country of Incorporation
	2016-17	2015-16	
Prescient Color Limited	100 %	100 %	India
Sudarshan Europe B.V.	100 %	100 %	The Netherlands
Sudarshan North America, Inc. (Step-down subsidiary of Sudarshan, India)	100 %	100 %	The United States of America
Sudarshan (Shanghai) Trading Company Ltd.	100%	-	China
RIECO Industries Limited	100%	100 %	India
Sudarshan CSR Foundation*	100%	100 %	India

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

(F) Name of the Entity	Net Assets (Total Assets – Total Liabilities) 2016-17		Share in Profit or Loss 2016-17	
	As a % of consolidated net assets	Amount (Rs. in Lacs)	As a % of consolidated profit or loss	Amount (Rs. in Lacs)
	<b>Parent Company</b>			
Sudarshan Chemical Industries Ltd.	100.22%	39,547	86.47%	8,941
<b>Subsidiaries</b>				
<b>Indian</b>				
Prescient Color Ltd.	5.60%	2,209	7.54%	780
RIECO Industries Ltd.	6.91%	2,727	0.88%	91
<b>Foreign</b>				
Sudarshan Europe B.V.	5.55%	2,191	5.34%	552
Sudarshan North America Inc. (Step-down subsidiary of Sudarshan, India)	1.83%	720	(2.07)%	(214)
Sudarshan (Shanghai) Trading Company Limited	(0.15)%	(58)	(1.22)%	(126)
Total Eliminations	(19.96)%	(7,875)	3.06%	316
	<b>100.00%</b>	<b>39,461</b>	<b>100.00%</b>	<b>10,340</b>

3. The Foreign Subsidiary Company accounts have been prepared in conformity with the Generally Accepted Accounting Principles in India, as applicable, and considered accordingly for the purpose of consolidation of accounts.
4. Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances) – **Rs. 64,953,437** (Previous Year : Rs. 28,459,741)

**5. Contingent liabilities not provided for :**

**Claims against the Company not acknowledged as debts**

**(i) Pending Litigations –**

- (a) Excise Duty – **Rs. 28,140,352** (Previous Year : Rs. 27,577,293 ).
  - (b) VAT / CST – **Rs. 23,343,271** (Previous Year : Rs. 31,657,071).
  - (c) Custom Duty – **Rs. 32,276,716** (Previous Year : Rs. 32,276,716).
  - (d) Income Tax – **Rs. 17,021,343** (Previous Year : Rs. 37,993,200).
- 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 judgements / 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 by employees and 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 results.

**(ii) Guarantees –**

– **Bank Guarantee**

Bank Guarantees – **Rs. 463,102,201** (Previous Year : Rs. 414,843,508 )

## 6. The following disclosures are made in accordance with Accounting Standard – 15 (Revised) :

## (A) Pertaining to Defined Benefit Plans :

## 1 Gratuity

Particulars	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>(a) Present value of the defined benefit obligation :</b>		
Obligations at period beginning	199,993,525	175,357,589
Service cost	11,804,521	15,295,575
Acquisition adjustment	–	–
Interest cost	15,009,140	13,043,892
Past service cost	–	–
Curtailement cost / (credit)	–	–
Settlement cost / (credit)	–	–
Actuarial (gain) / loss	13,597,741	13,923,302
Benefits paid	(12,663,165)	(17,626,833)
Obligations at period end	227,741,762	199,993,525
<b>(b) Fair value of plan assets :</b>		
Plan assets at period beginning, at fair value	186,042,078	154,439,969
Expected return on plan assets	15,961,127	14,001,404
Acquisition adjustment	–	–
Actuarial gain / (loss)	(808,124)	(600,020)
Contributions	35,066,390	35,743,599
Mortality Charges and Taxes	(877,841)	–
Benefits paid	(12,663,165)	(17,542,874)
Plan assets at period end, at fair value	222,720,465	186,042,078
Actual returns on plan assets	15,153,003	13,401,384
<b>(c) Assets and liabilities recognized in the Balance Sheet :</b>		
Fair value of the plan assets at the end of the year	222,720,465	186,042,078
Present value of the defined benefit obligations at the end of the period	227,741,762	199,993,525
Asset / (liability) recognized in the Balance Sheet (Ref. No. 10 and 20)	(5,021,297)	(13,951,447)
<b>(d) Expense recognized in the Statement of Profit and Loss :</b>		
Current service cost	11,804,521	15,295,575
Past service cost	–	–
Interest cost	15,009,140	13,043,892
Expected return on plan assets	(15,961,127)	(14,001,404)
Curtailement cost / (credit)	–	–
Settlement cost / (credit)	–	–
Actuarial (gain) / loss	14,405,865	14,523,322
Net gratuity cost	25,258,399	28,861,385
<b>(e) Investment details of the plan assets* :</b>		
Government of India Securities	0.00%	0.00%
High quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special deposit scheme	0.00%	0.00%
Funds managed by Insurer	100.00%	100.00%
Others	0.00%	0.00%
* Plan assets are invested in the debt instruments prescribed by IRDA.		
<b>(f) Summary of Actuarial Assumptions :</b>		
Discount Rate	7.40%	7.90%
Rate of return on plan assets	8.25%	8.50%
Rate of increase in Compensation levels	7.00%	7.00%
Expected Average remaining working lives of employees (Years)	13.50	13.09
The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		



(g) Experience adjustment :	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.	As at 31 <sup>st</sup> March, 2015 Rs.	As at 31 <sup>st</sup> March, 2014 Rs.	As at 31 <sup>st</sup> March, 2013 Rs.
On plan liability (loss) / gain	(932,416)	(12,891,109)	(21,363,856)	(6,481,367)	(11,980,388)
On plan asset (loss) / gain	(207,316)	117,206	537,802	(367,440)	(723,993)
Present value of benefit obligation	227,741,762	199,993,572	175,357,589	129,139,006	144,498,452
Fair value of plan assets	222,720,465	186,042,078	154,439,969	146,044,649	151,200,197
Surplus / (deficit)	(5,021,297)	(13,951,447)	(20,917,620)	16,905,643	6,701,745

