



# SUMITOMO CHEMICAL INDIA LTD.

Corporate Identity Number (CIN) - L24110MH2000PLC124224

Corporate Office: 13/14, Aradhana IDC,  
Near Virwani Industrial Estate, Goregaon (East),  
Mumbai - 400 063.  
Tel. : +91-22-4252 2200 / Fax : +91-22-4252 2380  
URL <http://www.sumichem.co.in>

SCIL/SEC/2020-21  
1st July, 2021

To,  
BSE Limited,  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001

The National Stock Exchange of  
India Listing Department,  
Exchange Plaza,  
Bandra Kurla Complex  
Bandra East,  
Mumbai - 400 051

Dear Sirs,

## **Sub: Annual Report of the Company for F.Y. 2020-21**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, kindly find enclosed herewith the Annual Report of the Company for the year 2020-21. The Annual Report for F.Y. 2020-21 is being sent to the shareholders through e mail.

Thanking you,

Yours faithfully,  
For Sumitomo Chemical India Limited

Pravin D. Desai  
Vice President and Company Secretary



**ANNUAL REPORT  
2020-21**

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# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## BOARD OF DIRECTORS

MUKUL G. ASHER, *Chairman*

CHETAN SHAH, *Managing Director*

SUSHIL MARFATIA, *Executive Director*

HIROYOSHI MUKAI

B. V. BHARGAVA

NINAD D. GUPTA

TADASHI KATAYAMA

PREETI MEHTA

MASANORI UZAWA

## VICE PRESIDENT AND COMPANY SECRETARY

PRAVIN D. DESAI

## BANKERS

Citibank N.A.

HDFC Bank Ltd.

Sumitomo Mitsui Banking Corporation

Kotak Mahindra Bank Ltd.

Mizuho Bank, Ltd.

MUFG, Mumbai Branch

## AUDITORS

SRBC & CO LLP

*Chartered Accountants*

## REGISTERED OFFICE

Bldg No. 1, Ground Floor, Shant Manor Co-op Housing Society Ltd.

Chakravarti Ashok 'X' Road,

Kandivli (East), Mumbai - 400 101

## CORPORATE OFFICE

13 & 14, Aradhana Industrial Development Corporation,

Near Virwani Industrial Estate,

Goregaon (East), Mumbai - 400 063.

Tel: 42522200

## REGISTRARS AND TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd.

C-101, 247 Park, L B S Marg, Vikhroli (West),

Mumbai - 400 083

Tel.: 49186000

**NOTICE**

NOTICE is hereby given that the TWENTY-FIRST ANNUAL GENERAL MEETING of the Members of SUMITOMO CHEMICAL INDIA LIMITED will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") **on Friday, the 30th July, 2021, at 2.30 p.m.** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2021 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a director in place of **Mr. Tadashi Katayama** (DIN: 07628973), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of **Mr. Sushil Marfatia** (DIN: 07618601), who retires by rotation and, being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

5. To approve revision of the terms and conditions of compensation of **Mr. Chetan Shah**, Managing Director and in this regard to consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT, pursuant to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] read with Schedule V to the Act and pursuant to the resolutions passed by the Board of Directors of the Company and subject to all such consents, sanctions, approvals and permissions as may be required and further subject to such conditions and modifications as may be imposed or prescribed by any authority while granting such consents, sanctions, approvals and permissions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall, unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorised by the Board in this behalf), the members hereby accord their approval to the revision of the terms and conditions of compensation of Mr. Chetan Shah (DIN: 00488127), Managing Director of the Company, with effect from 1st April, 2020 for his remaining tenure ending on 31st August, 2022 as set out in the Supplement to Contract for Appointment of Managing Director ("Supplemental Contract") to be executed between the Company and Mr. Chetan Shah, a draft whereof is duly initialled for the purpose of identification, and which Supplemental Contract is hereby specifically sanctioned and approved, with liberty to the Board to alter and vary the terms and conditions of the compensation, but so as not to exceed the aggregate compensation set out in the Supplemental Contract.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps, as it may, in its absolute discretion, deem necessary, proper, expedient or desirable for the purpose of giving effect to this resolution, and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this resolution."

6. To approve revision of the terms and conditions of compensation of **Mr. Sushil Marfatia**, Executive Director and in this regard to consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT, pursuant to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] read with Schedule V to the Act and pursuant to the resolutions passed by the Board of Directors of the Company and subject to all such consents, sanctions, approvals and permissions as may be required and further subject to such conditions and modifications as may be imposed or prescribed by any authority while granting such consents, sanctions, approvals and permissions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board", which term shall, unless repugnant to the context or meaning thereof, be deemed to include any committee

thereof and any person authorised by the Board in this behalf), the members hereby accord their approval to the revision of the terms and conditions of compensation of Mr. Sushil Marfatia (DIN: 07618601), Executive Director of the Company, with effect from 1st April, 2020 for his remaining tenure ending on 31st August, 2022 as set out in the Supplement to Contract for Appointment of Executive Director ("Supplemental Contract") to be executed between the Company and Mr. Sushil Marfatia, a draft whereof is duly initialled for the purpose of identification, and which Supplemental Contract is hereby specifically sanctioned and approved, with liberty to the Board to alter and vary the terms and conditions of the compensation, but so as not to exceed the aggregate compensation set out in the Supplemental Contract.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps, as it may, in its absolute discretion, deem necessary, proper, expedient or desirable for the purpose of giving effect to this resolution, and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this resolution."

7. To approve **transactions** entered into / proposed to be entered into with **Sumitomo Chemical Company, Limited**, a related party, during the Financial Year 2021-22 and in this regard to consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, approval of the members of the Company be and is hereby accorded pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to all the material related party transactions entered into / proposed to be entered into ("the transactions") by the Company with Sumitomo Chemical Company, Limited, Japan, the Holding Company and a related party of the Company, during the financial year 2021-22, including for purchase, sale and supply of goods (including raw materials, intermediates, finished products, capital goods and other items), for providing and availing services and other transactions (including payment of dividend on shares) in the ordinary course of business and on arm's length basis, provided that the total amount of the transactions shall not exceed ₹ 7,000 million (Rupees seven thousand million) plus applicable taxes and duties.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps, as it may, in its absolute discretion, deem necessary, proper, expedient or desirable for the purpose of giving effect to this resolution, and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to this resolution."

8. To ratify the remuneration of the **Cost Auditors** and in this regard to consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], the remuneration of ₹ 550,000 (Rupees five hundred fifty thousand only) plus applicable taxes and reimbursement of actual out-of-pocket expenses fixed by the Board of Directors of the Company payable to M/s. GMVP & Associates LLP, Cost Accountants (Registration Number: 000910) in respect of the cost audit for the financial year 2021-22 be and is hereby approved and ratified.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### **NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its Circular No. 20/2020 dated 5th May, 2020 read with Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 22/2020 dated 15th June, 2020, Circular No. 33 dated 28th September, 2020, Circular No. 39/2020 dated 31st December, 2020 and Circular No. 02/2021 dated 13th January, 2021 (hereinafter collectively referred to as "MCA Circulars"), permitted holding of annual general meetings through VC or OAVM without the physical presence of members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the annual general meeting of the members of the Company is being held through VC/OAVM.

2. Pursuant to the provisions of the Companies Act, 2013, a member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this annual general meeting is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the annual general meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
3. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of their Board Resolution or governing body Resolution/Authorisation etc., authorising their representative to attend the annual general meeting through VC/OAVM on their behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to [pddiwan@yahoo.co.in](mailto:pddiwan@yahoo.co.in) with copies marked to the Company at [investor.relations@sumichem.co.in](mailto:investor.relations@sumichem.co.in) and to its RTA at [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in)
4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available on the Company's website for inspection by members during the annual general meeting. All documents referred to in the Notice will also be available on the Company's website for inspection by members from the date of circulation of the Notice up to the date of the annual general meeting.
5. **Registration of email ID and Bank Account details:**

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agents ("RTA") / Depositories, log in details for e-voting are being sent to the registered email address.

In case the shareholder has not registered his/her/its email address with the Company/ Link Intime India Private Ltd. – the Company's RTA/Depositories and / or not updated the Bank Account mandate for receipt of dividend; the following instructions should be followed:

  - (i) Kindly log in to the website of the RTA, [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > Email/Bank detail Registration – fill in the details and upload the required documents and submit.

OR

In the case of Shares held in Demat mode:

  - (ii) The shareholder may contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.
6. The Notice of the annual general meeting along with the Annual Report for the financial year 2020-21 is being sent only by electronic mode to those members whose email addresses are registered with the Company/Depositories in accordance with the MCA Circulars and circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by SEBI. Members may note that the Notice of annual general meeting and Annual Report for the financial year 2020-21 will also be available on the Company's website <http://www.sumichem.co.in> and the websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited. Members can attend and participate in the annual general meeting through VC/OAVM facility only.
7. Members attending the meeting through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. A Statement pursuant to Section 102 of the Companies Act, 2013, setting out details relating to the businesses under Items No. 5 to 8 is annexed hereto.
9. The Company has fixed **Friday, the 23rd July, 2021** as the '**Record Date**' for determining members entitled to receive dividend for the financial year 2020-21, subject to approval by the members in the annual general meeting.

# SUMITOMO CHEMICAL INDIA LIMITED

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## 10. **Payment of Dividend:**

Payment of dividend as recommended by the Board of Directors, if declared at the meeting, will be made on or after Wednesday, the 4th August, 2021, to the Members whose names stand on the Company's Register of Members and to the Beneficial Owner(s) as per the Beneficiary List provided by the National Securities and Depository Limited and Central Depository Services (India) Limited at the close of business hours on Friday, the 23rd July, 2021 (Record Date).

Payment of Dividend is subject to deduction of income-tax at source in accordance with the provisions of Income Tax Act, 1961 and rules made thereunder.

11. Payment of dividend will be made through National Electronic Clearing Service (NECS) at the RBI Centers by crediting the dividend amount to the Bank Accounts of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under the RBI Centers who have not furnished the requisite information should furnish the information to M/s. Link Intime India Private Limited, the Registrars and Transfer Agents (RTA). Members holding shares in electronic form should furnish the information to their Depository Participants (DPs) in order to receive dividend through the NECS mechanism.
12. Members holding shares in electronic form are requested to notify change in their addresses to their DPs. Members holding shares in physical form are requested to notify change in their addresses to the RTA.
13. The amounts of dividend remaining unclaimed for a period of seven years are to be transferred to the Investor Education and Protection Fund.

Details of dividend declared by the Company and remaining unclaimed are given below:

Date of Declaration	Dividend for the year	Dividend ₹ per Share	Due date for transfer to the Investor Education and Protection Fund
16.10.2018	2018-19 (interim)	1.87	22.11.2025
01.08.2019	2018-19 (interim)	0.22	07.09.2026
27.12.2019	2018-19 (Final)	0.20	02.02.2027
10.09.2020	2019-20	0.55	17.10.2027

Details of dividend declared by Excel Crop Care Limited (which amalgamated with the Company) and remaining unclaimed for the year 2013-14 onwards are given below:

Date of Declaration	Dividend for the year	Dividend ₹ per Share	Due date for transfer to the Investor Education and Protection Fund
10.09.2014	2013-14	12.50	17.10.2021
23.09.2015	2014-15	12.50	30.10.2022
28.07.2016	2015-16	12.50	03.09.2023
07.07.2016	2016-17 (Interim)	11.50	13.08.2023
02.08.2018	2017-18	8.75	08.09.2025
29.05.2019	2018-19 (Interim)	6.25	05.07.2026

Members who have not encashed their dividend warrants for the above years are requested to write to the RTA for claiming the dividend before the due dates mentioned above.

14. Pursuant to the provisions of Section 124 of the Companies Act, 2013 and the rules made thereunder, the shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more, are liable to be transferred to Investor Education and Protection Fund.

15. Since the annual general meeting is held through VC / OAVM, the route map for the venue of the meeting is not provided.

**16. Remote e voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the annual general meeting. The instructions for e-voting are given below.

Pursuant to SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9th June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

<b>Type of shareholders</b>	<b>Login Method</b>
<b>Individual Shareholders holding securities in demat mode with NSDL</b>	<ul style="list-style-type: none"> <li>• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password.</li> <li>• After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>• If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>• Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	<ul style="list-style-type: none"> <li>• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>• After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINKINTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> </ul>

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Type of shareholders	Login Method
	<ul style="list-style-type: none"> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi./Registration/EasiRegistration">https://web.cdslindia.com/myeasi./Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ul>
<b>Individual Shareholders (holding securities in demat mode) &amp; login through their depository participants</b>	<ul style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
<b>Individual Shareholders holding securities in Physical mode &amp; evoting service Provider is LINKINTIME.</b>	<ol style="list-style-type: none"> <li>Open the internet browser and launch the URL: <a href="https://instavote.linkintime.co.in">https://instavote.linkintime.co.in</a> Click on “<b>Sign Up</b>” under ‘<b>SHARE HOLDER</b>’ tab and register with your following details: -               <ol style="list-style-type: none"> <li><b>User ID:</b> Shareholders/ members holding shares in <b>physical form shall provide</b> Event No + Folio Number registered with the Company.</li> <li><b>PAN:</b> Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.</li> <li><b>DOB/DOI:</b> Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)</li> <li><b>Bank Account Number:</b> Enter your Bank Account Number (last four digits), as recorded with your DP/Company.</li> </ol> </li> <li>Shareholders/ members holding shares in <b>physical form</b> but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above</li> </ol> <p>Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&amp;*), at least one numeral, at least one alphabet and at least one capital letter).</p> <ol style="list-style-type: none"> <li>Click “confirm” (Your password is now generated).</li> <li>Click on ‘Login’ under ‘<b>SHARE HOLDER</b>’ tab.</li> <li>Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘<b>Submit</b>’.</li> <li>After successful login, you will be able to see the notification for e-voting. Select ‘<b>View</b>’ icon.</li> <li>E-voting page will appear.</li> <li>Refer the Resolution description and cast your vote by selecting your desired option ‘<b>Favour / Against</b>’ (If you wish to view the entire Resolution details, click on the ‘<b>View Resolution</b>’ file link).</li> <li>After selecting the desired option i.e. Favour / Against, click on ‘<b>Submit</b>’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘<b>Yes</b>’, else to change your vote, click on ‘No’ and accordingly modify your vote.</li> </ol>

**Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘**Custodian / Mutual Fund / Corporate Body**’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘**Custodian / Mutual Fund / Corporate Body**’ login for the Scrutinizer to verify the same.

**Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:**

- Click on ‘**Login**’ under ‘**SHARE HOLDER**’ tab and further Click ‘**forgot password?**’
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on ‘**Submit**’.
  - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
  - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#\$%\*), at least one numeral, at least one alphabet and at least one capital letter.

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:**

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
  - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
  - During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43.

**Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.**

In case shareholders/members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions (‘FAQs’)** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022-4918 6000.

**17. Instructions for shareholders/members to attend the annual general meeting through InstaMeet:**

Shareholders/members are entitled to attend the annual general meeting through VC/OAVM facility provided by Link Intime India Private Limited by following the below mentioned process. Facility for joining the annual general meeting through VC/OAVM shall open 30 (thirty) minutes before the time scheduled for the annual general meeting and will be available to the members on first come first serve basis.

Shareholders/members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will close on expiry of 30 (thirty) minutes from the scheduled time of the annual general meeting. Shareholders/members with over 2% shareholding, promoters, institutional investors, directors, KMPs, chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 30 (thirty) minutes prior to the scheduled time of the meeting and the window for joining shall be kept open till the expiry of 30 (thirty) minutes after the scheduled time. Participation is restricted up to 1000 members.

Shareholders/ members will be provided with InstaMeet facility wherein shareholders/ members shall register their details and attend the annual general meeting as under:

1. Open the internet browser and launch the URL for InstaMeet < <<https://instameet.linkintime.co.in>> > and register with your following details:
  - a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company
  - b. PAN: Enter your 10 digit Permanent Account Number (PAN)
  - c. Mobile No.
  - d. Email ID
2. Click “Go to Meeting”

Note:

Shareholders/ members are encouraged to join the meeting through tablets/ laptops connected through broadband for better experience.

Shareholders/members are required to use internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that the shareholders/members connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may experience audio/visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/members have queries or issues regarding e-voting, they can send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call on: - Tel: 022-49186175

**18. Instructions for shareholders/members to register themselves as speakers during annual general meeting:**

Shareholders/members, who would like to express their views/ask questions during the meeting, may register themselves as speaker by sending their request mentioning their name, Demat account number/folio number, email id and mobile number at [investor.relations@sumichem.co.in](mailto:investor.relations@sumichem.co.in) on or before 28th July, 2021 (5.00 p.m.).

Only those shareholders/members, who have registered themselves as speakers, will be allowed to express their views/ask questions during the meeting. The speakers will be registered on first-come-first-serve basis. The Company reserves the right to restrict the number of speakers depending on the availability of time in the annual general meeting.

Shareholders/members, who would like to ask questions, may send their questions in advance mentioning name, Demat account number/folio number, email id and mobile number to [investor.relations@sumichem.co.in](mailto:investor.relations@sumichem.co.in). The same will be replied by the Company suitably.

Shareholders/members should allow use of camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during their participating in the meeting.