## 2 Pension (Unfunded)

Particulars	Current Year Rs.	Previous Year Rs.
<b>(a) Reconciliation of PBO :</b>		
Projected Benefit Obligation at beginning of the year	78,418,867	74,236,836
Current service cost	418,063	357,204
Interest cost	5,708,872	5,670,792
Contributions by plan participation		–
Actuarial (gain) / loss due to change in assumptions	110,845	3,601,735
Benefits paid	(5,992,475)	(5,447,700)
Past service cost	12,305,435	–
Amalgamations		–
Curtailements		–
Settlements		–
Projected Benefit Obligation at end of the year	90,969,607	78,418,867
Includes Current maturity <b>Rs. 6,810,213</b> (Previous Year : Rs. 6,178,773)		
<b>(b) Statement of Profit and Loss :</b>		
Current service cost	418,063	357,204
Interest cost	5,708,872	5,670,792
Expected return on plan asset		–
Net actuarial (gain) / loss to be recognised in the year	110,845	3,601,735
Past service cost	12,305,435	–
Effect of Curtailments		–
(Income) / Expense recognised in the Statement of Profit and Loss	18,543,215	9,629,731

## 3 Compensated Absences (Unfunded)

Particulars	Current Year Rs.	Previous Year Rs.
<b>Movements in Net Liability</b>		
Present value of obligation	71,058,049	61,296,626
Includes Current maturity <b>Rs. 8,836,434</b> (Previous Year : Rs. 8,234,636)		
Net asset / (liability) recognised in Balance Sheet	(71,058,049)	(61,296,626)

### (B) Pertaining to Defined Contribution Plans :

Particulars	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>(a) Expected contribution to the fund in the next year :</b>		
Gratuity	37,817,186	39,441,188
<b>(b) Defined contribution plans :</b>		
Provident fund paid to the authorities	38,876,400	35,694,532

**7. Auditors' Remuneration :**

	Current Year Rs.	Previous Year Rs.
(a) Audit Fees	1,779,194	1,752,429
(b) Tax Audit Fees	375,000	300,000
(c) Other Services –		
Certification and Limited Review	1,410,000	1,430,700
Stock Verification	200,000	200,000
(d) Reimbursement of Expenses	40,303	13,332
Total ...	<b>3,804,497</b>	<b>3,696,461</b>

**8. Fixed Deposits :  
(Accepted under Section 76 (1) of the Companies Act, 2013)**

	31-03-2017 Rs.	31-03-2016 Rs.
(a) Fixed Deposits with Maturity less than 12 months	403,725,000	–
(b) Fixed Deposits with Maturity more than 12 months	134,185,000	540,260,000
(c) Unclaimed Matured Fixed Deposits	670,000	670,000
Total ...	<b>538,580,000</b>	<b>540,930,000</b>

**9. Segment Reporting :**

Particulars	Year Ended 31-03-2017 Rs.	Year Ended 31-03-2016 Rs.
<b>(A) Primary Segment Information :</b>		
<b>1 Segment Revenue</b>		
(a) Pigments	12,582,012,712	11,831,433,189
(b) Agro Chemicals	1,445,832,169	1,162,959,104
(c) Others	1,198,241,508	1,098,865,233
Total ...	<b>15,226,086,389</b>	<b>14,093,257,526</b>
Less : Inter-segment revenue	–	–
<b>Net Sales / Income from Operations</b>	<b>15,226,086,389</b>	<b>14,093,257,526</b>
<b>2 Segment Results</b>		
Profit / (Loss) before tax		
(a) Pigments	1,964,644,690	1,666,091,175
(b) Agro Chemicals	84,288,532	62,829,197
(c) Others	(4,381,992)	(29,120,278)
Total ...	<b>2,044,551,230</b>	<b>1,699,800,094</b>
Less : i. Finance Cost	306,103,601	343,393,929
ii. Other Unallocable Expenditure (Net of Unallocable Income)	376,125,850	366,690,377
<b>Profit Before Tax</b>	<b>1,362,321,779</b>	<b>989,715,788</b>
Less : Tax Expense	328,292,679	290,570,738
<b>Profit After Tax</b>	<b>1,034,029,100</b>	<b>699,145,050</b>

Particulars	Year Ended 31-03-2017 Rs.	Year Ended 31-03-2016 Rs.
<b>3 Other Information</b>		
<b>Segment assets</b>		
(a) Pigments	8,401,168,521	7,483,339,403
(b) Agro Chemicals	606,114,368	394,707,681
(c) Others	1,267,796,089	1,295,003,147
(d) Unallocated	1,889,594,794	1,724,339,380
Total ...	<u>12,164,673,772</u>	<u>10,897,389,611</u>
<b>Segment liabilities</b>		
(a) Pigments	2,318,773,230	1,859,219,651
(b) Agro Chemicals	277,407,266	176,349,407
(c) Others	493,741,017	695,444,769
(d) Unallocated	326,067,920	228,609,573
Total ...	<u>3,415,989,433</u>	<u>2,959,623,400</u>
<b>4 Capital Expenditure</b>		
(a) Pigments	874,690,240	598,507,406
(b) Agro Chemicals	25,605,959	2,450,920
(c) Others	9,547,143	766,358
(d) Unallocated	478,490,788	249,060,203
Total ...	<u>1,388,334,130</u>	<u>850,784,887</u>
<b>5 Depreciation and Amortisation</b>		
(a) Pigments	402,875,815	357,690,457
(b) Agro Chemicals	2,664,129	2,977,226
(c) Others	16,557,115	17,845,051
(d) Unallocated	123,622,229	102,505,802
Total ...	<u>545,719,288</u>	<u>481,018,536</u>
<b>(B) Secondary Segment Disclosures :</b>		
<b>1 Revenue from External Customers</b>		
(a) Indigenous	11,817,284,831	10,830,948,032
(b) Exports (including export incentives)	3,408,801,558	3,262,309,494
Total...	<u>15,226,086,389</u>	<u>14,093,257,526</u>
<b>2 Carrying amount of Assets</b>		
(a) In India	10,310,969,796	8,959,229,538
(b) Outside India	1,853,703,976	1,938,160,073
Total...	<u>12,164,673,772</u>	<u>10,897,389,611</u>

**10. Related Party Transaction (As per AS-18 on Related Party Disclosures Specified under Section 133 of the Companies Act, 2013) :**

List of Related Parties and description of relationship :

- (a) Key Management Personnel : Mr. P.R.Rathi  
Mr. R.B.Rathi  
Mr. A.V.Vij
- (b) Relatives of Key Management Personnel : Mrs. R.R.Rathi – Wife of Mr. R.B.Rathi  
Mr. R.P.Rathi – Son of Mr. P.R.Rathi  
Mrs. K.B.Rathi – Mother of Mr. R.B.Rathi  
Mrs. K.R.Rathi – Mother of Mr. P.R.Rathi  
Mr. A.B.Rathi – Brother of Mr. R.B.Rathi  
Mrs. S.P.Rathi – Wife of Mr. P.R.Rathi  
Mrs. R.R.Agarwal – Daughter of Mr. P.R.Rathi
- (c) Entities in which Key Management Personnel and / or their relatives exercise significant influence (SIKMP) :  
Rathi Brothers Poona Limited  
Rathi Brothers Madras Limited  
Rathi Brothers Calcutta Limited  
Rathi Brothers Delhi Limited  
Manan Rathi Trust  
Balkrishna Rathi Finance Private Limited  
PRR Finance Private Limited  
Marathwada Chemical Industries Private Limited  
Rathi Vessels & Systems Private Limited  
Sudarshan CSR Foundation (Ref. Note No. 2 (E) of Note No. 29)

**Transactions with Related Parties :**

Nature of Transactions	2016 – 17			2015 – 16		
	Key Management Personnel	Relatives of Key Management Personnel	SIKMP*	Key Management Personnel	Relatives of Key Management Personnel	SIKMP*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>• Salary, Pension, Reimbursement of expenses etc. :</b>						
Mr. P.R.Rathi	24,433,397	–	–	23,837,361	–	–
Mr. R.B.Rathi	22,678,787	–	–	21,218,330	–	–
Mr. A.V.Vij	11,674,165	–	–	9,028,215	–	–
Mr. R.P.Rathi	–	3,824,091	–	–	3,268,964	–
Mrs. K.B.Rathi	–	1,872,520	–	–	1,816,632	–
Mr. A.B.Rathi (Net of taxes)	–	6,943,000	–	–	14,597,709	–
<b>• Interest paid / payable :</b>						
Mr. P.R.Rathi	951,720	–	–	951,720	–	–
Mr. R.B.Rathi	1,055,756	–	–	1,055,756	–	–
Mrs. K.R.Rathi	–	1,710,216	–	–	1,710,216	–
Mr. R.P.Rathi	–	1,100,860	–	–	1,100,860	–
Mr. A.B.Rathi	–	468,940	–	–	468,940	–
Mrs. S.P.Rathi	–	283,924	–	–	283,924	–
Mrs. R.R.Agarwal	–	371,052	–	–	371,052	–
Manan Rathi Trust	–	–	979,392	–	–	979,392
Rathi Brothers Poona Ltd.	–	–	1,155,712	–	–	566,440
Rathi Brothers Madras Ltd.	–	–	439,472	–	–	404,652
Rathi Brothers Calcutta Ltd.	–	–	102,383	–	–	154,693
Rathi Brothers Delhi Ltd.	–	–	1,479,725	–	–	1,259,839
Balkrishna Rathi Finance Pvt. Ltd.	–	–	3,744,116	–	–	6,169,704
PRR Finance Pvt. Ltd.	–	–	1,061,360	–	–	2,962,621
Rathi Vessels & Systems Pvt. Ltd.	–	–	2,585,784	–	–	2,199,902
Others	–	57,400	705,053	–	57,400	719,809