19. **Instructions for shareholders/members to vote during the annual general meeting through InstaMeet:**

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members, who have not exercised their vote through the remote e-voting, can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on '**Submit**'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired.  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Shareholders/members, who are present in the annual general meeting through InstaMeet facility and who have not caste their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/members, who have voted through Remote e-Voting prior to the annual general meeting, will be eligible to attend/participate in the meeting through InstaMeet. They will, however, not be eligible to vote again during the meeting.

In case shareholders/members have queries or issues regarding e-voting, they can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call on: - Tel: 022-49186175.

20. The remote e-voting period begins on **Monday, the 26th July, 2021 (09.00 a.m.)** and ends on **Thursday, the 29th July, 2021 (5.00 p.m.)**. During this period, shareholders of the Company, holding shares either in physical form or in dematerialised form as on the cut-off date, which shall be the close of business hours on **Friday, the 23rd July, 2021**, may cast their votes electronically. At the end of the remote e-voting period, the said facility shall be blocked and the e-voting module shall be disabled thereafter.

A person, who receives this notice and who is not a member as on the cut-off date, should treat this Notice for information purposes only.

Any person, who acquires shares of the Company and becomes a member of the Company after despatch of the Notice and who holds shares as of the cut-off date, may obtain the login ID and password by sending a request to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in). However, if he/she is already registered with LIPL for remote e-voting then he/she can use the existing User ID and password for casting vote.

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

21. Mr. Prashant Diwan, Practising Company Secretary, has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

The Scrutinizer shall unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

The results declared along with the Scrutinizer's Report will be placed on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in) and on the website of RTA at [www.linlintime.co.in](http://www.linlintime.co.in) and communicated to the BSE Limited and National Stock Exchange of India Limited.

By Order of the Board of Directors  
For Sumitomo Chemical India Limited

**Pravin D. Desai**  
*Vice President & Company Secretary*

*Registered Office:*

Building. No. 1, Ground Floor, Shant Manor Co-op. Housing Society Ltd.,  
Chakravarti Ashok 'X' Road, Kandivli (East),  
Mumbai - 400 101.

*Mumbai, 28th May, 2021*

STATEMENT IN RESPECT OF THE BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

**Item No. 5**

At the annual general meeting of the Company held on 27th December, 2019, the members had approved appointment of Mr. Chetan Shah as Managing Director of the Company for a period of 3 (three) years with effect from 1st September, 2019 on the terms and conditions contained in the Contract for Appointment of Managing Director executed on 14th October, 2019, by and between the Company and Mr. Chetan Shah.

The Board of Directors of the Company, at its Meetings held on 5th November, 2020, 5th February, 2021, and 28th May, 2021, has approved, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company through a Special Resolution and in accordance with the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ("Act"), and all other applicable provisions, if any, read with Schedule V to the Act, to revise the terms and conditions of compensation of Mr. Chetan Shah with effect from 1st April, 2020, for his remaining tenure ending on 31st August, 2022 as follows:

1. Annual Gross Salary: ₹ 40,000,000 with effect from 1st April, 2020 and subject to annual increment as may be approved by the Board from time to time (up to a maximum limit of ₹ 60,000,000 with annual increments in subsequent years).

Break up of Annual Gross Salary:

Particulars	₹
Basic Salary (₹ 3,330,000 per month)	39,960,000
Annual Medical Allowance	40,000
<b>Total</b>	<b>40,000,000</b>

For the purpose of calculating the above annual gross salary, perquisites will be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites will be evaluated at actual cost.

Mr. Chetan Shah will not be eligible to any Provident Fund and Superannuation Scheme benefits.

Mr. Chetan Shah's annual increment will be due on 1st April, 2021 and thereafter on 1st April, 2022 and will be decided by the Board.

2. Annual Performance Bonus: not exceeding 40% of annual gross salary as may be determined by the Board based on the results of the performance goals of the preceding fiscal year determined under the evaluation system which is in line with Sumitomo Chemical global performance evaluation standard and which will be calculated based on the following table:

Performance	Bonus (% of annual gross salary)
O – 1 (more than 120% of target)	40%
E – 2 (100-120% of target)	30%
G – 3 (80-100% of target)	20%
U – 4 (50-80% of target)	10%

3. Special performance bonus not exceeding 20% of annual gross salary as may be determined by the Board on the recommendation of the Nomination and Remuneration Committee. This special performance bonus would be in addition to the annual performance bonus up to 40% of the annual gross salary referred to above.

The other terms and conditions contained in the Contract for Appointment of Managing Director dated 14th October, 2019 and executed between the Company and Mr. Chetan Shah will remain unchanged and in full force and effective during the remaining tenure of Mr. Chetan Shah i.e. up to 31st August, 2022.

**SUMITOMO CHEMICAL INDIA LIMITED**

CIN: L24110MH2000PLC124224

The Special Resolution at Item No. 5 seeks approval and consent of the members for revising, with effect from 1st April, 2020, the terms and conditions of compensation of Mr. Chetan Shah as Managing Director as contained in the Supplement to Contract for Appointment of Managing Director ("Supplemental Contract").

The Board recommends the resolution for approval of the members.

Except Mr. Chetan Shah, none of the Directors, key managerial personnel of the Company or their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Contract for Appointment of Managing Director and the Supplemental Contract is available on the Company's website.

Following are the particulars of Mr. Chetan Shah:

<b>Name of the Director</b>	<b>Mr. Chetan Shah</b>
<b>Date of Birth</b>	22/07/1954
<b>Date of appointment as Managing Director and the date of the first appointment on the Board</b>	01/09/2019 as Managing Director First appointment on the Board with effect from 13/06/2010 (Mr. Chetan Shah continued on the Board up to 06/10/2016)
<b>Qualifications</b>	Bachelor of Commerce from Mumbai University and Master's degree in Business Administration from North Rope University, Los Angeles, U.S.A
<b>Expertise in specific functional areas</b>	Management and operations of crop protection business
<b>Experience</b>	Over 45 years
<b>Other Indian companies in which directorship held</b>	Vulcan Products Private Limited Dharmesh Services Private Limited
<b>Other companies in which committee membership / chairmanship held</b>	None
<b>Number of shares held in the Company</b>	Nil
<b>Relationship with other directors and KMPs</b>	None
<b>Number of Board meetings attended</b>	5 meetings in FY 2020-21
<b>Remuneration drawn in FY 2020-21</b>	₹ 64.04 million
<b>Remuneration and other terms and Conditions of appointment</b>	As specified in the Supplemental Contract

**Item No. 6**

At the annual general meeting of the Company held on 27th December, 2019, the members had approved appointment of Mr. Sushil Marfatia as Executive Director of the Company for a period of 3 (three) years with effect from 1st September, 2019 on the terms and conditions contained in the Contract for Appointment of Executive Director executed on 14th October, 2019, by and between the Company and Mr. Sushil Marfatia.

The Board of Directors of the Company, at its Meetings held on 5th November, 2020 and 28th May, 2021, has approved, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company through a Special Resolution and in accordance with the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ("Act"), and all other applicable provisions, if any, read with Schedule V to the Act, to revise the terms and conditions of compensation of Mr. Sushil Marfatia with effect from 1st April, 2020, for his remaining tenure ending on 31st August, 2022 as follows:

**SUMITOMO CHEMICAL INDIA LIMITED**

CIN: L24110MH2000PLC124224

1. Annual Gross Salary: ₹ 15,000,000 with effect from 1st April, 2020 and subject to annual increment as may be approved by the Board from time to time (up to a maximum limit of ₹ 25,000,000 with annual increments in subsequent years).

Break up of Annual Gross Salary:

Particulars	₹
Basic Salary (₹ 800,000 per month)	9,600,000
House Rent Allowance	3,600,000
Contribution to Provident Fund	1,152,000
Leave Travel Allowance	540,000
Medical reimbursement / Allowance	108,000
<b>TOTAL</b>	<b>15,000,000</b>

For the purpose of calculating the above annual gross salary, perquisites will be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites will be evaluated at actual cost.

Mr. Sushil Marfatia will not be eligible to any Superannuation Scheme benefits.

Mr. Sushil Marfatia's annual increment will be due on 1st April, 2021 and thereafter on 1st April, 2022 and will be decided by the Board.

2. Annual Performance Bonus: not exceeding 40% of annual gross salary as may be determined by the Board based on the results of the performance goals of the preceding fiscal year determined under the evaluation system which is in line with Sumitomo Chemical global performance evaluation standard and which will be calculated based on the following table:

Performance	Bonus (% of annual gross salary)
O – 1 (more than 120% of target)	40%
E – 2 (100-120% of target)	30%
G – 3 (80-100% of target)	20%
U – 4 (50-80% of target)	10%

The other terms and conditions contained in the Contract for Appointment of Executive Director dated 14th October, 2019 and executed between the Company and Mr. Sushil Marfatia will remain unchanged and in full force and effective during the remaining tenure of Mr. Sushil Marfatia i.e. up to 31st August, 2022.

The Special Resolution at Item No 6 seeks approval and consent of the members for revising, with effect from 1st April, 2020, the terms and conditions of compensation of Mr. Sushil Marfatia as Executive Director as contained in the Supplement to Contract for Appointment of Executive Director.

The Board recommends the resolution for approval of the members.

Except Mr. Sushil Marfatia, none of the Directors, key managerial personnel of the Company or their relatives, is in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Contract for Appointment of Executive Director and the Supplemental Contract is available on the Company's website.

**SUMITOMO CHEMICAL INDIA LIMITED**

CIN: L24110MH2000PLC124224

Following are the particulars of Mr. Sushil Marfatia :

<b>Name of the Director</b>	<b>Mr. Sushil Marfatia</b>
<b>Date of Birth</b>	02/12/1951
<b>Date of appointment as Executive Director and the date of the first appointment on the Board</b>	01/09/2019 as Executive Director First appointment on the Board with effect from 07/10/2016
<b>Qualifications</b>	B. Com.; Chartered Accountant
<b>Expertise in specific functional Areas</b>	Accounts, Finance, Taxation, Legal & Secretarial, Production planning, Sales and marketing strategies and procurement of raw materials
<b>Experience</b>	Over 43 years
<b>Other Indian companies in which directorship held</b>	None
<b>Other companies in which committee membership / chairmanship held</b>	None
<b>Number of shares held in the Company</b>	3,825
<b>Relationship with other directors and KMPs</b>	None
<b>Number of Board Meetings attended</b>	5 meetings in FY 2020-21
<b>Remuneration drawn in FY 2020-21</b>	₹ 20.98 million
<b>Remuneration and other terms and conditions of appointment</b>	As specified in the Supplemental Contract

**Item No. 7**

Pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR") all related party transactions require prior approval of the Audit Committee and all material related party transactions require approval of the members through a resolution. LODR define the term 'material' to mean a transaction with a related party which individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Sumitomo Chemical Company, Limited, Japan ("SCC") is the Company's Holding Company and hence a related party. As a part of its regular business, the Company has business dealings with SCC which comprise purchase, sale and supply of goods (including raw materials, intermediates, finished products, capital goods and other items), providing and availing services, payment of dividend on shares and other transactions in the ordinary course of business. The transactions with SCC are at arm's length. All the related party transactions are approved by the Company's Audit Committee pursuant to the provisions of the Companies Act, 2013 and rules made thereunder and LODR.

The maximum aggregate amount of transactions entered into and proposed to be entered into with SCC during the financial year 2021-22 is estimated at ₹ 7,000 million which will exceed ten percent of the annual consolidated turnover of the Company for the financial year 2020-21.

The Ordinary Resolution at Item No. 7 seeks approval of the members for material related party transactions entered into / proposed to be entered into with SCC during the financial year 2021-22 in terms of Regulation 23 of LODR.

The Board recommends the resolution for approval of the members.

None of the Directors, key managerial personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution.

No related party of the Company is eligible to vote in favour of the resolution set out at Item No. 7 pursuant to the provisions of LODR.

**Item No. 8**

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules"), the Company is required to appoint a cost auditor to audit the cost records of the Company.

M/s. GMVP & Associates LLP, Cost Accountants (Registration Number: 000910), have been appointed as Cost Auditors of the Company for the financial year 2021-22 by the Board of Directors of the Company on the recommendation of the Audit Committee.

The Board has fixed the remuneration of the Cost Auditors at ₹ 550,000 plus applicable taxes and reimbursement of actual out-of-pocket expenses.

Under Section 148(3) of the Act read with Rule 14 of the Rules, the remuneration of the Cost Auditors as approved by the Board shall be considered and ratified by the members of the Company.

The Resolution at Item No. 8 of the Notice is set out as an Ordinary Resolution for ratification by the members in terms of Section 148 of the Act and Rule 14 of the Rules.

The Board recommends the Resolution in respect of the remuneration of M/s. GMVP & Associates LLP as Cost Auditors of the Company, for ratification by the members of the Company.

None of the Directors, key managerial personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

By Order of the Board of Directors  
For Sumitomo Chemical India Limited

**Pravin D. Desai**  
*Vice President & Company Secretary*

*Registered Office:*

Building. No. 1, Ground Floor, Shant Manor Co-op. Housing Society Ltd.  
Chakravarti Ashok 'X' Road, Kandivli (East),  
Mumbai - 400 101.

*Mumbai, 28th May, 2021*

## REPORT OF THE BOARD OF DIRECTORS

### TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty-First Annual Report and the Audited Financial Statements of the Company for the year ended 31st March, 2021.

### 1. FINANCIAL RESULTS

The salient features of the Company's working are:

	(₹ in Million)	
	<b>2020-21</b>	2019-20
Gross Profit for the year	<b>4,996.80</b>	3,082.04
Less: Depreciation and amortization expense	<b>465.56</b>	409.23
Profit before tax	<b>4,531.24</b>	2,672.81
Less: Tax expense (current and deferred tax)	<b>1,078.27</b>	616.55
Profit after tax	<b>3,452.97</b>	2,056.26
Add: Balance of Retained earnings brought forward from the previous year	<b>977.09</b>	2,493.24
Available retained earnings	<b>4,430.06</b>	4,549.50
Other Comprehensive Income	<b>12.89</b>	(60.19)
	<b>4,442.95</b>	4,489.31
Dividend Paid during the year	<b>274.53</b>	215.28
Tax on Dividend	—	46.94
Transfer to General Reserve	<b>2,750.00</b>	3,250.00
Retained earnings carried forward to the next year	<b>1,418.42</b>	977.09

### 2. DIVIDEND

Your Directors have recommended a dividend of ₹ 0.80 (previous year ₹ 0.55) per equity share on 499,145,736 shares of ₹10 each aggregating ₹ 399.32 million (previous year ₹ 274.53 million). The Directors consider this appropriate having regard to the requirements for funds for business and future growth of the Company.

### 3. OPERATIONS

During the year under review, the sales increased from ₹ 23,898.24 million in the previous year to ₹ 26,210.17 million. Domestic sales turnover increased to ₹ 21,814.53 million from ₹ 19,231.05 million in the previous year. Export turnover decreased from ₹ 4,667.19 million in the previous year to ₹ 4,395.64 million in the year under review. The reduction in export sales was mainly due to improved demand and attractive price realization in the domestic market as also the challenges in production and logistics posed by the pandemic and restrictions imposed in its wake in the first few months in 2020-21. After making provision for depreciation, interest and Tax, the Net profit during the year under report amounts to ₹ 3,452.97 million as against ₹ 2,056.26 million in the previous year.

### 4. COVID – 19

In the first half of the financial year 2020-21, Covid-19 pandemic caused severe impact globally and in India. India announced country-wide strict lock-down in the last week of March, 2020. The unlocking process was undertaken in a gradual manner in the next few months. Though the Company's operations were classified as 'essential', the Company had to operate under the lock-down guidelines. Due to the Company's emphasis on safety and due to several difficulties faced at operational level, the Company's manufacturing operations were impacted initially. The Company put in the best possible efforts to minimize

the negative impact on the operations. Overall production in the financial year 2020-21 is marginally lower due to safety precautions taken in line with restrictions imposed on account of Covid-19. The level of operations improved gradually over the period during the financial year. The demand side factors remained largely positive during the year. By the second half of the year, all the functions, including sales and distribution, procurement, supply chain, logistics and corporate functions, became near-normal duly following safety guidelines and without any material adverse impact.

Unfortunately, the financial year 2021-22 has begun with outbreak of second wave of Covid-19 which engulfed almost the entire country in the first two months of the year. Covid-19 and its several variants, including B.1.617 (double mutant variant first identified in India), are turning out more contagious, spreading faster and leading to medical emergencies and casualties. Unfortunately, unlike the first wave of Covid-19 last year, the second wave has spread to rural and semi-rural areas in addition to large cities and towns. Several Company employees across categories and locations, their family members and the Company's business partners / their employees were infected by the virus and some fatalities reported. Various state governments have imposed lockdown-like restrictions to restrict spread of the virus. These restrictions have adversely impacted economic and commercial activities in the country. The Company's manufacturing operations, though categorized as 'essential', have also been impacted, but not materially. In view of virus spread in rural and semi-rural areas close to the upcoming monsoon season from June, which is one of the key factors for the industry, one has to watch out for its overall impact on the industry and the Company in the next few days, though at present the impact for Company is not material. The Company continues to make efforts to minimise adverse impact on its operations and performance.