Nature of Transactions	2016 – 17			2015 – 16			
	Key Management Personnel	Relatives of Key Management Personnel	SIKMP*	Key Management Personnel	Relatives of Key Management Personnel	SIKMP*	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>• Acceptance of Deposits :</b>							
Rathi Brothers Poona Ltd.	-	-	24,800,000	-	-	-	23,800,000
Rathi Brothers Madras Ltd.	-	-	3,275,000	-	-	-	2,200,000
Rathi Brothers Delhi Ltd.	-	-	15,050,000	-	-	-	13,000,000
Balkrishna Rathi Finance Pvt. Ltd.	-	-	5,300,000	-	-	-	6,000,000
Rathi Vessels & Systems Pvt. Ltd.	-	-	3,350,000	-	-	-	25,075,000
Others	-	-	1,450,000	-	-	-	1,900,000
<b>• Repayments of Deposits :</b>							
Rathi Brothers Poona Ltd.	-	-	7,600,000	-	-	-	25,350,000
Rathi Brothers Delhi Ltd.	-	-	3,800,000	-	-	-	15,300,000
Rathi Brothers Madras Ltd.	-	-	850,000	-	-	-	2,300,000
PRR Finance Pvt. Ltd.	-	-	9,500,000	-	-	-	22,500,000
Balkrishna Rathi Finance Pvt. Ltd.	-	-	3,300,000	-	-	-	35,300,000
Others	-	-	500,000	436,000	-	-	3,400,000
<b>• Sale of Fixed Asset :</b>							
Mr. R.B.Rathi	-	-	-	24,520	-	-	-
Mr. A.V.Vij	-	-	-	3,924	-	-	-
Mrs. K.B.Rathi	-	-	-	-	8,490	-	-
<b>• Purchase of Fixed Asset (Land) :</b>							
Jointly from KMP and others Promoter Directors	7,261,500	-	-	-	-	-	-
<b>• Sale of Goods :</b>							
Marathwada Chemical Inds. Pvt. Ltd.	-	-	913,830	-	-	-	1,054,265
Thyssenkrupp Industries India Pvt. Ltd.	-	-	10,960,000	-	-	-	48,426,091
<b>• Purchase of Goods / Services :</b>							
Marathwada Chemical Inds. Pvt. Ltd.	-	-	174,868	-	-	-	6,972,133
<b>• Payment of Arrears of Interest :</b>							
Balkrishna Rathi Finance Pvt. Ltd.	-	-	-	-	-	-	4,038,876
PRR Finance Pvt. Ltd.	-	-	-	-	-	-	2,019,416
<b>• Payment of Arrears of Rent :</b>							
Rathi Brothers Delhi Ltd.	-	-	-	-	-	-	471,451
Rathi Brothers Madras Ltd.	-	-	-	-	-	-	30,027
<b>• Commission on Sales (Incl. Taxes) :</b>							
Rathi Brothers Calcutta Ltd.	-	-	6,339,218	-	-	-	6,821,702
Rathi Brothers Delhi Ltd.	-	-	23,831,645	-	-	-	23,304,638
Rathi Brothers Madras Ltd.	-	-	4,867,881	-	-	-	4,256,580
Rathi Brothers Poona Ltd.	-	-	55,832,363	-	-	-	50,042,871
<b>• Rent received (Incl. Taxes) :</b>							
Rathi Brothers Madras Ltd.	-	-	131,100	-	-	-	130,530
Rathi Brothers Poona Ltd.	-	-	436,513	-	-	-	365,965
<b>• Rent Paid :</b>							
Rathi Brothers Calcutta Ltd.	-	-	169,075	-	-	-	144,270
Rathi Brothers Delhi Ltd.	-	-	397,321	-	-	-	-
<b>• Donation Paid :</b>							
Suarshan CSR Foundation	-	-	402,000	-	-	-	-
Shri Jagannath Rathi Charity Trust	-	-	4,140,000	-	-	-	8,691,256
<b>• Reimbursement of Expenses (Net) :</b>							
Rathi Brothers Calcutta Ltd.	-	-	14,584	-	-	-	-
Rathi Brothers Madras Ltd.	-	-	34,800	-	-	-	-
Rathi Brothers Poona Ltd.	-	-	329,353	-	-	-	-
<b>• Balance outstanding at year end :</b>							
<b>- Customer / (Vendor) Account</b>							
Marathwada Chemical Inds. Pvt.Ltd.	-	-	130,140	-	-	-	198,967
Thyssenkrupp Industries India Pvt. Ltd.	-	-	-	-	-	-	14,483,586
<b>- Deposits</b>							
Mr. P.R.Rathi	9,285,000	-	-	9,285,000	-	-	-
Mr. R.B.Rathi	10,300,000	-	-	10,300,000	-	-	-
Mr. R.P.Rathi	-	10,740,000	-	-	10,740,000	-	-
Mrs. K.R.Rathi	-	16,685,000	-	-	16,685,000	-	-
PRR Finance Pvt. Ltd.	-	-	7,330,000	-	-	-	16,830,000
Balkrishna Rathi Finance Pvt. Ltd.	-	-	39,665,000	-	-	-	37,665,000
Rathi Vessels & Systems Pvt. Ltd.	-	-	27,475,000	-	-	-	24,175,000
Others	-	11,525,000	60,700,000	-	11,525,000	-	29,225,000
<b>- Salary and Commission</b>							
Mr. P.R.Rathi	6,000,000	-	-	6,000,000	-	-	-
Mr. R.B.Rathi	6,000,000	-	-	6,000,000	-	-	-

\* Significant Influence of Key Management Personnel and / or their relatives

**11. Earnings per Share (EPS) :**

Particulars	31-03-2017	31-03-2016
Net Profit After Tax available for Equity Shareholders	1,034,029,100	699,145,050
Equity Shares outstanding at year end	69,227,250	69,227,250
Weighted Average number of equity shares used to compute basic earnings per share	69,227,250	69,227,250
Earnings per share basic and diluted (Rs.)	14.94	10.10

**12. Managerial Remuneration :**

	Mr. P.R.Rathi Chairman and Managing Director	Mr. R.B.Rathi Deputy Managing Director
Salary and Other Allowances	16,351,097 (15,628,261)	15,130,450 (13,028,695)
Contribution to Provident Fund and Other Funds	1,879,200 (1,879,200)	1,508,737 (1,371,576)
Other Perquisites	203,100 (329,900)	39,600 (818,059)
Commission	6,000,000 (6,000,000)	6,000,000 (6,000,000)
Total ...	24,433,397 (23,837,361)	22,678,787 (21,218,330)

(Amount in Rs.)

**13. Expenses Capitalized during the year are as below :**

	Current Year Rs.	Previous Year Rs.
(A) Employee Cost	4,067,358	3,656,556
(B) Borrowing Cost	19,717,357	11,820,671
(C) Power Cost	17,772,368	-
Total...	41,557,083	15,477,227

**14. Foreign Exchange Difference Capitalised during the year :**

The foreign exchange difference arising out of re-alignment of the value of the foreign currency loan, taken for the purpose of procurement of fixed assets, has been adjusted in the carrying cost of the respective fixed assets and has been depreciated over their remaining depreciable life as follows :

	Current Year Gain / (Loss) Rs.	Previous Year Gain / (Loss) Rs.
(i) Plant and Machinery (Including CWIP)	101,325,549	(88,105,350)
(ii) Buildings	8,304,926	(13,744,559)
(iii) R&D Plant and Machinery	1,053,451	(1,743,450)
(iv) R&D Buildings	508,519	(841,594)
Total...	111,192,445	(104,434,953)



**15. Revision in Depreciation on account of Componentisation of Fixed Assets :**

During the Financial Year 2015-16, in terms of the requirement of Schedule II of the Companies Act, 2013, the Company has identified significant component of Property, Plant and Equipment which have materially different useful lives, based on the technical evaluation done by an Independent Valuer. Consequently depreciation charge for the aforementioned year was higher by Rs. 17,328,640

**16. Details of Other Current Liabilities :**

	As at 31 <sup>st</sup> March 2017 Rs.	As at 31 <sup>st</sup> March 2016 Rs.
Outstanding Expenses	245,197,157	292,770,542
Debtors' Credit Balances / Debtors' Advances	120,437,381	105,562,922
Export Commission Payable	29,405,768	28,333,319
Director Commission Payable	16,450,000	15,200,000
Salaries	13,125,701	9,839,229
Deposit from Employees	15,579,779	15,502,735
Others	19,233,995	33,108,059
Total...	<b>459,429,781</b>	500,316,806

**17. Details of Other Current Assets :**

	As at 31 <sup>st</sup> March 2017 Rs.	As at 31 <sup>st</sup> March 2016 Rs.
Accrued Income	5,967,795	2,815,363
Mediclaime, Excise Duty Recoverable	32,767,737	16,389,863
Gratuity Receivable	8,654,251	3,237,768
Total...	<b>47,389,783</b>	22,442,994

**18. Lease Rent :**

The Company has taken residential accommodation, office premises and warehouses on lease / rental basis. Lease period varies from one month to twelve months. These leases are cancellable in nature. Lease / rentals recognised in the Statement of Profit and Loss is **Rs. 49,936,554** (Previous Year : Rs. 49,315,945).

**19. Amount spent towards Corporate Social Responsibility :**

During the year the Company has incurred CSR expenses of **Rs. 14,310,878** (Previous Year : Rs. 13,178,377) which includes contribution / donation of **Rs. 2,140,000** (Previous Year : Rs. 6,691,256) to trusts (related party) which are engaged in activities eligible under Section 135 of Companies Act, 2013 read with Schedule VII thereto and other expenses of **Rs. 12,170,878** (Previous Year : Rs. 6,487,121) directly incurred by the Company.

In addition to the above, a contribution of **Rs. 105,000** (Previous Year : Rs. 402,000) is made to its subsidiary Sudarshan CSR Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of (a) promotion of education and enhancing vocational skills, (b) eradication of hunger and promoting hygiene, (c) promotion of sports (d) protection of national heritage and promotion and development of traditional arts (e) promotion of gender equality and (f) other infrastructure that would help meet the objectives of environmental sustainability such as waste management, vermin-culture, organic farming etc.

20. General expenses include donation to Political Party **Rs. 2,000,000** (Nationalist Congress Party) (Previous Year : Rs. Nil)

21. In accordance with Accounting Standard - 4 "Contingencies and Events Occurring after Balance Sheet Date" issued by the Ministry of Corporate Affairs dated 30<sup>th</sup> March, 2016, the Company has not recorded proposed final dividend as a liability as at 31<sup>st</sup> March, 2017.

22. **Details of Specified Bank Notes (SBN) held and transacted during the period 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 :**

Amount in Rs.			
Particulars	Specified Bank Notes	Other Denominations	Total
Closing Cash on Hand on 8 <sup>th</sup> November, 2016	1,865,000	474,985	2,339,985
(+) Permitted Receipts	34,000*	4,542,678	4,576,678
(-) Permitted Payments	8,000	4,102,497	4,110,497
(-) Amount Deposited in Banks	1,891,000	-	1,891,000
Closing Cash in Hand as on 30 <sup>th</sup> December, 2016	-	915,166	915,166

\* These represent advances refunded by the employee of the company.

23. The Company has reclassified previous year's figures to conform to this year's classification.

The figures in brackets are those in respect of previous year.

As per our report of even date.

For B.K.KHARE & Co.  
Chartered Accountants  
Firm Regn. No.: 105102W

SHIRISH RAHALKAR  
Partner  
Membership No.:111212  
Pune : 26<sup>th</sup> May, 2017

For and on behalf of the Board of Directors

S.N.INAMDAR  
Independent Director &  
Audit Committee  
Chairman

Pune : 26<sup>th</sup> May, 2017

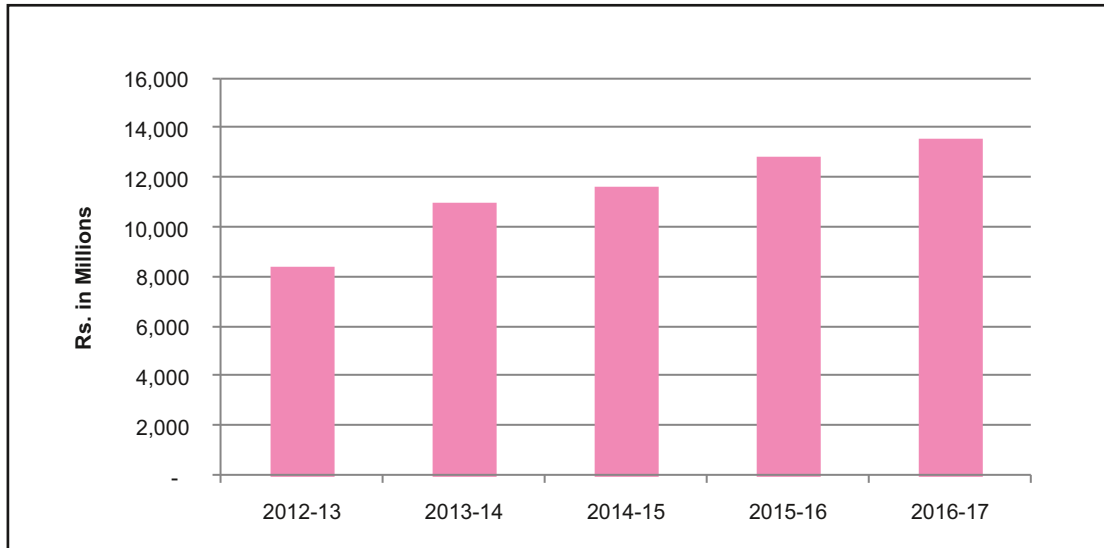
P.R.RATHI  
Chairman &  
Managing Director