## **5. DIGITAL TRANSFORMATION – INTEGRATED SAP S4 HANA**

During the financial year 2020-21, as a part of the initiatives for digital transformation, the Company started and completed integration of different legacy SAP versions in use. Accordingly, effective 2021-22, all the operations of the Company across all locations in the country have migrated to the newly configured latest version of SAP S4 HANA, including its various advanced modules. The integrated system is expected to facilitate seamless operations, smooth realigned processes and integrated reporting and information management system. In view of changing technological landscape across the globe and the industry and to be future-ready technologically, the Company plans to continue the digital transformation journey during the financial year 2021-22 by implementing additional modules including SAP Integrated Business Planning, SAP Advanced Analytics Cloud, Integrated PMS modules, Spend Management modules and dealer portal.

## **6. NEW PRODUCTS/IMPROVEMENTS/EXPANSIONS**

In the year under review, your Company continued to pursue initiatives to optimize utilization of its manufacturing facilities and also expand manufacturing capacities to meet demand. During the year, your Company expanded manufacturing capacities for its one technical grade product, introduced a new formulation product and commercialized one new formulated product.

Your Company continues its efforts in the area of product and process improvement for enhancing yields and reducing manufacturing costs for staying innovative and competitive. Your Company also continues to focus on reducing effluent load and adopting innovative effluent treatment processes as well as on energy conservation and energy cost reduction.

The Company continues to maintain ISO:9001:2015, ISO14001:2015 and OHSAS18001:2007 certifications for the manufacturing sites at Bhavnagar, Gajod and Silvassa for continual improvement in quality, health, safety and environment. The Company's Tarapur and Vapi plants hold ISO:9001:2015, ISO14001:2015 and ISO 45001:2018 certifications. The quality of products is maintained and upgraded to the applicable national and international standards through rigorous pursuit of the quality management systems. The Company continues to enjoy the reputation of a consistent and reliable quality supplier.

## **7. OUTLOOK**

Though the International Monetary Fund raised growth forecast for India to 12.5%, resurgent Covid-19 spread threatens to undermine the country's economic recovery. Various measures of the Government under Make in India and other initiatives have begun to show positive results. Use of agrochemicals, including pest-control products, continues to grow. India is the second biggest consumer of agrochemical products in the world after China.

Due to outbreak of the second wave of Covid-19, in the financial year 2021-22, the Industry is likely to witness situation similar to the first-half of preceding financial year like lockdown, restrictions on people movements and economic activities, logistics issues, increase in cost of raw materials, transportation and inputs, at least for a few months. In 2020-21, despite all the odds, the agrochemicals sector grew and agricultural activities remained largely unaffected. The Company's business and products fall under 'essential commodities' hence it expects to produce and deliver products and services to the market and the farmers without material interruption. Last year, the Industry was able to pass on the cost increases to the market.

In spite of the pandemic, which is likely to affect the normal life for at least few months, domestic demand for agrochemicals is expected to remain elevated with favourable agronomical conditions in Agriculture sector like normal monsoon forecast by Indian Meteorological Department, good farm-production in the previous year, and good output prices which will translate in to increase in area under-cultivation for crops like cotton, soybean, paddy and groundnut, which are major agrochemicals consuming crops.

Your Company's efforts in devising and implementing business growth strategies and improving productivity across the resources and assets, and presence of strong product brands should serve it well in the times to come. With new product launches planned for the year and for the future years, regular revenue growth is expected to continue in the coming years.

During the year, the Central Government has issued a notification expressing its intention that Glyphosate, a weedicide and an important product for the Company, will be allowed to be used only through 'pest control operators'. The Company, other industry players and the industry associations have filed appeals before the appellate authority against the proposal as the proposal is not feasible and not implementable owing to ground realities. Hearing in the matter is pending. The proposal, if implemented, will have impact only on domestic use of Glyphosate. It will not impact exports.

## **8. SAFETY, HEALTH AND ENVIRONMENT**

The Company continues to play the role of a responsible corporate citizen in the fulfillment of its aims of protecting and enriching the environment and human health and safety. In the Covid-19 situation the Company followed and adopted recommended measures and protocols to safeguard health of its personnel (including contract and contractors' employees) and other people and stakeholders connected with its operations.

The Company has adopted Responsible Care Policy and its initiatives demonstrate its commitment towards comprehensive environment, health and safety of all stake holders and aims at achieving and sustaining high standards of performance. The Company continues to hold and maintain ISO-14001:2015 and OHSAS18001:2007 certifications which help in continuous improvement in the field of safety, health and environment. Safety audit, training programmes and other safety management processes and programmes are carried out at regular intervals.

The Company has also decided to make positive contribution to the society by working for reduction of greenhouse gases and create sustainable economic and social values. This initiative is being implemented through 'Science Based Targets' under the guidance of the parent company.

## **9. EDUCATION, LEARNING AND HUMAN RESOURCES**

Learning and development is one of the top priorities for the Company. The Company focuses on enhancing knowledge, skills and capabilities at all levels, strengthening the leadership talent, effective succession planning and fostering employee engagement.

Your Company has taken systematic and detailed development initiatives to build right skills and competencies as well as reskilling of its existing and new employees to meet the present and future needs of its business. Your Company endeavors to ensure that it has requisite competencies to meet the new challenges in the ever changing business environment.

The employee relations in the Company continued to remain healthy, cordial and progressive in the year under review. Your Directors wish to record their appreciation of the continued support, efforts and cooperation of the employees at all levels especially their contribution in the face of Covid-19 pandemic and restrictions imposed on movement of people and materials.

Your Company is making continuous and intensive efforts to educate farmers with various aspects of farming, latest technology and also ensuring to educate the efficient use of crop protection chemicals for improving/ increasing crop productivity.

## **10. INSURANCE**

The Company continues to carry adequate insurance cover for all its assets against foreseeable perils like fire, flood, earthquake, etc. and continues to maintain the Liability Policy as per the provisions of the Public Liability Insurance Act.

## **11. SUBSIDIARIES**

Highlights of the financial performance of Excel Crop Care (Africa) Limited, Tanzania and Excel Crop Care (Europe) NV, Belgium, the subsidiary companies, are as follows:

### **Excel Crop Care (Africa) Limited, Tanzania**

(Tanzania Schillings in million)

	<b>2020-21</b>	2019-20
Revenue	<b>2,433</b>	2,571
Profit before Tax	<b>314</b>	138
Profit after Tax	<b>202</b>	78

### **Excel Crop Care (Europe) NV, Belgium**

(Euros in thousand)

	<b>2020-21</b>	2019-20
Operating Loss	<b>98</b>	99
Loss	<b>111</b>	101

Excel Crop Care (Africa) Limited, Tanzania has declared a dividend of Tanzania Schillings 100,000 per share i.e. 100% for the year 2020-21.

Excel Crop Care (Europe) NV, Belgium, did not have sales turnover during FY 2020-21. During the year 2020-21, Excel Crop Care (Europe) NV, Belgium, distributed intermediary dividend aggregating Euro 31,500 at the rate of Euro 315 per share i.e 50%. The intermediary dividend was paid out of past retained profits.

The Financial Statements and the Reports of the Board of Directors and the Auditors of the Company's subsidiaries are posted on the Company's website: [www.sumichem.co.in](http://www.sumichem.co.in).

## **12. DISCLOSURE UNDER THE COMPANIES ACT, 2013**

Information is given below pursuant to various disclosure requirements prescribed under the Companies Act, 2013 and rules thereunder, to the extent applicable to the Company. Some of the disclosures have been included in appropriate places in the Corporate Governance Report which is part of the Board's Report.

### **a) Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in **Annexure I**.

### **b) Annual Return:**

Annual return as on 31st March, 2020 in form MGT-7 filed with the Ministry of Corporate Affairs is available on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in)

Annual return as on 31st March, 2021 in form MGT-7 will also be posted on the Company's website after the same is filed with the Ministry of Corporate Affairs.

**c) Policy on Directors' appointment, Remuneration Policy and information regarding remuneration:**

Particulars of the Company's Policy on Directors' appointment, Remuneration Policy and information pursuant to Rule 5(1) of the Companies (Appointment & Remuneration) Rules, 2014 are given in **Annexure II**.

**d) Particulars of Loans, Guarantees and Investments:**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**e) Related Party Transactions:**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were on an arm's length basis.

All related party transactions are placed before the Audit Committee for their approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a repetitive nature. The transactions entered into pursuant to the omnibus and specific approvals are reviewed periodically by the Audit Committee.

Pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the said Regulations"), all material related party transactions require approval of the members through a resolution. The said Regulations define the term 'material' to mean a transaction with a related party which individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

During the year, the Company entered into transactions with Sumitomo Chemical Company, Limited, Japan, the holding company, which are considered 'material transactions' in terms of the said Regulations.

At the annual general meeting held on 27th December, 2019, the shareholders have given approval, by an Ordinary Resolution passed pursuant to the provisions of Regulation 23 of the Regulations, for the Company's transactions with its holding company entered into during the Financial Year 2020-21.

The Company is seeking approval of the shareholders through an Ordinary Resolution at the ensuing annual general meeting for the transactions entered into / proposed to be entered into with the holding company during the Financial Year 2021-22 up to an amount not exceeding ₹ 7,000 million.

The Company had no transactions during F.Y.2020-21 requiring disclosure in the Form AOC-2 under the Companies Act, 2013.

The Policy on related party transactions as approved by the Board may be accessed on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in)

**f) Business Risk Management:**

During the financial year, the Board has formed Risk Management Committee pursuant to the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to identify and monitor risks faced by the Company.

The Committee deliberated on the major enterprise and business risks identified by the management, analysis of their impact and mitigation measures for addressing the risks. The major risk areas relate to risks associated with material procurement, and manufacturing operations, regulatory risks, cyber security / IT related risks, human resources related risks, currency risks, credit risks mainly relating to exports and insurance adequacy risks.

**g) Evaluation of the performance of the Board, Committees of Directors and Individual Directors:**

The Board has adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including performance of the Chairman of the Board. As a part of this mechanism, a structured questionnaire, which has been approved by the Company's Nomination and Remuneration Committee, is used to carry out evaluation of performance of the Board, Committees of Directors and individual Directors. The questionnaires take into consideration various criteria and factors.

**h) Material orders passed by the regulatory authorities or courts/material changes or commitments:**

On 21st June, 2019, Gujarat Pollution Control Board ("GPCB") issued a notice to Excel Crop Care Limited (ECCL), which amalgamated with the Company in FY 2019-20, instructing it to close manufacturing operations of its Bhavnagar Plant. The notice was caused as GPCB had found waste which was associated to a product which had been discontinued over 20 years back. ECCL submitted an action plan to GPCB for scientific disposal of waste and agreed to undertake other remedial measures. Based on the action taken by ECCL and the Company, in January, 2021, GPCB has withdrawn its Closure Order.

**i) Internal Financial Controls and their adequacy:**

The Company has adequate system of internal controls to safeguard and protect from loss, unauthorised use or disposition of its assets. All the transactions are properly authorised, recorded and reported to the management. The Company is following all the applicable Accounting Standards for proper maintenance of books of accounts and for financial reporting.

**j) Performance of Subsidiaries:**

Details of performance and financial position of the Subsidiaries are given in Form AOC-1 in **Annexure III**. The Company has no associate company.

**k) Corporate Social Responsibility (CSR) initiatives:**

The Company has formulated its Corporate Social Responsibility Policy which has been posted on its website [www.sumichem.co.in](http://www.sumichem.co.in)

A brief outline of the Policy and the Annual Report on CSR Activities is given in **Annexure IV**.

**l) Particulars of Employees:**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure V**.

**m) Secretarial Auditor and Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made thereunder, Mr. Prashant Diwan, Practicing Company Secretary (FCS:1403; CP NO.1979), Mumbai, was appointed Secretarial Auditor to conduct secretarial audit for the year ended 31st March, 2021. The Report of the Secretarial Auditor is attached as **Annexure VI**.

As regards the compliance matter pointed out in the Secretarial Audit Report, it may be noted that the affirmation to the effect that 'the director appointed is not debarred or disqualified from holding directorship by SEBI, MCA or any such other authority' was missed out inadvertently in the intimation letter sent to the stock exchanges.

**n) Secretarial Standards:**

The Company has complied with the applicable 'Secretarial Standards on Meetings of the Board of Directors - SS 1' and 'Secretarial Standards on General Meetings - SS 2'.

**13. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board appointed Mr. Masanori Uzawa as Additional Non-Executive Non Independent Director at its meeting held on 10th July, 2020. At the annual general meeting held on 10th September, 2020, the members have appointed Mr. Masanori Uzawa as a Director whose office is liable to retire by rotation.

Mr. Sushil Marfatia and Mr. Tadashi Katayama, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

**14. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) they 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 the financial year and of the profit of the Company for that period;
- (c) they 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;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

**15. BUSINESS RESPONSIBILITY REPORT**

Business Responsibility Report prepared in the prescribed form pursuant to Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in relation to initiatives taken from environmental, social and governance perspective, forms part of the Annual Report and is given in **Annexure VII**.

**16. CORPORATE GOVERNANCE**

Your Company is committed to the principles of good corporate governance and the Board of Directors lays strong emphasis on transparency, accountability and integrity. Your Company has complied with all the requirements of the Code of Corporate Governance contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and, pursuant thereto, Management Discussion and Analysis and the Corporate Governance Report are annexed and form part of the Annual Report.

**17. SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP**

Sumitomo Chemical Company, Limited, the holding company and its Japan based subsidiary, were holding about 80.3% of the share capital of the Company. During the year, the holding company sold about 5.3% of the share capital pursuant to the requirements of Securities Contracts (Regulation) Rules, 1957, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder. The sale of shares was undertaken through 'offer for sale' process through the stock exchanges. The shareholding of the promoters and the promoter group now stands at 75% of the Company's share capital ensuring 25% shareholding by public.

**18. COST AUDIT REPORT**

The Cost Audit Report of M/s. Kishore Bhatia & Associates, Cost Auditors, for the financial year 2019-20, which was required to be filed with the Ministry of Corporate Affairs on or before 31st December, 2020 was filed on 29th June, 2020 vide SRN: R43725811.

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## 19. ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation of the wholehearted co-operation received from the Company's Shareholders, Bankers, various authorities of the Governments and business associates.

For and on behalf of the Board of Directors

**CHETAN SHAH**

*Managing Director*

*DIN: 00488127*

**SUSHIL MARFATIA**

*Executive Director*

*DIN: 07618601*

*Mumbai, 28th May, 2021*

## **ANNEXURE - I TO THE REPORT OF THE BOARD OF DIRECTORS**

**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.**

### **(A) CONSERVATION OF ENERGY**

(i) *Steps taken for conservation of energy and impact:*

- Replacement of low efficiency pumps and motors with energy efficient pumps and motors
- Installation of VFD at various locations in plants with a view to reduce power consumption
- Installation of waste heat recovery system
- Replacement of conventional industrial lighting with LED lights

The measures undertaken for conservation of energy resulted in savings of power and fuel cost.

(ii) *Steps taken by the Company for utilizing alternative sources of energy:*

Over the years, the Company has taken several initiatives in the area of utilization of alternative sources of energy. Towards this, the Company has installed windmills and a solar power generation unit. The power generated by the windmills and the solar power plant is captively consumed for the Company's industrial operations.

### **(B) TECHNOLOGY ABSORPTION**

a) *Major efforts made towards technology absorption:*

- To develop non-infringing processes for new generics
- Backward integration for some of the existing molecules/intermediates to attain self-sufficiency and remain competitive
- To streamline processes developed in-house to make products with consistent yield and purity
- Pilot level scale-up of processes to ensure safety and scale-up readiness
- Microbial and chemical effluent treatment of streams from various product lines
- To develop new combi-formulations and establish scalable process for them
- To upgrade synthetic and analytical laboratories with modern scientific tools in order to cater to newer chemistries
- Introduction of new hardware / technologies for improving packaging and packing productivity

b) *Benefits derived as a result of the above efforts:*

The above efforts enable the Company to develop newer generic technical, formulations and combi-formulations using greener and efficient chemistries and enhance production capacities.

c) *Information regarding imported technology (imported during last three years):*

The Company has not imported any technology.

d) *Expenditure incurred on research and development:*

	(₹ million)
(a) Capital	13.38
(b) Recurring	113.18
(c) Total	<u>126.56</u>
(d) Total R&D expenditure as a percentage of total turnover	0.48%

### **(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company's total foreign exchange earnings in 2020-21 amounted to ₹ 4,345.70 million and the amount of foreign exchange used was ₹ 6,423.33 million.