R.B.RATHI  
Deputy  
Managing Director

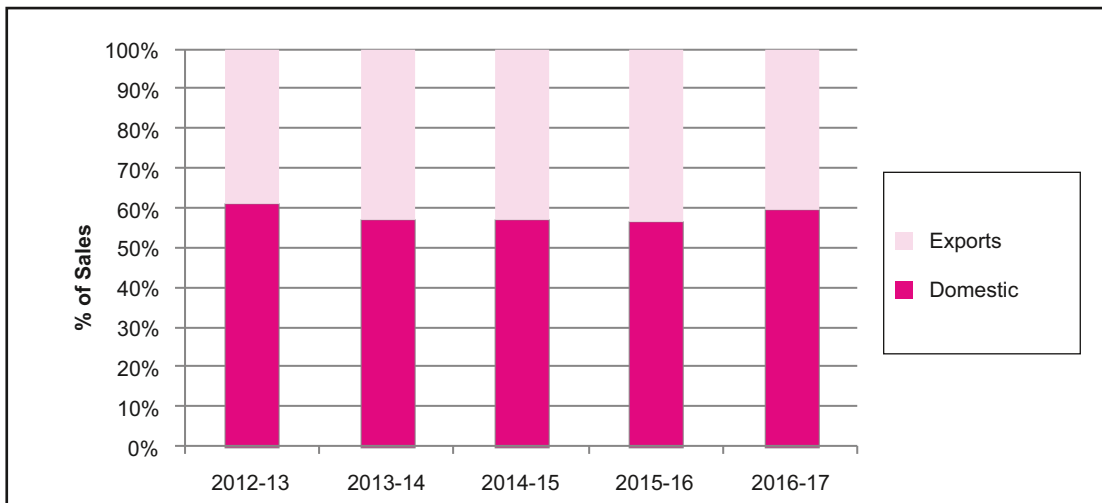
V.V.THAKUR  
Deputy General  
Manager - Finance  
(Acting CFO)

P.S.RAGHAVAN  
Company Secretary

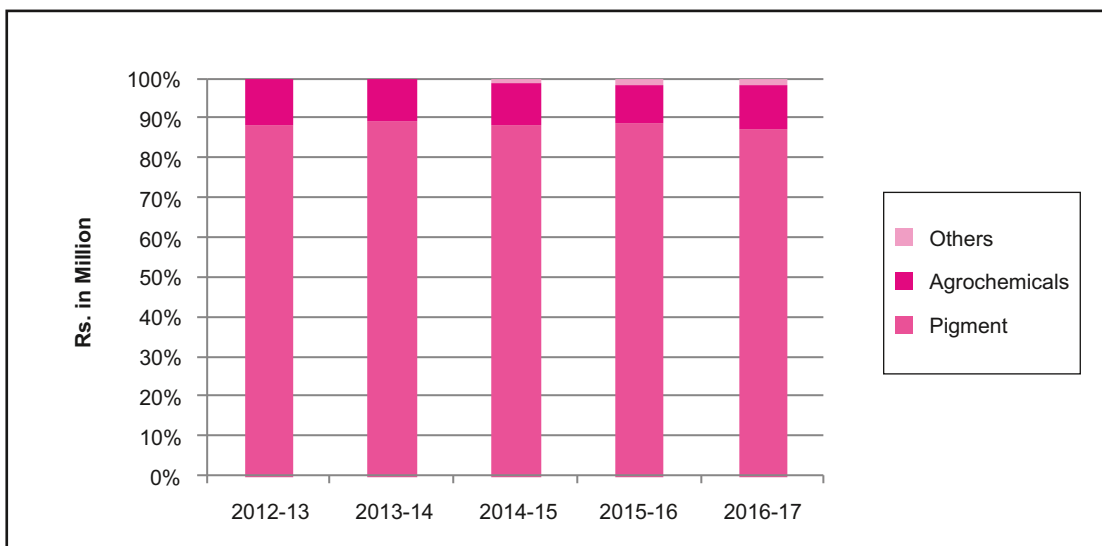
### GROSS SALES



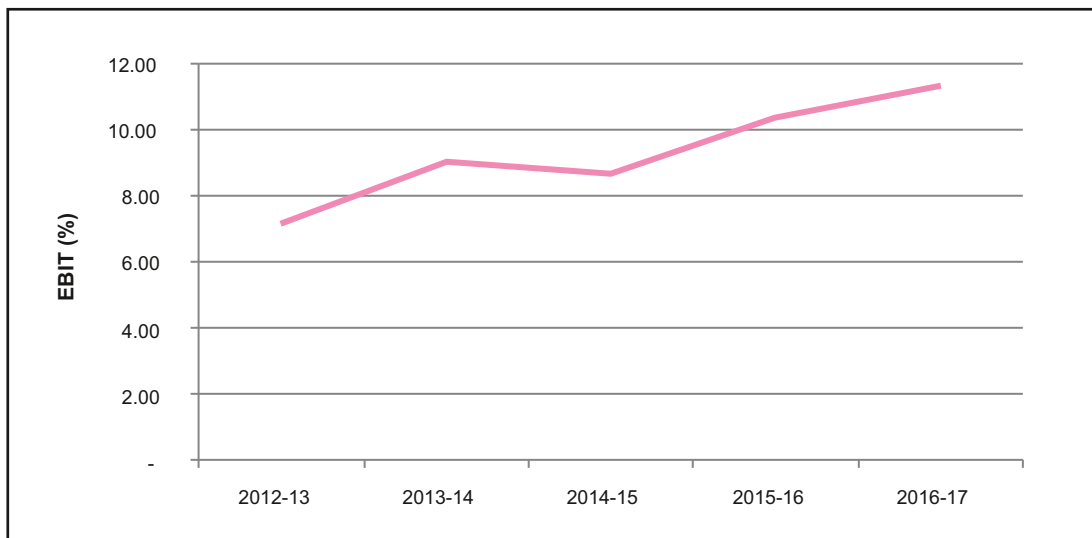
### SALES MIX



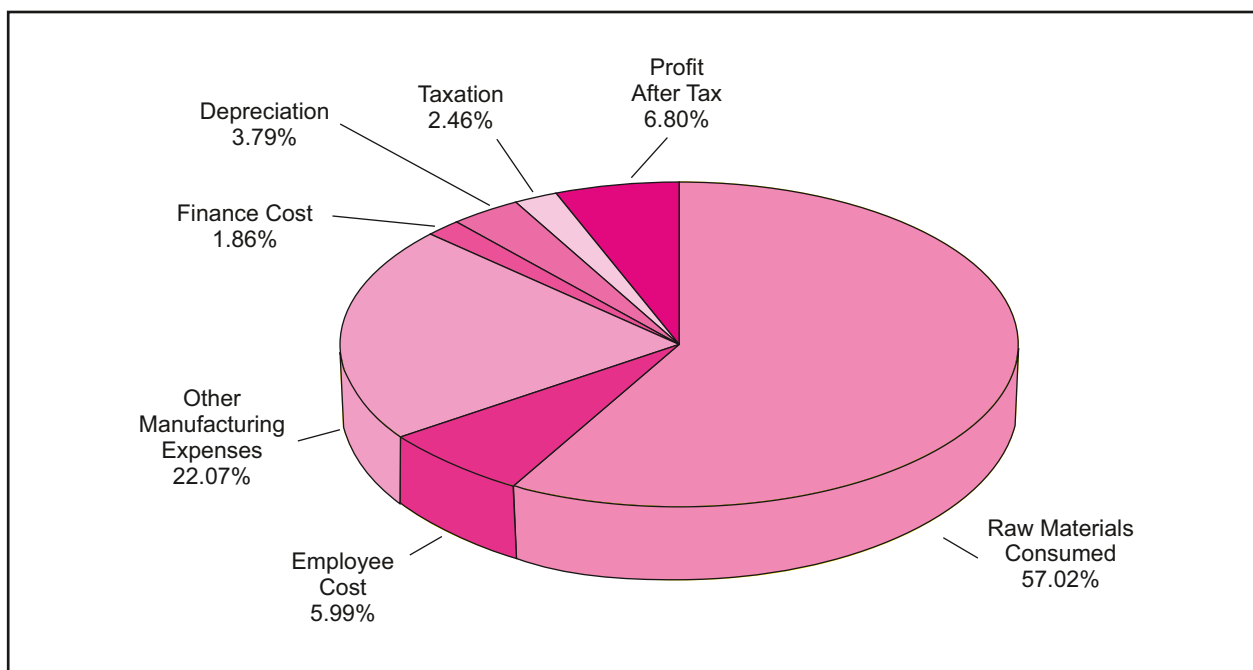
### SEGMENT WISE SALES



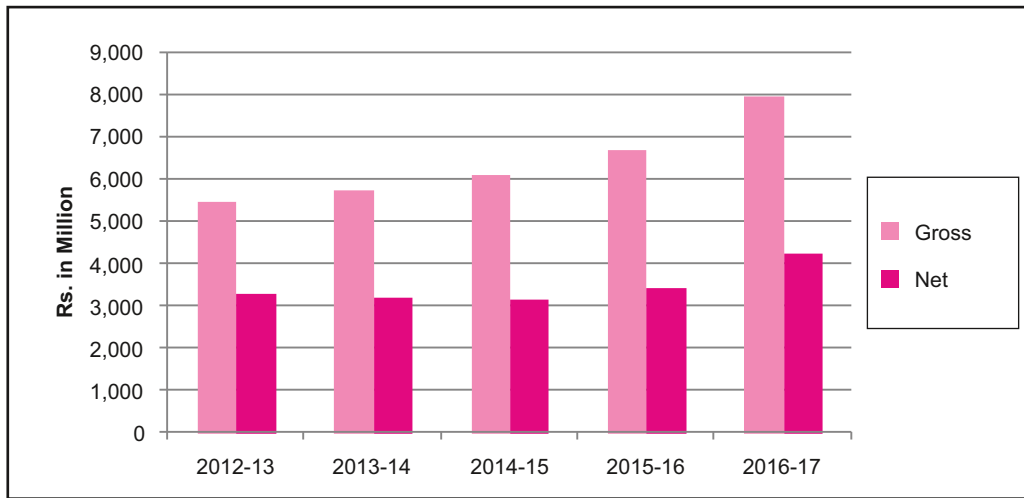
### EBIT % TO SALES



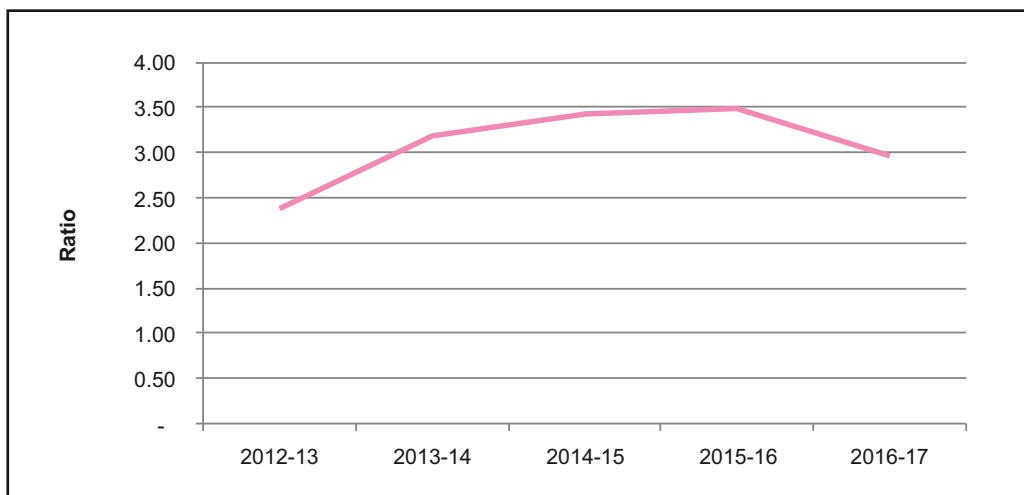
### DISTRIBUTION OF REVENUE (%)