**ANNEXURE - II TO THE REPORT OF THE BOARD OF DIRECTORS****Policy on Directors' appointment and remuneration, Remuneration Policy and information regarding remuneration:****(a) Policy on Directors' appointment and remuneration:**

- i. The Policy lays down criteria for determining qualifications, skills, experience, expertise, competencies, integrity, positive attributes and independence for appointment of Executive and Non-Executive Directors and to determine their remuneration.
- ii. The Policy also endeavours to ensure Board diversity in terms of gender, thought process, experience, knowledge and perspective and strives to evolve succession plans for the Board.
- iii. The Policy strives to devise remuneration levels for the Directors taking into account individual performance and strives to attract and retain talent relevant to the Company.
- iv. The Policy also lays down criteria for evaluation of performance of Directors.
- v. A Whole-Time Director shall not hold office as Whole-Time Director in any other Company except in the Company's subsidiary. However, Managing Director may hold office of Managing Director in one more Company with specific approval of the Nomination and Remuneration Committee and the Board, subject to the provisions of the Companies Act, 2013 and rules made thereunder.
- vi. A Managing Director/Whole-Time Director shall be appointed for tenure of up to five years.
- vii. An Independent Director shall be appointed for a term not exceeding five years and may be reappointed for the second term of up to five years, subject to the provisions of the Companies Act, 2013 and rules made thereunder.
- viii. The remuneration, including annual performance bonus of the Managing Director and Whole-Time Directors shall be determined and recommended by the Nomination and Remuneration Committee to the Board and shall be subject to the approval of the Board within the overall remuneration approved by a resolution of the members.
- ix. The minimum remuneration of Managing Director/Whole-Time Director in case of loss or inadequacy of profit in a particular year shall be in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The Company shall, however in such a case, undertake reasonable efforts and follow the process to obtain suitable approval as may be required for payment of such higher remuneration to the Director as has been agreed to with the Director.
- x. The Non-Executive Directors shall be paid sitting fees for attending meetings of the Board and Committees of Directors. The amount of sitting fees shall be determined by the Board from time-to-time within and subject to the limits stipulated by the Companies Act, 2013 and rules made thereunder.
- xi. The Non-Executive Directors shall be paid commission, not exceeding in the aggregate 1% of the net profits of the Company, computed in the manner laid down in the Companies Act, 2013 and rules thereunder. Individual Director shall be paid commission within the overall limit of 1% of net profits as the Board may determine taking into account the number of Meetings attended, contribution in deliberations in meetings and such other criteria and factors as the Board may deem fit.
- xii. A Non-Executive Director may be appointed Advisor, Consultant or in any other capacity on a fees/remuneration as may be determined by the Board of Directors subject to approval of the members as required under the Companies Act, 2013 and rules made thereunder and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xiii. The Company shall bear costs and expenses incurred by the Directors for attending meetings of the Board/Committees of Directors / members and for attending to the Company's official business.

**(b) Remuneration Policy for the Management Employees.**

- (I) In determining the remuneration of the Senior Management Employees (i.e. KMPs, HODs and Management cadre employees) the Company ensures/considers the following:
  - (i) The relationship of remuneration and performance benchmark is clear.

- (ii) The balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
- (iii) The remuneration is divided into two components viz. fixed component comprising of salaries, perquisites and retirement benefits and variable component comprising of performance bonus/incentive etc.
- (iv) The remuneration including annual increment and performance incentive is based on the criticality of the roles and responsibilities, the Company's performance, individuals' performance vis-a-vis KRAs, industry benchmark and current compensation trends in the market.
- (II) The Company carries out individual performance review based on the Standard Appraisal Matrix and takes into account the Appraisal Score Card and other factors mentioned herein-above while fixing the annual increment and performance incentives.
- (c) Remuneration of employees in staff/worker categories is based on periodical agreements/understandings reached through negotiations with Trade Union/Employees' Representatives. The increase in their remuneration depends upon such agreements/understandings.
- (d) The Company follows its Remuneration Policy in determining employee remuneration.
- (e) This Policy is also available on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in)

**Disclosure pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. Remuneration of Directors, Company Secretary and Chief Financial Officer in 2020-21:

Sr. No.	Director(s) / KMP(s)	Remuneration (₹ million)	Ratio to Median Remuneration of employees	% increase/ (decrease) * in remuneration in 2020-21 over 2019-20
1	Dr. Mukul G. Asher	2.77	4.85	60.12
2	Mr. Chetan Shah	64.04	112.12	133.60
3	Mr. Sushil Marfatia	20.98	36.74	26.29
4	Mr. Hiroyoshi Mukai	Nil	NA	NA
5	Mr. B. V. Bhargava	2.73	4.77	60.29
6	Mr. Ninad D. Gupte	0.22	0.38	26.47
7	Mr. Tadashi Katayama	Nil	NA	NA
8	Mrs. Preeti Mehta	2.74	4.80	54.80
9	Mr. Masanori Uzawa	Nil	NA	NA
10	Mr. Pravin D. Desai, Vice President and Company Secretary	7.71	Not Applicable	141.51
11	Mr. Anil Nawal, Chief Financial Officer	10.14	Not Applicable	146.30

\* Mr. Masanori Uzawa was not Director in 2019-20 – he was appointed Director on 10/07/2020. All the other Directors (except Mr. Sushil Marfatia and Mr. Hiroyoshi Mukai) and KMPs held position in 2019-20 only for part of the year. Therefore, the information of increase / decrease in remuneration should be understood and interpreted accordingly.

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2. The median remuneration of employees increased by 3.77% in 2020-21 over 2019-20.
3. The average remuneration of employees (other than Managing Director and Executive Director) increased by 4.05% in 2020-21 over 2019-20.
4. The performance bonus for Mr. Chetan Shah, Managing Director and annual performance bonus for Mr. Sushil Marfatia, Executive Director is paid in accordance with the terms of their appointment. The annual performance bonus is based on the specified criteria and is determined by the Board pursuant to the recommendation of the Nomination and Remuneration Committee on the basis of the results of the performance goals of the preceding fiscal year determined under the evaluation system which is in line with Sumitomo Chemical global performance evaluation standard.
5. Non-Executive Directors are paid commission not exceeding 1% of the net profits of the Company computed under Section 198 of the Companies Act, 2013 and the same is paid to individual Directors as determined by the Board.
6. The total number of employees on the Company's rolls as on 31st March, 2021 is 1722.

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## ANNEXURE - III TO THE REPORT OF THE BOARD OF DIRECTORS

### FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures														
Part A - Subsidiaries														
(₹ million)														
Sr. No.	Name of the Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary Companies	Turnover	Profit / (Loss) Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of holdings
1.	Excel Crop Care (Europe) NV	Eur	85.92 (82.06)	5.41 (5.17)	93.53 (101.05)	100.97 (107.62)	2.03 (1.40)	— —	— (20.99)	-9.28 (-8.07)	— —	-9.28 (-8.07)	— —	99.00% (99.00%)
2.	Excel Crop Care (Africa) Limited	TZS	0.0318 (0.0331)	5.41 (5.63)	36.15 (29.27)	64.96 (71.24)	23.40 (36.34)	— —	60.06 (63.89)	10.15 (5.82)	0.54 (1.88)	9.61 (3.94)	5.41 (1.41)	99.94% (99.94%)
(Figures in brackets relate to the Previous Year)														
Notes:														
1. Excel Crop Care (Europe) NV, has paid Intermediary Dividend of ₹ 2.71 million during the Financial Year 2020-21.														
2. As required by the notification issued by MCA, Indian Rupees equivalent of the figures given in foreign currencies in the accounts of the foreign subsidiaries have been given based on exchange rate as on 31st March 2021 for Balance Sheet items and at average exchange rate for Revenue items.														
3. The Company does not have Associate and Joint Ventures as on 31st March 2021, hence Part B is not applicable.														

## **ANNEXURE IV TO THE REPORT OF THE BOARD OF DIRECTORS**

### **Annual Report on Corporate Social Responsibility (CSR) Activities**

1. Brief outline on CSR Policy of the Company:

The Company's CSR Policy, which is available on the website of the Company <https://www.sumichem.co.in>, encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large.

CSR initiatives of the Company aim towards inclusive development of communities through a range of social interventions, enhancing skills and building social infrastructure to improve their livelihood. The Company's CSR approach focuses on development of communities around the vicinity of its plants and other offices for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons.

2. Composition of the CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
I	Mr. Chetan Shah	Managing Director (Chairman of the Committee)	1	1
ii	Mr. Sushil Marfatia	Executive Director	1	1
iii	Mr. Ninad D. Gupte	Non- Executive Director	1	1
Iv	Mrs. Preeti Mehta	Independent Director	1	1

3.	Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company	:	<a href="https://www.sumichem.co.in">www.sumichem.co.in</a>
4.	Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)	:	No impact assessment carried out
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	:	None
6.	Average net profit of the Company as per section 135(5)	:	₹ 2,545.24 million

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7	a) Two percent of the average net profit of the Company as per section 135(5)	:	₹ 50.90 million
	b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	:	Nil
	c) Amount required to be set off for the financial year, if any	:	Nil
	d) Amount unspent in the previous year i.e. 2019-20	:	₹ 0.50 million
	e) Total CSR obligation for the financial year (7a+7b- 7c+7d)	:	₹ 51.40 million

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

Total Amount Spent for the Financial Year (in ₹ million)	Amount Unspent (in ₹ million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
44.32	NA	NA	₹ 7.08 million will be transferred on or before 30th September, 2021		

(b) Details of CSR amount spent against **ongoing projects** for the financial year: No ongoing projects undertaken

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount spent for the project (in ₹ million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Agency Name	CSR Registration Number
1	Individual sanitation blocks and spread of individual sanitation awareness, water tank facility for individual sanitation, water tank and doors for toilets for the school, sanitation and safe drinking water availability in schools. Urinals for school-girls and water availability for urinals, urinals for poor and needy community staying in slums	Sanitation and drinking water availability (Sch.VII.i)	Yes	Gujarat and Maharashtra	Bhavnagar and Vapi in Gujarat, Silvassa in Union Territory of Dadra and Nagar Haveli, Tarapur and Boisar in Palghar and Mumbai in Maharashtra	1.32	Yes, directly and also through Implementing Agency	Vivekanand Research & Training Institute Bhavangar and Mandvi ("VRTI") and SANKALP, Goregaon, Mumbai	VRTI Bhavnagar CSR Reg. No. CSR00001027 VRTI Mandvi CSR Reg. No. CSR00000085 Sankalp CSR Reg. No. CSR00002857.
2	Animal vaccination, fodder distribution, tree plantation, tree guards, garden makeover, maintenance and renovations, cattle shed, providing nutritional supported food for animals, climate change project and Sujalam Sulam Jal Abhiyan (rain water harvesting structure, pond deepening and renovation), micro irrigation support, support to improve soil quality.	Animal Welfare, Environmental sustainability & Security (Sch.VI.iv) Natural Resource Conservation and maintaining quality of soil, air & water (Sch.VI.iv)	Yes	Gujarat	Bhavnagar and Kutch in Gujarat	4.48	Yes, directly and also through Implementing Agency	VRTI Bhavangar and VRTI Mandvi	As given above
3	School compound fencing, women group training, educational support for Balshala, vocational training to disabled, notebook distribution, providing support for development of computer lab, science lab, smart boards etc., support for building girls' hostel, support for development of vocational skills through online platforms, support to educational trusts, support for providing sewing machines, computers etc.	Education and Vocation skills (Sch.VI.ii) Woman empowerment & Gender Equality (Sch.VI, iii)	Yes	Gujarat and Maharashtra	Bhavnagar, Kutch, Vapi, Pardi, Kaprada, Nadha in Gujarat, Tarapur, Boisar, Palghar, Kelve, in Maharashtra Goregaon and Borivali in Mumbai	6.36	Yes, Directly and also through Implementing Agency	VRTI Bhavangar & VRTI Mandvi	As given above

# SUMITOMO CHEMICAL INDIA LIMITED

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(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the Project		(6) Amount spent for the project (in ₹ million)	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - through Implementing Agency	
				State	District			Name	CSR Registration Number
4	Provide blood transmission machines, provide fogging machines, provide physiotherapy equipment, provide support for treatment of patients from poor and needy families, provide support for heart surgeries of children, provide infra thermometers to government hospitals, provide support through various NGOs for prevention of Covid-19, creating awareness about Covid-19, provided oxygen cylinders to hospital for Covid-19 patients	Promoting Healthcare (Sch.VII.i)	Yes	Gujarat and Maharashtra	Bhavnagar, Kutch, Vapi and Valsad districts in Gujarat and Mumbai in Maharashtra	13.50	Yes, directly and also through Implementing Agency	VRTI Bhavangar, VRTI Mandvi, Aatapi Seva Foundation, Rotary Club of Mulund South and Vitthalidas Tulsidas Charity Trust	VRTI – as given above Rotary Club of Mulund South CSR Reg. No. CSR00005574 Aatapi Seva Foundation CSR Reg. No. CSR00001876. Vitthalidas Tulsidas Charity Trust Reg. No. CSR00005235
5	Rural development - supporting community halls/crematorium, gardens, RO water plants, drip irrigation, LED lights in villages Rural development project - Mokhada, Kaprada - Gujarat Integrated Rural Development Project at Tokpada – Adgaon, Nashik District	Rural Development projects (Sch.VII.x)	Yes	Gujarat and Maharashtra	Bhavnagar and Kutch in Gujarat, Nashik in Maharashtra, Mokhada, Kaprada in Gujarat	5.77	Yes, directly and also through Implementing Agency	Rotary Club of Bombay	Rotary Club of Bombay CSR Reg. No. CSR00004479
6	Other Important Projects - - Annadaan to children in schools - Support for senior citizens - Support to various institutes involved in the social activities like education, vocational skill development, eradicating poverty and hunger, provide funds to the Prime Minister Fund for Covid-19 Pandemic	Eradicating Hunger & Poverty (Sch.VII. i), Differently abled and livelihood projects Facilities for Senior Citizens (Sch.Vii, iii), Funding Prime minister fund for Covid-19 (Sch VII, viii)	Yes	Gujarat and Maharashtra	Mumbai in Maharashtra, Bhavnagar and Kutch in Gujarat,	12.47	Yes, directly and also through Implementing Agency	Akshaypatra Foundation	Akshaypatra Foundation CSR Reg. No. CSR00000286
	Total					43.90			

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

(d)	Amount spent in Administrative Overheads	:	₹0.42 million
(e)	Amount spent on Impact Assessment, if applicable	:	Nil
(f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	:	₹44.32 million
(g)	Excess amount for set off, if any	:	None

9. (a) Details of Unspent CSR amount for the preceding three financial years: None except as stated in 7(d) above  
 (b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**) - Not applicable
11. Specify reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): Outbreak of Covid-19, lock-down and lock-down-like conditions created hurdles in carrying out CSR activities during 2020-21

SUSHIL MARFATIA  
 (Executive Director)  
 (Din : 07618601)

CHETAN SHAH  
 (Managing Director & Chairman of CSR Committee)  
 (Din : 00488127)

Mumbai  
 28th May, 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## ANNEXURE - V TO THE REPORT OF THE BOARD OF DIRECTORS

**Particulars of Employees pursuant to Section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No.	Name of the Employee	Designation / Nature of Duties	Remuneration (₹ in million)	Qualification	Experience	Date of commencement of employment	Age (years)	Particulars of Last employment
								Employer, last post and period for which post held
1.	Arunkumar Vishnu Dhuri	Vice President - Registration & Product Development	4.66	M.Sc and Ph.D	38 years	1/9/2019	63	Excel Crop Care Limited Vice President - Registration & Product Development (21 years)
2.	Chetan Shah	Managing Director	64.04	B.Com., Master of Business Administration	45 years	1/9/2019	66	Excel Crop Care Limited Managing Director (3 years)
3.	Gaganpreet Singh	Vice President - Sales & Marketing	15.48	M.Sc (Agri), MBA	25 years	11/5/2011	47	Sinochem National Sales Manager (1 year)
4.	Kalpesh Patel	Vice President - Sales & Marketing	18.24	B.Sc (Agri)	32 years	18/02/2013	53	FMC India Marketing Manager (7 Years)
5.	Kunal Suresh Mittal	Senior Vice President - Planning and Coordination Office	16.52	B.Com, Chartered Accountant	19 years	15/01/2020	38	KPMG India Director (12 Years)
6.	Maddika Nagarjuna Reddy	Associate Vice President- Sales & Marketing	11.68	B.Sc (Agri)	29 years	2/5/2016	53	Adama India, General Manager (2 years)
7.	Pankaj Garara	Vice President - Sales & Marketing	15.74	B.Sc (Agri)	29 years	2/5/2011	52	Monsanto India Regional Sales Manager (13 years)
8.	Rajendra Pralhad Chaudhari	Vice President - Research & Development	10.27	M.Sc (Organic), Ph.D (Organic Chemistry) and post Directorate	33 years	1/9/2019	62	Excel Crop Care Limited Vice President - Research & Development (30 years)
9.	Sevak Ahemadnabi Pathan	Staff	1.30	8th Standard,	39 years	1/9/2019	60	Excel Crop Care Limited Staff (38 years)
10.	Sudheer Manohar Nijasure	Vice President - Costing & MIS	6.98	ICWA	43 years	1/9/2019	63	Excel Crop Care Limited Designation : Vice President - Costing & MIS Service: 41 years
11	Suresh Ramachandran	Chief Commercial Officer	0.93	Ph.D. in Entomology	22 years	3/3/2021	51	Indofill Business Head - India Agro (2 years)
12	Sushil Marfatia	Executive Director	20.98	B. Com., Chartered Accountant	43 years	7/11/1996	70	New Chemi Industries Pvt Ltd, Designation : CEO (15 years)

- Notes:
1. Remuneration includes salary, performance bonus, commission, allowances, value of perquisites, Company's contribution to Provident Fund, Superannuation Fund and National Pension Fund and gratuity paid, if any.
  2. The nature of employment is contractual in all the above cases.
  3. The employees are not relatives of any Director of the Company.
  4. Employees at Sr. No. 1, 9, 10 and 11 have been in service only for a part of the year.