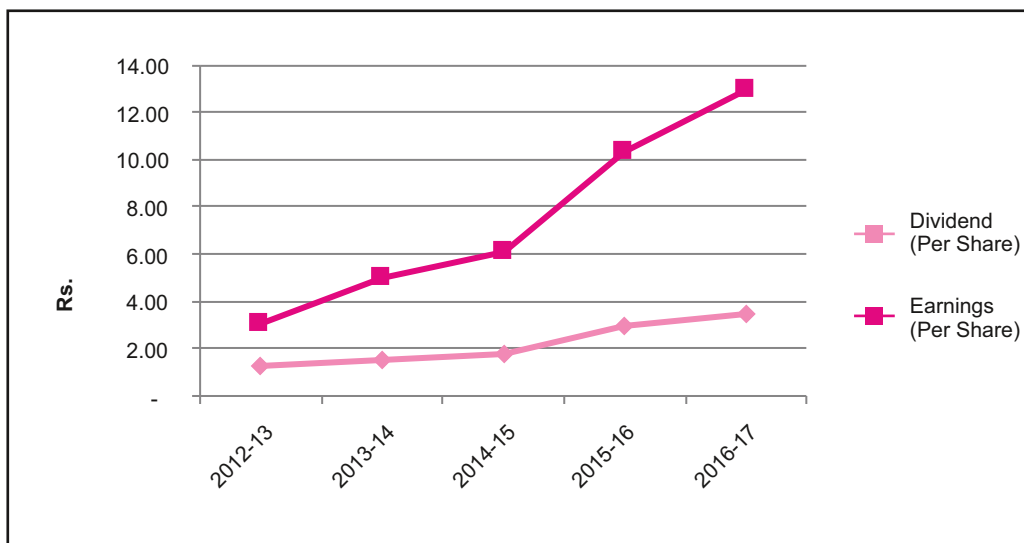
### GROSS AND NET FIXED ASSETS



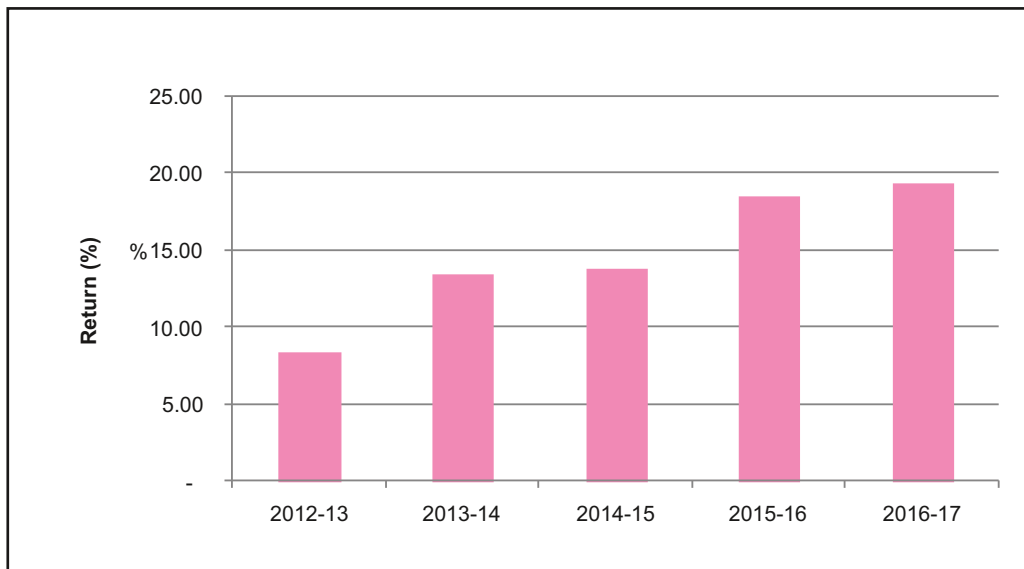
### FIXED ASSET TURNOVER RATIO



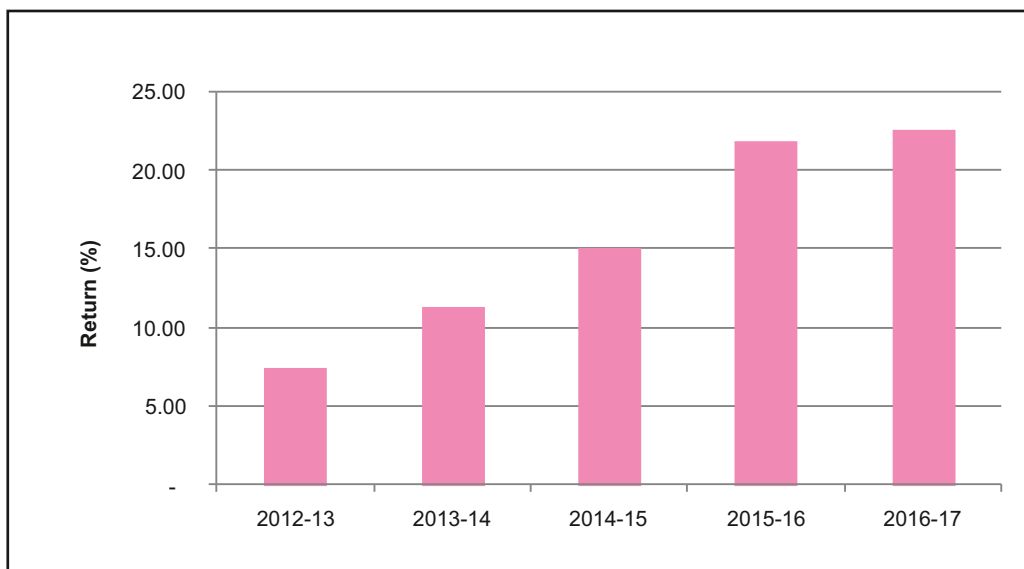
### EARNINGS & DIVIDEND PER SHARE



**RETURN ON CAPITAL EMPLOYED (%)**  
(ROCE = PBIT/CE)



**RETURN ON NET WORTH (%)**  
(RONW = PAT/Shareholders' Funds)









## Cogeneration Plant 8.24MW:

"We have successfully commissioned 62 TPH AFBC steam boiler along with 8.24MW steam turbine generator to meet our existing & future demand of energy at optimize cost. This is a biggest power plant in Roha, Mahad industrial belt. All equipments are energy efficient & environment friendly with best in technology."

### Cogen Process:

"Steam is required by the process at various pressures and the boiler house produces steam at the highest pressure as required by the process. This steam is then passed through various pressure-reducing valves, which lower its pressure as suited to process needs. A steam turbine can take that same energy available when pressure is reduced, and turn it into valuable electricity. Steam turbine generators make electricity by converting a steam pressure & temperature drop into mechanical power to spin a generator. High-

pressure steam enters the turbine, drives the generator and exhausts at a lower pressure for use in plant heating or process. A turbine does not consume steam, it only reduces its pressure that is subsequently exhausted into the process header for further distribution and use. Boiler generates steam at 67Kg/cm<sup>2</sup> and 490°C which is taken into extraction cum condensing steam turbine to generate power. Exhaust flue gases from boiler are passed through electro static precipitator before discharging from chimney.



66<sup>th</sup>

# Annual Report 2016 - 2017

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