## **ANNEXURE - VI TO THE REPORT OF THE BOARD OF DIRECTORS**

### **SECRETARIAL AUDIT REPORT**

**Form No. MR-3**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

[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

**Sumitomo Chemical India Limited**

Bldg No.1, GF, Shant Manor Co-op Housing Society Ltd

Chakravarti Ashok 'X' Road, Kandivli (E)

Mumbai 400101

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sumitomo Chemical India Limited having CIN: L24110MH2000PLC124224 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 generally 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 through digital mode for the financial year ended 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Further, as representation made by the management and relied upon by me, during the period under review, provisions of the following regulations were complied by the Company:
  - (a) The Insecticides Act, 1968 and rules made thereunder
  - (b) The Fertilizers (Control) Order, 1985

As per the representations made by the management and relied upon by me, during the period under review, provisions of the following regulations were not applicable to the Company:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
  - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

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

- (i) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India under the Companies Act, 2013.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to this report except following:

***As prescribed in NSE Circular No: NSE/CML/2018/24 dated 20.06.2019 and BSE Circular No LIST/COMP/14/2018-2019, the Company has given inadequate disclosure/submission to Stock Exchanges while appointment of new Director by not providing affirmation that the Director being appointed is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.***

I further report that:

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

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

Majority decision is carried through and as informed, there were no dissenting members' views and hence not recorded as part of the minutes.

I further report that as per the representations made by the management and relied upon by me 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.

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

As per the representations made by the management and relied upon by me, I further report that, during the audit period there were no other specific events / actions took place, having a major bearing on the Company's affairs, in pursuance of the above referred laws, rules, regulations, guidelines, etc.

**CS Prashant Diwan**

*Practicing Company Secretary*

FCS: 1403 CP: 1979

PR: 530/2017

UDIN: F001403C000387921

Place : Mumbai

Date : 28.05.2021

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

**Annexure “A”**

To,

The Members

**Sumitomo Chemical India Limited**

Bldg No.1, GF, Shant Manor Co-op Housing Society Ltd

Chakravarti Ashok 'X' Road, Kandivli (E)

Mumbai 400101

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

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 my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate, Specific and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. 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.
7. I have not carried out the physical verification of any records due to prevailing conditions of COVID 2019 in the country. I have relied on the records as made available by the Company through digital mode as well as I have also relied on the Management representation made by the Company.

**CS Prashant Diwan**

*Practicing Company Secretary*

FCS: 1403 CP: 1979

PR: 530/2017

UDIN: F001403C000387921

Place : Mumbai

Date : 28.05.2021

**ANNEXURE - VII TO THE REPORT OF THE BOARD OF DIRECTORS****Business Responsibility Report 2020-21**

This Report is prepared pursuant to provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Section A: General information about the Company**

1. **Corporate Identity Number (CIN) of the Company:** L24110MH2000PLC124224
2. **Name of the Company:** Sumitomo Chemical India Limited
3. **Registered address:** Building No. 1, Ground Floor, Shant Manor Co-Op Housing Society Limited, Chakravarti Ashok 'X' Road, Kandivli (East), Mumbai - 400101.
4. **Website:** [www.sumichem.co.in](http://www.sumichem.co.in)
5. **E-mail id (Investor Contact):** [investor.relations@sumichem.co.in](mailto:investor.relations@sumichem.co.in)
6. **Financial Year reported:** April 1, 2020 to March 31, 2021
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):** Agri – inputs: NIC Code 2021
8. **List three key products/services that the Company manufactures/ provides (as in balance sheet):** The Company principally manufactures and provides 'agri-inputs' comprising of crop protection products, plant growth nutrients, composts and fertilisers. It also markets products related to environment health chemicals and animal nutrition products.
9. **Total number of locations where business activity is undertaken by the Company:**
  - a) **Number of International Locations (Provide details of major 5):** Two locations: China and Vietnam
  - b) **Number of National Locations:** 55
10. **Markets served by the Company-Local/State/National/International:** North America, Latin America, Europe, Asia, Australia, Africa and India

**Section B: Financial details of the Company**

1. **Paid up Capital(INR):** 4,991.46 million
2. **Total Turnover(INR):** 26,210.17 million
3. **Total profit after taxes (INR):** 3,452.97 million
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 1.28% of Profit after Tax for the financial year 2020-21
5. **List of activities in which expenditure in 4 above has been incurred:** Particulars given in the Annual Report on Corporate Social Responsibility activities in Annexure IV

**Section C: Other details**

1. **Does the Company have any Subsidiary Company/Companies?** Yes
2. **Do the Subsidiary Companies participate in the BR Initiatives of the Parent Company?** No
3. **Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company?** No

**Section D: BR information**

**1. Details of the Director/Directors responsible for BR**

**a) Details of the Directors responsible for implementation of the BR policy/policies**

DIN Number	Name	Designation
00488127	Mr. Chetan Shah	Managing Director
07618601	Mr. Sushil Marfatia	Executive Director

**b) Details of the BR head**

Name: Mr. Chetan Shah

Designation: Managing Director

Telephone number: 022 42522200

E-mail id: [chetan.shah@sumichem.co.in](mailto:chetan.shah@sumichem.co.in)

**2. Principle wise (as per NVGs) BR Policy/policies**

The National Voluntary Guidelines on Social, Environment and Economic Responsibility of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

- P1 Businesses should conduct and govern themselves with ethics, transparency and accountability**
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**
- P3 Businesses should promote the well-being of all employees**
- P4 Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**
- P5 Businesses should respect and promote human rights**
- P6 Businesses should respect, protect, and make efforts to restore the environment**
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**
- P8 Businesses should support inclusive growth and equitable development**
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner**

S.N.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for.....	Y	Y	Y	Y	Y	Y	Note (a)	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international standards? see (b) below	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director? see (c) below	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

S.N.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6	Indicate the link for the policy to be viewed see (d) below	Y	Y	Y	Y	Y	Y	-	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievance related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? see (e) below	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

- We do not have documented policy. We have healthy well understood practices on the subject.
- The policies, wherever possible, are developed and aligned with the policies of the holding company, SEBI Regulations, Companies Act, 2013, MCA guidelines, applicable laws, rules and regulations, as the case may be.
- The policies have been approved by the Board wherever required by law, rules and regulations. Other policies are developed and approved internally by appropriate authorities and are signed by MD/Functional Heads as required/appropriate.
- Some policies like Code of Conduct and Ethics for Directors and Senior Management Employees, CSR Policy, Whistle Blower Policy, etc. are displayed on the Company's website ([www.sumichem.co.in](http://www.sumichem.co.in)). Other policies are available on Intranet/ in physical form with suitable access given to the concerned persons.
- Audit/evaluation of working of the policies is carried out by internal auditors; Committees of Directors depending upon scope of their work and in other cases by CEO/Functional Heads/Internal Committees specifically formed for monitoring – as the case may be.

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company:** Once every quarter.
- Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report?**  
The Company does not publish BR or Sustainability Report.

### Section E: Principle-wise performance

#### Principle 1

- Does the policy relating to ethics, bribery, and corruption cover only the Company?**  
The Policy covers not only the Company but also its business partners assigned with specific jobs.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**  
The Company received one complaint during the past financial year which has been addressed by the management satisfactorily.

## Principle 2

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

- a) To save natural water resource, sewage treatment plant is installed in Bhavnagar plant to process municipal sewage water to convert into usable industrial water which meets the plant's about 70 to 80% of industrial water requirement.
- b) Several initiatives have been taken to reduce energy consumption to reduce green- house gas impact on environment.

**2. For each such product, provide the following details in respect of resources use (energy, water, raw material etc.) per unit of product (optional)**

Not Applicable.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so:**

The Company has a policy to make increasing use of green energy and as a part of this policy it has set up Windmills with capacities of 5.87 MW and a Solar Power Plant with capacity of 748 KW. Power generated by Windmills/ Solar Power Plant is captively consumed for production-about 50% of the power requirements of the Company's two major manufacturing units come from these Windmills and Solar Power Plant.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company procures materials for use in its factories from small local vendors and producers as far as possible. The Company supports a few self-help groups who supply materials to the Company's manufacturing units.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so:**

In the Company's Bhavnagar factory, process waste water generated from three manufacturing units undergoes treatment and valuable chemical ingredients are recovered and recycled. The recovered / recycled chemical ingredients account for about 1-2% chemical used by these units.

Pursuant to Plastic Waste Management Rules, 2016, ("Rules"), for its Vapi plant, the Company has outsourced arrangement for collection and recycling of plastic-waste in compliance with the Rules.

## Principle 3

Sr. No.	Particular	As on 31st March 2021
1	Please indicate the total number of employees	1722
2	Please indicate the total number of employees hired on temporary/contractual/casual basis	3842
3	Please indicate the number of permanent women employees	56
4	Please indicate the number of permanent employees with disabilities	14
5	Do you have an employees association that is recognized by management	Yes
6	What percentage of your permanent employees is member of this recognized employee association?	23%

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**

No complaints were filed during the financial year and no complaints were pending at the end of the financial year. No case under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was filed during the financial year.

**8. What percentage of your under mentioned employees were given safety & skill up gradation training in the last year?**

<b>Sr. No.</b>	<b>Particular</b>	<b>% of Employees</b>
1	Permanent Employees	65%
2	Permanent women employees	80%
3	Casual Temporary / Contractual Employees	14%
4	Employees with Disabilities	20%

**Principle 4**

**1. Has the Company mapped its internal and external stakeholder?**

Yes

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders:**

Yes

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalised stakeholders? If so, provide details thereof, in about 50 words or so:**

The Company provides employment opportunities to the locals including disadvantaged, vulnerable and marginalised. As a part of Corporate Social Responsibility initiative, the Company extends help to the disadvantaged, vulnerable and marginalised stakeholders. Such initiatives include supply of books to students, providing drinking water facilities, fodder for cattle, health check-up camps etc.

**Principle 5**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

The Code is applicable only to the Company.

**2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?**

No Complaint received during the financial year.

**Principle 6**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

The Policy covers only the Company.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.?**

The Company does not have strategies/initiatives for global environmental issues.

**3. Does the Company identify and assess potential environmental risks?**

Yes

**4. Does the Company have any project related to Clean Development Mechanism?**

No

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc. If yes, please give hyperlink for web page etc:**

The Company has set up Windmills with capacities of 5.87 MW and a Solar Power Plant with capacity of 748 KW. Power generated by Windmills/ Solar Power Plant is captively consumed for production - about 50% of the power requirement of the Company's Bhavnagar and Gajod factories comes from these two sources.

**6. Are the Emission/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No show cause/legal notice received from pollution monitoring authorities. A compensation demand by Gujarat Pollution Control Board raised on the Vapi plant in an earlier year is subject matter of court litigation and hence pending as on 31st March, 2021.

**Principle 7**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of trade associations like Federation of Indian Chamber of Commerce & Industry, Indian Merchants' Chamber, Crop Care Federation and Crop Life India and Pesticides Manufacturers and Formulations Association.

**2. Have you advocated/lobbied through above association for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others):**

The Company's representatives are office bearers of some of the trade associations and actively participate in advocacy by such association in areas like reforms in agro-chemical industry, promoting good and progressive farm practices and sustainable growth of agriculture.

**Principle 8**

**1. Does the Company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

The Company has specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8. The details in brief are as under:-

The Company fulfills its role as a socially responsible corporate with environmental concern and works for welfare and sustainable development of community at large. The Company's CSR projects support the objective of achieving inclusive growth and overall development of communities.

These projects are in line with Company's CSR policy formulated pursuant to the provisions of the Companies Act, 2013 and are taken up at various work centers, manufacturing locations and other locations in India for the benefit of different segments of the society and specifically for the deprived and underprivileged.

The Company pursues CSR projects in the thrust areas specified under Schedule VII to the Companies Act, 2013. The major thrust areas include environment, sanitation, healthcare and making available safe drinking water, food aid, eradicating hunger, poverty and malnutrition, conservation of natural resources, animal welfare, promoting education(including special education and employment enhancing vocation for differently-abled and senior citizens) skills development, promoting sports, gender equality and women empowerment, rural development, welfare of armed forces veterans and their families, and contribution to Prime Minister's Relief Fund, PM CARES Fund, Covid-19 Relief Fund and similar funds.

The details of the various programs/ initiatives adopted by the Company are provided in the Annual Report on CSR activities forming part of the Directors' Report.

**2. Are the programmes / projects undertaken through in-house team/ own foundation / external NGO/ government structures/ any other organization?**

The Company executes its CSR projects through its own in-house teams as well as through NGOs.

**3. Have you done any impact assessment of your initiative?**

The Company conducts 'need assessment studies' before conceiving and initiating the CSR projects. Baseline and impact studies and process documentation of CSR Projects are maintained and evaluated from time to time.

All projects are assessed under the agreed strategy, and are monitored at regular intervals by both in-house teams and implementing partners. The performance of CSR projects is measured against targets and budgets by the Company from time to time.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

In Financial year 2020-21 the Company has spent ₹ 44.32 million on corporate social responsibility projects.

The information about the projects/ activities undertaken by the Company are given in the Annual Report on CSR activities forming part of the Directors' Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company's CSR programs are designed keeping in view the needs of the communities and their overall development. The Company encourages active engagement, contribution and participation in its CSR projects by the beneficiaries along with all key stakeholders such as Governments, village panchayats, communities, NGOs and other local institutions. The Company's implementing partners and in-house CSR teams engage and coordinate with key stakeholders for effective implementation of projects which helps in achieving desired end-results and long term sustenance of the initiatives.

The Company participates in Swachh-Bharat Mission to achieve the objective of 'open defecation free' towns/villages by constructing toilets.

**Principle 9**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

During 2020-21, seven cases were filed against the Company in Consumer Forums. All the seven cases are pending as on 31st March, 2021.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A? Remarks (additional information):**

The Company displays on labels what is required as regulatory requirements. We comply with Insecticides Act, 1968; Insecticide Rules, 1971; Fertiliser (Control) Order 1985; Seed Act, 1966; Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities) Rules, 2011 on respective product labels.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year?**

In the last five years, no case has been filed against the Company, and there is no pending case as on end of the financial year, regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

Yes - as a part of ISO Certification process.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure & Developments:

The agrochemicals industry helps farmers in minimizing farm produce losses. The Indian agrochemicals industry operates in a highly competitive and dynamic business environment. The industry is highly diverse. It has players who are small and medium dealing in generic off-patent molecules. It has players who are large multinationals with high-priced new generation and patented molecules. The industry has players who manufacture only technical grade pesticides. Some players are pure formulators. The industry also has some players who produce both – technical grade pesticides and formulations. There is an ancillary segment which manufactures intermediates for technical grade pesticides. Your Company is one of the leading players in the industry which has a balanced portfolio of technical as well as formulation products along with backward integration for some products.

India is the fourth largest manufacturer of agrochemicals owing to two major advantages – relatively low manufacturing costs and the ability and expertise in efficient handling of toxic and hazardous products and processes. Globally, India is the fifth largest exporter of agrochemicals. Availability of technically trained manpower, seasonal domestic demand and production capacities for generics built to cater to overseas markets are the other reasons for strong exports. Exports account for almost 40-50% of the industry production. India has been attracting multinationals due to good domestic growth opportunities. Domestic segment has been witnessing a steady increase in market acceptance of new generation molecules.

Your Company has presence in all the product segments – insecticides, weedicides, fungicides, fumigants and rodenticides, plant growth nutrition products, bio-rationals and plant growth regulators. Your Company is also into animal nutrition and environment health businesses – currently these are comparatively small businesses. Your Company is known for domestic marketing of proprietary products of its Japanese parent – Sumitomo Chemical Company, Limited in agrochemicals, animal nutrition and environment health business segments. The Company is also one of the few industry players having both chemical and biological products in its portfolio. The Company has strong portfolio of generics as well as specialty products and a strong marketing network and counts as a leading Indian crop protection company.

R&D for developing new molecules requires high investments in terms of capital, efforts and time. Indian players, therefore, tend to build strategic partnerships with global pesticides and nutrition companies. In return, Indian companies offer foothold in the growing domestic market with their strong distribution network and marketing and sales infrastructure. Active ingredients, that are scheduled to lose global patent protection in the next few years, offer good growth and expansion opportunity for the domestic industry.

Lately, the agrochemicals industry is moving towards safe and environment-friendly chemistries and products and also promoting sustainable agricultural practices. Your Company continues to identify and introduce environment friendly products which support farm eco-systems to enhance yield and improve quality of farm produce and at the same time maintain soil fertility in a sustainable manner. Your Company undertakes extensive work at the grassroots level to showcase long term benefits of these products and sustainable cultivation practices in order to encourage the farmers to adopt new concepts.

As per the Government data for cropping season of 2019, the area under cultivation in India is close to 197 million hectares. However, a large part of it is unirrigated and entirely monsoon dependent. Additionally, small land holdings and continued fragmentation of land holdings come in the way of adoption of farm mechanization and advanced cultivation techniques.

The Company's environment health business segment, catering to household insecticides players in the country, though small in size, is expected to grow at over 10% in the coming years. The growth of household insecticides market is driven by increasing awareness about health and hygiene, growing incidences of insect-borne diseases like malaria and dengue, growing demand for professional pest control and 'Swachh Bharat' initiative of the Government of India.

The animal nutrition business segment, again small in size presently, caters to the country's animal feed market, also has good growth potential.

## 2. Opportunities and Threats:

Agriculture and the allied sectors continue to remain central to the Indian economy. Agriculture contributed nearly 17% to the GDP in 2019–20. More important, it is a source of livelihood for more than 50% of the country's population. Despite the challenges of Covid-19 and the consequent lockdown and restrictions, the agrochemical industry continues to meet growing farming needs.

Forecast of a good and timely monsoon in 2021 should ensure strong domestic demand, with limited Covid-19 impact. The revenue of the ₹ 47,000-crore strong agrochemical sector is expected to grow by about 12-14% in the financial year 2021-22, following a sharp recovery in offtake from domestic agriculture sector and continuing healthy exports as projected by CRISIL.

Higher area under cultivation and about four per cent increase in minimum support prices during kharif season for key crops such as paddy, cotton, groundnut, soybean and bajra, which account for about 66% of domestic crop production, should further boost agrochemicals sector.

The government is slated to bring a production-linked incentive scheme for promotion of domestic manufacturing of agrochemicals. The domestic agrochemicals industry has good opportunity to increase market share in the global markets as customers are looking to diversify their supply sources for reducing dependence on China - risks of heavy reliance on China have perhaps never been clearer. The domestic agrochemicals industry is also trying to engage in backward integration for the manufacturing of technical grade products in order to become self-sufficient and reduce reliance on China for supply of intermediates.

The agrochemicals industry has large unrealized potential for growth due to low level of agrochemical consumption in the country as compared to the global norms. Currently, due to Covid-19 pandemic, farming is facing challenge of manpower shortages, with many migrant workers having left for their native places. It may take a few weeks for normalcy to return. Till then, application of agrochemicals in agriculture may be hampered.

In the export market, demand remains robust given the need for food security. In fact, demand for specific agrochemical products has increased as buyers are trying to shift their sourcing away from China. Orders are coming in from key international markets like Brazil, Japan, the U.S. etc., given the cost advantages of India.

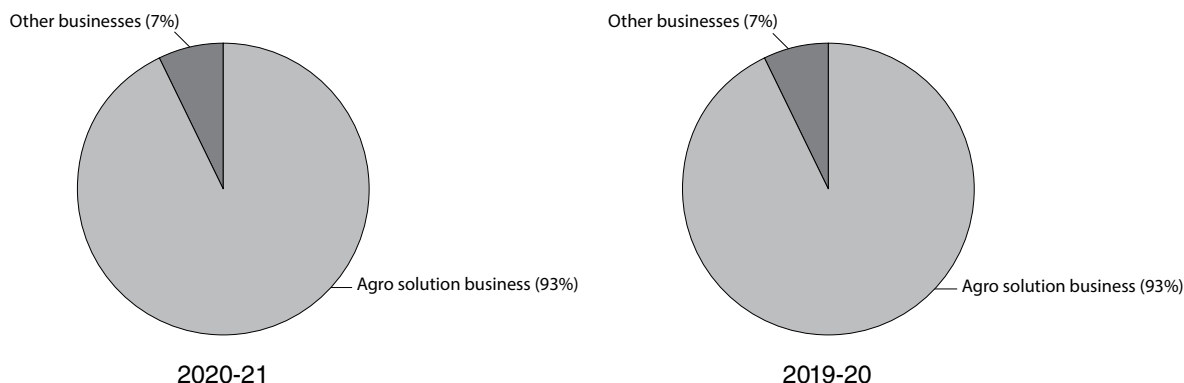
The Government of India has taken several steps towards amelioration of the agrarian problems and for sustainable agricultural development. The government has made higher fund allocation for agriculture and has taken several steps in the areas of soil health, irrigation, minimum support price, agri-produce marketing reforms and comprehensive agri-produce export policy to boost income of farmers. The state governments are also focussing on agriculture sector which should give boost to growth.

## 3. Segment-wise performance:

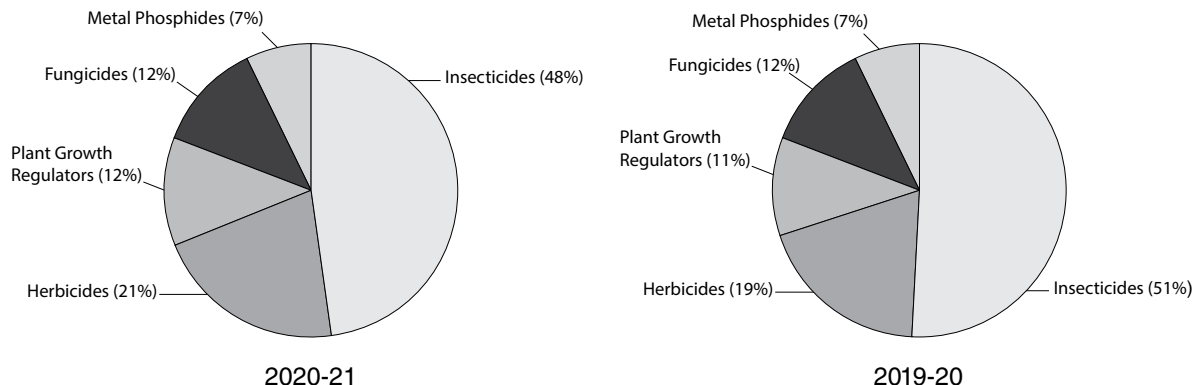
The Company's domestic sale in 2020-21 increased to ₹ 21,814.53 million from ₹ 19,231.05 million in 2019-20. Exports decreased from ₹ 4,667.19 million in 2019-20 to ₹ 4,395.64 million in 2020-21.

The Company continues to focus on promoting the branded business in order to increase the customer interface.

### Segment wise sales turnover:



**Sales break up for agro solution business:**



**4. Risks and Concerns:**

The complexity of rural marketing poses several challenges which are further compounded by the vast geographic spread of the country as well as the low literacy levels and low spending power of the farming community. Even today, farmer continues to bear the entire risk in the marketing cycle of farm produce. High volatility in produce price, rising costs of production and resource crunch affect his income. This also impacts his ability and willingness to adopt better agri-inputs, practices and technologies creating a ripple effect on the industry as a whole. The risks and the problems faced by the farming community rub on the agrochemicals industry as well.

While the governments have launched several initiatives aimed at improving farmers' wellbeing, it will take time for the benefits to become visible at the ground level. Till then, the inherent problems of Indian farming – seasonal production glut, non-remunerative produce prices, slow adoption of latest technology and practices and skewed benefits of policy framework will continue to adversely affect the industry growth.

The Indian agrochemicals industry has large imports as well as exports. Drastic movement in foreign exchange market affects the business dynamics of the industry and need to be managed efficiently.

Indian agrochemical industry's dependence on China for sourcing critical raw material and intermediates also is an area of concern. This was evident when in 2020 Covid-19 broke out in China impacting production of key intermediates there. The logistical and transportation constraints added to the woes of the Indian industry for a part of the year. The 'Make in India' and 'Vocal for Local' initiatives of the Government of India is prompting and helping indigenous manufactures to come forward and increase domestic production as also initiate process for setting up facilities for producing these products in India.

Sale of spurious products, concoction of various chemicals under the garb of bio-pesticides, adulterated and sub-standard products pose a grave threat to the industry at large and genuine players in particular. The Pesticides Management Bill ("Bill"), introduced in parliament to replace the existing regulatory framework, attempts to address some of these malaises. However, no progress is made on the Bill for quite some time.

Over the years, genetically modified (GM) crops have gained popularity across the world. The Indian regulators have restricted these crops in India citing need for additional review and studies on the suitability of these varieties in the Indian context. However, on the whole, GM crops present challenge and threat to the industry in the long run.

The Central Government notification, proposing ban on twenty seven pesticide products, poses serious threat to the industry. These are generic products, which are manufactured and widely used by the country's farmers for decades and form a large part of the domestic agrochemicals business. These products are also supplied by India in large scale in the export market. These products, if banned, will adversely impact the industry immensely. This action will also hit hard the farming community – especially the small and marginal farmers – because they will be deprived of inexpensive pest control products. Based on the Company management's understanding and expectations, the matter is not likely to have material adverse impact on the Company's performance as the proposed restrictions, if any, are not expected to be applicable to exports. The proposal is subject matter of court litigation and appeals by the industry and farmers before the administrative authorities. Similarly, the Central Government has issued a notification expressing its intention that Glyphosate, a weedicide and an important product for the Company, will be allowed to be used only through 'pest control operators'. The Company, other industry players and the industry associations have filed appeals before the appellate authority against the proposal as the proposal is not feasible and not implementable owing to ground realities. Hearing in the matter is pending. The proposal, if implemented, will have impact only on domestic use of Glyphosate. It will not impact exports.

**5. Internal control systems and their adequacy:**

The Company has proper and adequate system of internal audit and controls which ensure that all the assets are safeguarded against loss from unauthorised use or disposition and that all transactions are authorised, recorded and reported correctly.

The Company continuously strives to improve upon/evolve and implement best practices with a view to strengthen the internal control systems.

The Company has assigned internal audit function to a leading firm of Chartered Accountants. Regular internal audit and checks are carried out to ensure that the responsibilities are discharged effectively. All major findings and suggestions arising out of internal audit are reported and reviewed by the Audit Committee. The Management ensures implementation of these suggestions and reviews them periodically.

**6. Financial Performance & Analysis and major changes in ratios:**

The sales for the year under review are ₹ 26,210.17 million as compared to ₹ 23,898.24 million in the previous year. The profit before tax and exceptional item for the year under review is ₹ 4,531.24 million as compared to ₹ 2,981.70 million in the previous year. The exceptional item last year related to expenditure of ₹ 308.89 million for amalgamation. The profit after tax is ₹ 3,452.97 million in the current year as against ₹ 2,056.26 million in the previous year.

In the financial year 2020-21, the operating profit margin increased by 37.69% from 12.71% in 2019-20 to 17.50% in 2020-21. Similarly, the net profit margin increased by 53.14% from 8.60% in 2019-20 to 13.17% in 2020-21. As a result, the Return on net worth increased to 22.60% in 2020-21 as compared to 17.01% in 2019-20 – an increase of 32.86%. The major reasons for improvement in profit margin are change in product mix; share of better – margin products in sales increased in 2020-21, better product – prices due to market conditions and accrual of synergies of merger on fixed-cost front.

**7. Human Resource Development/Industrial Relations:**

Your Company has introduced HR digital interventions through SAP payroll module across organisation for better control and information system.

Your Company is making continuous efforts to build performance-based work culture in the organisation through effective implementation of Performance Management System. The Company has effective goal setting process for ensuring alignment of the corporate, functional and individual goals for all the management category employees.

Your Company continuously grooms its employees through learning initiatives to improve skill, knowledge and competencies for taking up higher responsibilities. The Company has effective mechanism for identifying key talent i.e. employees having high performance and high potential and for grooming them for taking up higher/future responsibilities.

Your Company attaches high importance to attract, retain and engage a talented pool of individuals at its plants, offices and field staff level.

Your Company has an excellent track record on industrial relations. It has maintained a record of 'zero loss of man-days' due to industrial unrest. Your Company's grievance redressal mechanisms ensure that employees can raise issues and concerns and have them addressed in time.

The employee strength of the Company stands at 1722 as on 31st March, 2021.

**8. Cautionary Statement:**

Statements in this report on Management Discussion and Analysis relating to the Company's objectives, projections, estimates, expectations or prediction may be forward looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, raw materials cost, availability and prices of finished goods, foreign exchange market movements, changes in government regulations, tax structure, economic and political developments within India and the countries where the Company conducts its business and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## **CORPORATE GOVERNANCE REPORT**

### **1. Company's Philosophy on the Code of Corporate Governance**

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair to all stakeholders. The Corporate Governance Code has also been incorporated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company endeavours not only to meet the statutory requirements in this regard but also to go well beyond them by instituting such systems and procedures as are in accordance with the contemporary global trends of making management completely transparent and institutionally sound.

Your Company believes in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stakeholders' value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

### **2. Board of Directors**

As on 31st March, 2021, the strength of the Board was nine Directors. The Board comprised of Managing Director, Executive Director and seven Non-Executive Directors.

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies and membership/chairmanship in committees of other companies.

The particulars of composition of the Board of Directors as on 31st March, 2021 and their attendance at the Board Meetings during the year and at the last Annual General Meeting and also the number of directorships/memberships of committees of other companies are as under:

<b>NAME</b>	<b>CATEGORY</b>	<b>NO. OF BOARD MEETINGS ATTENDED DURING 2020-21</b>	<b>ATTENDANCE AT LAST AGM</b>	<b>NO. OF OTHER DIRECTORSHIP IN COMPANIES INCORPORATED IN INDIA (see Note below)</b>	<b>NO. OF OTHER BOARD COMMITTEE(S) OF COMPANIES OF WHICH HE/SHE IS MEMBER/CHAIRPERSON*</b>
Dr. Mukul G. Asher Chairman	Independent Non-Executive	5	Yes	—	—
Mr. Chetan Shah Managing Director	Non-Independent Executive	5	Yes	2	—
Mr. Sushil Marfatia Executive Director	Non-Independent Executive	5	Yes	—	—
Mr. Hiroyoshi Mukai	Non-Independent Non-Executive	5	Yes	—	—
Mr. B.V. Bhargava	Independent Non-Executive	5	Yes	4	8
Mr. Ninad D. Gupte	Non-Independent Non-Executive	5	Yes	1	2
Mr. Tadashi Katayama	Non-Independent Non-Executive	4	Yes	—	—
Mrs. Preeti Mehta	Independent Non-Executive	5	Yes	4	8
Mr. Masanori Uzawa	Non-Independent Non-Executive	4	Yes	—	—

\* Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of companies incorporated in India.

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

Note: Directorship in other companies includes following Listed Companies:

Name of Director	Name of Listed Company in which directorship held
Mr. B.V. Bhargava	J K Lakshmi Cement Limited (Independent Director) Supreme Industries Limited (Independent Director)
Mr. Ninad D. Gupte	Transpek Industry Limited (Independent Director)
Mrs. Preeti Mehta	AMJ Holdings Limited (Independent Director)

Particulars of Mr. Tadashi Katayama, Non-Executive Director, who retires by rotation and being eligible for re-appointment, are as follows:

<b>Name of the Director</b>	<b>Mr. Tadashi Katayama</b>
<b>Date of Birth</b>	23.10.1966
<b>Date of Appointment</b>	31.08.2019
<b>Qualifications</b>	MBA degree from Vanderbilt University, USA and Master's Degree from Kyoto University, Japan
<b>Expertise in specific functional areas</b>	Strategy, planning, business development and marketing for crop protection business
<b>Experience</b>	Over 28 years
<b>Other Indian companies in which directorship held</b>	Nil
<b>Other companies in which committee membership/ chairmanship held</b>	Nil
<b>No. of shares held in the Company as on 31st March, 2021</b>	Nil
<b>Relationship with other Directors and KMPs</b>	None
<b>Number of Board Meetings attended during the year 2020-21</b>	4
<b>Remuneration drawn in 2020-21 (Sitting Fees and Non-Executive Director's Commission)</b>	Nil
<b>Remuneration and other terms and conditions of appointment</b>	Mr. Tadashi Katayama has instructed the Company not to pay him sitting fees for Board/Committee meetings and commission of Non-Executive Directors.

Particulars of Mr. Sushil Marfatia, Executive Director, who retires by rotation and being eligible for re-appointment, are given as a part of the Statement pursuant to Section 102 of the Companies Act, 2013 annexed to the Notice of the Annual General Meeting.

Except Mr. Ninad D. Gupte, who holds 3060 shares, none of the Non-Executive Directors holds shares in the Company as on 31st March, 2021.

The Company held 5 meetings of its Board of Directors during the year on the following dates:

5th June, 2020	10th July, 2020	6th August, 2020
5th November, 2020	5th February, 2021	

In the opinion of the Board of Directors, Dr. Mukul G. Asher, Mr. B.V. Bhargava and Mrs. Preeti Mehta, who have been appointed Independent Directors of the Company, are independent of the Company's management and fulfill the conditions laid down for independence by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. None of the Directors of the Company is related to any other Director.

### **MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors held a Meeting on 7th December, 2020 to discuss the following matters:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company; and
- Evaluation of the quality, quantity, content and timelines of flow of information between the Management and the Board, for the Board to effectively and reasonably perform its duties.

All the three Independent Directors viz. Dr. Mukul G. Asher, Mr. B.V. Bhargava and Mrs. Preeti Mehta attended the meeting.

### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

Particulars of the Company's familiarization programme for Independent Directors are disclosed on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in)

## **3. Audit Committee**

### **Terms of reference and composition:**

The role of the Audit Committee is to supervise the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors, Internal Auditors and Cost Auditors and fixation of their remuneration and other terms of their appointment, review and monitor the auditors' independence and performance, to approve the appointment of the Chief Financial Officer, to review and discuss with the Auditors about the adequacy of internal control systems, the scope of audit including the observations of the Auditors, major accounting policies, practices and entries, compliances with Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legal requirements concerning financial statements, approval and subsequent review of related party transactions, to review the Company's internal financial controls and risk management policies, to review functioning of Whistle Blower Policy, to review Management Discussion and Analysis of financial condition and results of operations, the financial statements of the Company's subsidiaries and discuss with Internal Auditors any significant findings for follow-up thereon and to review with the Management the Quarterly and Annual Financial Statements before they are submitted to the Board of Directors, scrutiny of loans and investments, reviewing the adequacy of internal audit function and such other roles and functions as may be prescribed from time to time by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken on record.

The Company has complied with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as regards the composition of the Audit Committee.

Details of the composition of the Audit Committee of the Company and the attendance by the Members at the Committee Meetings are summarised below:

<b>Name of Director(s)</b>	<b>Category</b>	<b>No of Meetings held</b>	<b>No. of Meetings attended</b>
Mr. B.V. Bhargava, Chairman	Independent, Non-Executive Director	4	4
Dr. Mukul G. Asher, Member	Independent, Non-Executive Director	4	4
Mr. Tadashi Katayama, Member	Non-Independent, Non-Executive Director	4	4
Mrs. Preeti Mehta, Member	Independent, Non-Executive Director	4	4

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

The Audit Committee met on the following dates during the last financial year:

5th June, 2020	6th August, 2020	5th November, 2020
5th February, 2021		

Audit Committee Meetings are attended by the Chief Financial Officer and senior finance and accounts executives, when required. The Statutory Auditors, Internal Auditors and Cost Auditors of the Company are invited to the Meetings for discussing their reports.

#### **4. Nomination and Remuneration Committee**

##### **Terms of reference and composition:**

The Nomination and Remuneration Committee identifies persons who are qualified to become directors and who may be appointed in senior management position in accordance with the criteria laid down, recommend to the Board their appointment and removal.

The Nomination and Remuneration Committee formulates the criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee formulates criteria for evaluation of performance of Directors, Committees of Directors and the Board and devises policy on Board diversity.

The other terms of reference of the Company's Nomination and Remuneration Committee are to determine and recommend to the Board and the members, remuneration payable to the Managing Director and Executive Director(s), to determine and advise the Board on the payment of their annual increments and annual performance bonus to the Managing Director and Executive Director and to recommend to the Board, all remuneration, in whatever form, payable to senior management. The Committee also has such other roles and functions as may be prescribed from time to time by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The criteria for evaluation of performance of independent directors include, inter-alia, the following:

- independence from the Company, its management, other Directors and Promoters;
- professional qualifications, experience, expertise, knowledge, skill and competence in the area of his/her specialization;
- knowledge and understanding about the Company, its business and industry segment and the risk areas; and
- high level of integrity and devotion of time and efforts for Board/Committee deliberations and the quality of contribution in the deliberations.

Details of the composition of the Nomination and Remuneration Committee of the Company and the attendance by the Members at the Committee Meetings are as follows:

<b>Name of Director(s)</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mrs. Preeti Mehta, Chairperson	3	3
Dr. Mukul G. Asher, Member	3	3
Mr. B. V. Bhargava, Member	3	3
Mr. Ninad D. Gupte, Member	3	2
Mr. Tadashi Katayama, Member	3	3

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

**Remuneration of Directors:**

The Company pays remuneration to its Managing Director and Executive Director by way of salary, annual performance bonus, perquisites and allowances. Salary is paid within the range as approved by the members. The Board, on the recommendations of the Nomination and Remuneration Committee, approves annual increments to the Managing Director and Executive Director.

If, in any financial year, the Company has no or inadequate profits as per the requirements of the Companies Act, 2013, the Company undertakes reasonable efforts and follows process to obtain suitable approvals as may be required for payment of remuneration as stated hereinabove to the Managing Director and Executive Director.

Annual performance bonus is paid to the Managing Director and Executive Director ( as per the terms of appointment) based on the specified criteria and is determined by the Board pursuant to the recommendation of the Nomination and Remuneration Committee who takes into account result of the performance of the individual in preceding fiscal year based on the specified evaluation norms.

The Non-Executive Directors are paid sitting fees for meetings of the Board of Directors and of Committees of Directors and commission not exceeding in the aggregate 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 2013 in such proportion and manner as the Board may decide.

Given below are the details of remuneration of Directors for the financial year 2020-21:

(₹ in million)

<b>Director(s)</b>	<b>Sitting fees for Board/Committee Meetings</b>	<b>Salaries and other Perquisites</b>	<b>Commission</b>	<b>Total for the year</b>
Dr. Mukul G. Asher	0.37	—	2.40	2.77
Mr. Chetan Shah	—	64.04	—	64.04
Mr. Sushil Marfatia	—	20.98	—	20.98
Mr. B.V. Bhargava	0.33	—	2.40	2.73
Mr. Hiroyoshi Mukai	—	—	—	—
Mr. Ninad D. Gupte	0.22	—	—	0.22
Mr. Tadashi Katayama	—	—	—	—
Mrs. Preeti Mehta	0.34	—	2.40	2.74
Mr. Masanori Uzawa	—	—	—	—

Notes:

1. The employment of the Managing Director and the Executive Director is contractual for a period of 3 years terminable by either party giving 90 days' notice.
2. Mr. Hiroyoshi Mukai, Mr. Tadashi Katayama and Mr. Masanori Uzawa have instructed the Company not to pay them sitting fees and Non-Executive Directors' commission.
3. There were no other pecuniary relationships or transactions of the non-executive Directors with the Company except as stated above.

## 5. Stakeholders Relationship Committee

Details of the composition of the Stakeholders Relationship Committee of the Company and the attendance by the Members at the Committee Meetings are summarised below:

Name of Director(s)	No. of Meetings held	No. of Meetings attended
Dr. Mukul G. Asher, Chairman	3	3
Mr. Chetan Shah, Member	3	3
Mr. Sushil Marfatia, Member	3	3

Mr. Pravin D. Desai, Vice President and Company Secretary and Compliance Officer of the Company, acts as the Secretary to the Committee.

The Stakeholders Relationship Committee met on the following dates during the last financial year:

5th June, 2020	5th November, 2020
5th February, 2021	

During the year, two complaints were received from investors, which were resolved during the year. There were no unresolved complaints at the beginning and at the end of the year.

## 6. Corporate Social Responsibility Committee

Details of the composition of the Corporate Social Responsibility Committee of the Company and the attendance by the Members at the Committee Meeting held on 5th June, 2020 are summarised below:

Name of Director(s)	No. of Meetings held	No. of Meetings attended
Mr. Chetan Shah, Chairman	1	1
Mr. Sushil Marfatia, Member	1	1
Mr. Ninad D. Gupte, Member	1	1
Mrs. Preeti Mehta, Member	1	1

## 7. Risk Management Committee

The Company ranks 216 by market capitalization as on 31st March, 2021 on The National Stock Exchange of India Limited. Pursuant to the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board has constituted Risk Management Committee during the year.

Details of the composition of the Risk Management Committee of the Company and the attendance by the Members at the Committee Meeting held on 23rd March, 2021 are summarised below:

Name of member	Designation	No. of Meetings held	No. of Meetings attended
Dr. Mukul G. Asher, Chairman of the Committee	Independent Director	1	1
Mr. Chetan Shah	Managing Director	1	1
Mr. Sushil Marfatia	Executive Director	1	1
Mr. Ninad D. Gupte	Non-executive Director	1	1
Mrs. Preeti Mehta	Independent Director	1	1
Mr. V. Gopalakrishnan	VP (Supply Chain Management)	1	1
Mr. Anil Nawal	Chief Financial Officer	1	1
Mr. Prakash Desai	VP (Manufacturing)	1	1

The role of the committee includes identification of enterprise and business risks (including cyber-security related risks and digital enablement), categorization of risks, help devising mitigation measures and monitoring and periodically reviewing risks and mitigation measures and such other functions as may be specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time.

## 8. General Meetings

Location and time of the last three Annual General Meetings:

Year	Location	Day/Date	Time	No. of Special Resolutions
2017-18	Moti Mahal, 7th floor, 195, Jamshedji Tata Road, Churchgate, Mumbai 400020	Friday, 28th September, 2018	11.00 A.M.	Nil
2018-19	Aspee Auditorium, Laxminarayan Mandir Complex, Near Nutan School, Marve Road, Malad (West), Mumbai 400064	Friday, 27th December, 2019	02.30 P.M.	8
2019-20	Not applicable as Annual General Meeting was held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Thursday, 10th September, 2020	02.30 P.M.	Nil

No Special Resolution was passed last year through postal ballot process.

None of the Resolutions proposed to be passed at the ensuing Annual General Meeting to be held on 30th July, 2021 is required or proposed to be passed through postal ballot process.

## 9. Disclosures

### • Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities relating to the above.

### • Commodity Price/Forex Risks

The Company carries commodity price risk and foreign exchange risk. Commodity price risk is addressed through close commodity price monitoring and appropriate procurement policies and strategies. Foreign exchange risk is addressed through forward contracts/options / imports denominated in Indian Rupees.

### • Whistle Blower Policy

The Company has adopted a Vigil Mechanism/Whistle Blower Policy. Any employee can approach Chairman of the Audit Committee with information/disclosure under the said Policy. No employee has been denied access to the Audit Committee as a part of such Mechanism/Policy.

### • Compliance with Corporate Governance Requirements

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Internal Auditors directly report to the Audit Committee. The Company endeavours to ensure unmodified audit opinion on its financial statement.

### • Policy on 'Material' Subsidiaries

The Company's policy for determining 'material' subsidiaries is disclosed on its website [www.sumichem.co.in](http://www.sumichem.co.in)

### • Policy on Related Party Transactions

The Company's policy on dealing with related party transactions is disclosed on its website [www.sumichem.co.in](http://www.sumichem.co.in)

The Company has no materially significant related party transactions that may have potential conflict with the Company's interest at large.

- **Code of Conduct and Ethics**

The Company's Code of Conduct and Ethics is disclosed on its website [www.sumichem.co.in](http://www.sumichem.co.in)

- **Terms and conditions of appointment of independent directors**

The terms and conditions of appointment of Independent Directors are disclosed on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in)

- **Dividend transferred to Investor Education & Protection Fund**

During 2020-21, the Company transferred a sum of ₹ 0.47 million, being unclaimed/unpaid dividend pertaining to Excel Crop Care Limited, which amalgamated with the Company, relating to the financial year 2012-13, to Investor Education and Protection Fund pursuant to the provisions of the Companies Act, 2013 and rules thereunder.

- **Shares transferred to Investors Education and Protection Fund**

During 2020-21, 110,832 shares, in respect of which dividend was not claimed/paid for seven consecutive years, were transferred to Investor Education and Protection Fund, pursuant to the provisions of Companies Act, 2013 and rules made thereunder.

- **Dividend Distribution Policy**

The Company's Dividend Distribution Policy is disclosed on its website [www.sumichem.co.in](http://www.sumichem.co.in)

The Policy seeks to balance members' need for a fair, reasonable and predictable return by way of dividend with the Company's funding needs and requirements for long term sustainable growth.

- **Accounting Standards**

The Company follows and adheres to the Accounting Standards applicable to it.

## **10. Means of Communication**

- The Company publishes extracts of unaudited quarterly results and summary of audited annual results in the Financial Express, an English newspaper having nationwide circulation and in Loksatta, a Marathi newspaper with wide circulation in Mumbai, where the Company's Registered Office is situated.
- The unaudited financial results, audited annual results, annual reports, presentations made to investors and analysts, press releases and other major events/developments concerning the Company are posted on the Company's website: [www.sumichem.co.in](http://www.sumichem.co.in) and also submitted to BSE Limited and National Stock Exchange of India Limited for disclosure on their websites at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)
- Management Discussion and Analysis forms part of the Annual Report.

## 11. General Shareholder Information

- Annual General Meeting:**

The Twenty First Annual General Meeting of the Members will be held on Friday, the 30th July, 2021 at 2.30 p.m. The Meeting will be held through video conferencing (VC) / other audio visual means (OAVM).

- Venue** : The Company is conducting meeting through VC / OAVM pursuant to MCA and SEBI Circulars and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.
- Financial Year** : 1st April – 31st March
- Record Date for payment of Dividend** : Friday, the 23rd July, 2021
- Listing on Stock Exchanges** : (a) BSE Limited (BSE)  
PJ Towers,  
Dalal Street,  
Mumbai – 400001.  
  
(b) The National Stock Exchange of India Limited (NSE)  
Exchange Plaza,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai – 400051.

Listing fees for the year 2021-22 have been paid to both the stock exchanges.

- Stock Codes (for shares):**

BSE Limited (BSE)	542920
The National Stock Exchange of India Limited (NSE)	SUMICHEM
Demat ISIN Number in NSDL and CDSL	INE258G01013

- Volume of shares traded during F.Y. 2020-21:**

On BSE: 10,549,904

On NSE: 145,711,527

- Market Price Data:**

	BSE		NSE	
	High	Low	High	Low
April-20	248.40	186.50	247.50	238.00
May-20	263.00	219.25	262.75	245.00
June-20	317.45	255.45	284.90	271.60
July-20	284.80	260.10	271.55	264.30
Aug-20	294.00	258.00	287.75	266.10
Sept-20	311.80	258.35	293.45	281.20
Oct-20	301.55	265.10	272.95	265.00
Nov-20	289.70	265.50	283.50	279.65
Dec-20	321.85	279.00	295.90	291.55
Jan-21	338.40	292.60	320.80	310.20
Feb-21	334.00	292.50	299.80	293.55

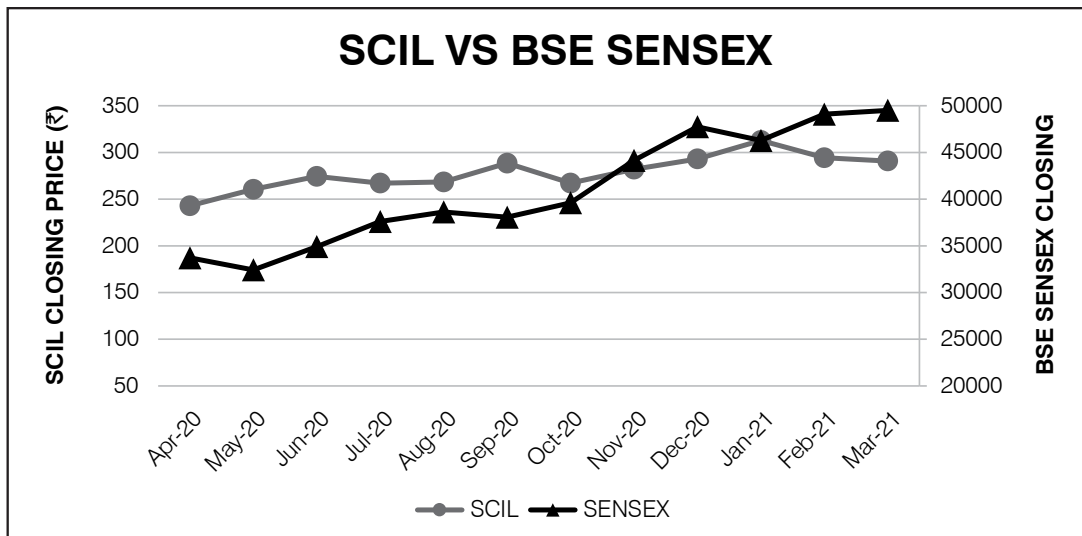
# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

Mar-21	308.25	268.40	292.85	278.10
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## Share Price Movements:

Share Price Movement for the period April, 2020 to March, 2021 of Sumitomo Chemical India Limited (SCIL) vs BSE SENSEX.



## Market Capitalisation and Price-Earnings Ratio:

		As on 31st March, 2021
a.	Closing Price (BSE) (₹)	290.80
b.	Market Capitalisation (₹ in mio)	1,45,151.58
c.	Price-Earnings Ratio	42.02

## Share Related Functions/Activities:

The share related functions and activities are carried out by the Company's Registrars and Transfer Agents – Link Intime India Private Limited having office at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 (Tel.: 49186000).

## Distribution of Shareholding as on 31st March, 2021:

RANGE	NO. OF SHAREHOLDERS	PERCENTAGE	NO. OF SHARES	PERCENTAGE
1-500	62,206	82.99	61,43,573	1.23
501-1000	4,074	5.44	31,17,351	0.62
1001-2000	2,941	3.92	43,31,671	0.87
2001-3000	1,588	2.12	40,39,623	0.81
3001-4000	696	0.93	24,60,204	0.49
4001-5000	491	0.66	22,34,562	0.45
5001-10000	1,703	2.27	1,16,06,245	2.33
Above 10000	1,253	1.67	46,52,12,507	93.20
<b>Total</b>	<b>74,952</b>	<b>100.00</b>	<b>49,91,45,736</b>	<b>100.00</b>

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

- Categories of Shareholders as on 31st March, 2021:**

Category	No. of Shareholders	Voting Strength %	No. of Shares
Promoter and Promoter Group	7	75.00	37,43,59,302
Life Insurance Corporation of India	1	3.68	1,83,69,460
Indian Banks and Mutual Funds	19	1.61	80,33,099
Domestic Companies	584	3.76	1,87,44,834
Clearing Members	180	0.19	9,37,392
Foreign Banks and Foreign Portfolio Investors	40	1.13	56,18,231
Non Resident Indians	1,432	0.50	24,92,739
IEPF	1	0.37	18,48,506
Resident Individuals, Hindu Undivided Families, Trusts and Others	71,063	13.76	6,87,42,173
<b>Total</b>	<b>73,327</b>	<b>100.00</b>	<b>49,91,45,736</b>

The number of shareholder is consolidated based on PAN, where available.

During the year 2020-21, the Promoters sold 26,466,568 shares (representing about 5.3% of the Company's share capital) through 'offer for sale' process through stock exchanges pursuant to SEBI requirements for minimum public shareholding for a listed company.

- Dematerialisation of Shares and Liquidity:**

99.20% of the Company's share capital is held in dematerialised form as on 31st March, 2021. The Company's shares are regularly traded on the BSE Limited and National Stock Exchange of India Limited.

- Equity Shares in the Demat Suspense Account:**

Details of Unclaimed equity shares lying in the Company's Unclaimed Shares Suspense Account (in demat form) are given below:

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate Number of Shareholders and the outstanding shares in the Suspense Account lying as on 1st April, 2020	49	2,82,606
Number of Shareholders whose shares were transferred to Investor Education and Protection Fund during the year	4	35,495
Aggregate Number of Shareholders and the outstanding shares in the Suspense Account lying as on 31st March, 2021	45	2,47,111

The voting rights on the shares outstanding in the Suspense Account shall remain frozen till such shares are claimed by their rightful owners.

During the year 2020-21, two shareholders have approached the Company claiming 5,737 shares from the Suspense Account. The Company has undertaken the process for evaluating claims of these shareholders.

• **Board skills, expertise and experience**

The Board has determined the following skills, competence and expertise which the Board members should possess. Names of the Directors, who possess such skills etc. are mentioned against the respective skills, competence and experience:

<b>Nature of skill, competence and experience</b>	<b>Name of the Directors</b>
Industry experience/knowledge	Mr. Chetan Shah, Mr. Sushil Marfatia, Mr. Tadashi Katayama, Mr. Hiroyoshi Mukai, Mr. Ninad D. Gupte and Mr. Masanori Uzawa
Sector knowledge/experience	Mr. Chetan Shah, Mr. Sushil Marfatia, Mr. Tadashi Katayama, Mr. Hiroyoshi Mukai, Mr. Ninad D. Gupte and Mr. Masanori Uzawa
Experience and expertise in strategic thinking and planning	Dr. Mukul G. Asher, Mr. Chetan Shah and Mr. B. V. Bhargava
Knowledge and experience of international business	Mr. Chetan Shah, Mr. Tadashi Katayama, Mr. Hiroyoshi Mukai and Mr. Ninad D. Gupte
Finance and accounting knowledge and experience	Mr. Sushil Marfatia and Mr. B. V. Bhargava
Legal and Regulatory experience and knowledge	Mrs. Preeti Mehta, Mr. Chetan Shah and Mr. Ninad D. Gupte

• **Credit Rating held by the Company**

The Company continues to hold the 'CRISIL AA/Stable' Long Term Credit Rating assigned by CRISIL Limited to the Company's ₹2000 million Bank Loan Facilities.

• **Fees paid to the statutory auditors and their network entities**

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors (M/s. BSR & Associates LLP – Auditors up to 26th December, 2019 and M/s. SRBC & CO LLP – Auditors from 27th December, 2019) and all the entities in the network firm/network entity of which the statutory auditors are a part, are as follows:

(₹ in million)

<b>Type of Service</b>	<b>F.Y. 2020-21</b>	<b>F.Y. 2019-20</b>
Audit Fees (including fees for limited reviews)	5.10	6.42
Tax Audit Fees	0.60	—
Fees for taxation matters	—	0.68
Fees for other matters (including consultation for amalgamation)	—	51.85
Reimbursement of out-of-pocket expenses	—	0.63
<b>Total</b>	<b>5.70</b>	<b>59.58</b>

• **Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

There were no complaints relating to sexual harassment filed during the year and there were no complaints pending at the beginning or end of the financial year.

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

- **Certificate regarding Directors**

A certificate from M/s. Saraf & Associates, Practicing Company Secretaries, to the effect that none of the Company's Directors has been debarred or disqualified from being appointed or continuing as Director of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority is annexed to this Report.

- **Plant Locations**

**Factories:**

- a. 6/2, Ruvapari Road, Bhavnagar-364005, Gujarat.
- b. Plot No. 205-209, Bhuj-Mundra Road, Near Kera Village, Taluka: Bhuj Dist. Kutch, Gajod-370430, Gujarat
- c. Plot No. 60, B Nanji Industrial Estate, Athal Luhari Road, Kharadpada – 396235, Silvassa, Dadara and Nagar Haveli
- d. Plot No. C-5 /184-185, National Highway No. 8, Near GPCB Office, G.I.D.C, Vapi – 396 195, Gujarat.
- e. Plot No. T137, 138, 113 and 251, M.I.D.C., Tarapur, Boiser, Palghar – 401 506, Maharashtra.

- **Address for Correspondence:**

<b>Corporate Office:</b>	<b>Registered Office:</b>
Sumitomo Chemical India Limited 13 & 14, Aradhana Industrial Development Corporation, Near Virwani Industrial Estate, Goregaon (East), Mumbai - 400 063. Tel: 022-42522200 Fax: 022-42522380	Sumitomo Chemical India Limited Bldg. No. 1, Ground Floor, Shant Manor Co-op Housing Society Ltd., Chakravarti Ashok 'X' Road, Kandivli (E) Mumbai - 400 101 Tel: 022-28866666

- **Address for Correspondence for share related work:**

M/s. Link Intime India Pvt. Ltd.  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083 (Tel.: 022-49186000)

- **Email-id of the Compliance Officer and other officials for communicating investor complaints/grievances:**

[investor.relations@sumichem.co.in](mailto:investor.relations@sumichem.co.in)

## **Declaration by the Managing Director on Compliance with the Code of Conduct Policy:**

As required by Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members and the senior management personnel have affirmed compliance with the Code of Conduct.

For Sumitomo Chemical India Limited

CHETAN SHAH  
Managing Director  
(DIN: 00488127)

Mumbai, 28th May, 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## **CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE** **[Pursuant to Regulation 34(3) read with paragraph E of Schedule V of SEBI** **(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,

The Members,

**SUMITOMO CHEMICAL INDIA LIMITED**

**CIN: L24110MH2000PLC124224**

Bldg. No. 1, GF, Shant Manor Co-op Housing Society Ltd.

Chakravarti Ashok 'X' Road, Kandivli(E),

Mumbai Maharashtra 400 101.

I have examined the compliance of the conditions of Corporate Governance by **SUMITOMO CHEMICAL INDIA LIMITED (CIN - L24110MH2000PLC124224)** ('the Company') as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for the year ended on March 31, 2021.

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the management; I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

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

**For Saraf and Associates**

*(Practising Company Secretaries)*

**K.G.Saraf**

*Proprietor*

FCS : 1596 | CP : 642

FRN : S1988MH004801

PR. 1003/2020

Place : Mumbai

Date : 28.05.2021

UDIN: F001596C000388818

**SUMITOMO CHEMICAL INDIA LIMITED**

CIN: L24110MH2000PLC124224

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

To,

The Members,

**SUMITOMO CHEMICAL INDIA LIMITED****CIN: L24110MH2000PLC124224**

Bldg. No. 1, GF, Shant Manor Co-op Housing Society Ltd.

Chakravarti Ashok 'X' Road, Kandivli(E),

Mumbai Maharashtra 400 101.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SUMITOMO CHEMICAL INDIA LIMITED** having **CIN : L24110MH2000PLC124224** and having registered office at Bldg No.1,GF,Shant Manor Co-op Housing Society Ltd Chakravarti Ashok 'X' Road,Kandivli (E) Mumbai Maharashtra 400101 IN (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of Appointment in Company*</b>
1.	Bhupendranath Bhargava	00001823	27/08/2019
2.	Ninad Dwarkanath Gupte	00027523	31/08/2019
3.	Mukul Govindji Asher	00047673	27/08/2019
4.	Chetan Shantilal Shah	00488127	01/09/2019
5.	Preeti Gautam Mehta	00727923	31/08/2019
6.	Sushil Champaklal Marfatia	07618601	07/10/2016
7.	Tadashi Katayama	07628973	31/08/2019
8.	Hiroyoshi Mukai	07835814	06/06/2017
9.	Masanori Uzawa	08782828	10/07/2020

\* the date of appointment is as per the MCA Portal.

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

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

**For Saraf and Associates**

*(Practising Company Secretaries)*

**K.G.Saraf**

*Proprietor*

FCS : 1596 | CP : 642

FRN : S1988MH004801

PR. 1003/2020

Place : Mumbai

Date : 28.05.2021

UDIN: F001596C000388840

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sumitomo Chemical India Limited

### **Report on the Audit of the Standalone Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of Sumitomo Chemical India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matters</b>
<b>Revenue Recognition – Estimation of discounts, incentives, rebates, rebate reversal and sales return</b> (as described in Note 2.3 (m) of the standalone Ind AS financial statements)	
<p>Revenue is measured net of discounts, incentives, rebates and sales return.</p> <p>Due to the Company's presence across different marketing regions and the competitive business environment, the estimation of various types of discounts, incentives and rebate schemes which are recognised based on sales made is considered to be complex and judgmental. Further, there is a possibility of sales return of expired products from customers, which requires estimation.</p> <p>Given the significant judgement required and complexity involved in estimating discounts, incentives, rebates and sales return, this is considered as a key audit matter.</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> <li>a) Obtained and reviewed schemes and policies relating to discounts, incentives, rebates and sales return;</li> <li>b) Evaluated the design and tested the operating effectiveness of Company's internal controls over discounts, incentives and rebates and sales return;</li> <li>c) Obtained calculations for discounts, incentives, rebates accruals under applicable schemes and rebate reversals. Verified on a sample basis and compared the accruals made with the approved schemes;</li> <li>d) Obtained and inspected, on a sample basis, supporting documentation for payment towards discounts, incentives and rebates during the year as well as credit notes issued during and after the year end;</li> <li>e) Analysed the historical trend of payments made towards discounts, incentives, rebates and that of sales return utilized for making estimate of accruals; and</li> <li>f) Assessed the adequacy of the disclosures as per the applicable accounting standards.</li> </ul>

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

Key audit matters	How our audit addressed the key audit matters
<b>Valuation of inventory</b> (as described in Note 2.3 (e) of the standalone Ind AS financial statements)	
<p>Inventories represent significant portion of total assets as at March 31, 2021 with carrying value of Rs. 7,538.13 million (net of allowances).</p> <p>Inventories are valued at lower of cost and net realization value. The Company writes down inventories to net realisable value on account of obsolescence, expiry and non-moving inventory, based on the management's assessment.</p> <p>Assessing net realizable value and identification of slow-moving, expired and obsolete inventory are areas which require use of significant judgements and owing to the inherent complexities, this is considered to be a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>Understood and evaluated the process relating to determination of net realizable value of inventories and identification of slow-moving, expired or obsolete inventories;</li> <li>Evaluated the design and tested operating effectiveness of internal controls over inventory valuation;</li> <li>Tested the valuation of inventories, on sample basis, by comparing the value of Raw Materials and Traded Goods with the underlying supporting documents. For Work in Process and Manufactured Finished Goods, verified the Bill of Materials and tested computation for labour and manufacturing overhead absorption.</li> <li>Obtained age wise analysis of inventories, made specific inquiries with the management with regards to expiry, slow moving and obsolete inventories and evaluated the computation for write-down of inventories provided by the management; and</li> <li>Assessed the appropriateness of disclosures in the financial statements in accordance with the applicable accounting standards.</li> </ol>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

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

## Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 42 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi  
Partner

Membership Number: 037924  
UDIN: 21037924AAAAER7818

Mumbai  
28th May, 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUMITOMO CHEMICAL INDIA LIMITED ("THE COMPANY")

- (i) In respect of its property, plant and equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to manufacture of Chemicals, Insecticides, Ores & Mineral Products & Fertilizers and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax and other statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales-tax, service tax, duty of excise, cess and value added tax are not applicable to the Company.
- According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise and value added tax on account of dispute are as follows:

Nature of the Statute	Nature of the dues	Amount (Rs. In million)	Period to which amount related	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.93	AY 2004-05	Mumbai High Court
	Income Tax	13.87	AY 2011-12	ITAT, Mumbai
	Income Tax	31.11	AY 2012-13	ITAT, Mumbai
	Income Tax	0.66	AY 2018-19	Assessing Officer
	Income Tax	8.51	AY 2019-20	CPC, Bengaluru
	Income Tax	17.56	AY 2017-18	CIT (Appeal), Mumbai
Central Sales Tax Act, 1956	Sales Tax	0.19	FY 1998-99	Sales Tax Officer, Thane
Central Sales Tax Act, 1956	Sales Tax	0.30	FY 2002-03	Deputy Commissioner, Ahmedabad
The Central Excise Act, 1944	Service Tax	0.73	August 2007 to July 2008	Order in Original passed by Additional Commissioner of Central Excise
	Service Tax	4.38	March 2015 to Sept 2015	Commissioner, Central Excise, Thane
	Service Tax	1.73	October 2015 to Sept 2016	Commissioner, Central Excise, Thane
	Service Tax	3.04	October 2016 to June 2017	Assistant Commissioner, Division-IV, CGST and Central Excise, Palghar Commissionerate

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

Nature of the Statute	Nature of the dues	Amount (Rs. In million)	Period to which amount related	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	1.26	April 2002 to March 2004	Superintendent of Central Excise, Mumbai
Service Tax Rules	Service Tax	5.27	FY 2005-06 & FY 2012-13 to 2015-16	Additional / Joint Commissioner (Bhavnagar), Assistance Commissioner (Silvassa), Joint Commissioner (Gandhidham)
Customs Act, 1962	Custom Duty	2.30	FY 2012-13	Joint Commissioner of Customs
Bihar Value Added Tax Act, 2005	Value Added Tax	2.09	FY 2007-08, 2011-12 & 2012-13	Deputy Commissioner of Commercial Taxes, Patna.
AP Value Added Tax Act, 2005	Value Added Tax	0.45	FY 2016-17	Commercial Tax Officer, Guntur, Andhra Pradesh
Gujarat Value Added Tax Act, 2003	Value Added Tax	1.17	FY 2017-18	DEO for appeal DC office, Division 2, (ABD)
Rajasthan Value Added Tax Act, 2003	Value Added Tax	0.41	FY 2016-17	Commercial Tax Officer, Ganganagar Special
The Central Goods and Services Act, 2017	Goods and Service Tax	4.16	FY 2017-18	The Assistant Commissioner, Ward III, Circle Anti evasion State Tax, Sri Ganganagar, Rajasthan

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- (xvi) According to the information and explanations given to us and audit procedures performed by us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi  
Partner

Membership Number: 037924  
UDIN: 21037924AAAAER7818

Place of Signature: Mumbai  
Date: 28th May, 2021

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SUMITOMO CHEMICAL INDIA LIMITED ("THE COMPANY")****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the standalone Ind AS financial statements of the Company as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls With Reference to the Standalone Ind AS Financial Statements**

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

**Inherent Limitations of Internal Financial Controls With Reference to the Standalone Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to the standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone Ind AS financial statements and such internal financial controls with reference to the standalone Ind AS financial statements were operating effectively as at March 31, 2021, 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 ICAI.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi  
Partner

Membership Number: 037924  
UDIN: 21037924AAAAER7818

Place of Signature: Mumbai  
Date: 28th May, 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## STANDALONE BALANCE SHEET AS AT 31 MARCH, 2021

(Currency: Indian Rupees in million)

	Notes	As at 31 March, 2021	As at 31 March, 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	3	2,775.68	2,827.93
(b) Capital work-in-progress	3	42.54	64.97
(c) Right-of-use assets	4	310.83	349.01
(d) Other Intangible assets	5	6.15	17.03
(e) Intangible assets under development		99.58	37.72
(f) Investment in subsidiaries	6	7.61	7.61
(g) Financial Assets			
(i) Investments	7	1.49	1.26
(ii) Loans	8	59.79	53.38
(h) Deferred tax assets (net)	34c	—	10.91
(i) Non-current tax assets (Net)		181.46	197.40
(j) Other non-current assets	9	175.66	40.60
<b>Total non-current assets</b>		<b>3,660.79</b>	<b>3,607.82</b>
<b>(2) Current Assets</b>			
(a) Inventories	10	7,538.13	5,870.06
(b) Financial Assets			
(i) Investments	11	2,902.04	859.87
(ii) Trade receivables	12	8,455.04	8,478.33
(iii) Cash and cash equivalents	13a	2,019.46	818.21
(iv) Bank balances other than cash and cash equivalents mentioned in (iii) above	13b	287.58	8.97
(v) Loans	14	76.99	79.01
(vi) Other financial assets	15	113.90	217.86
(c) Other current assets	16	1,502.86	985.34
<b>Total Current Assets</b>		<b>22,896.00</b>	<b>17,317.65</b>
<b>TOTAL ASSETS</b>		<b>26,556.79</b>	<b>20,925.47</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	17	4,991.46	4,991.46
(b) Other equity	18	10,286.83	7,095.50
<b>Total Equity</b>		<b>15,278.29</b>	<b>12,086.96</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
— Lease liabilities	19	153.33	194.00
(b) Provisions	20	292.04	251.37
(c) Deferred tax liabilities (net)	34c	50.40	—
<b>Total Non-current liabilities</b>		<b>495.77</b>	<b>445.37</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	21	173.02	161.81
(ii) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	22	275.99	180.31
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	22	5,698.38	4,725.10
(iii) Other financial liabilities	23	3,497.54	2,354.43
(b) Other current liabilities	24	1,081.54	800.80
(c) Provisions	25	56.26	96.64
(d) Current Tax liabilities		—	74.05
<b>Total Current liabilities</b>		<b>10,782.73</b>	<b>8,393.14</b>
<b>Total Liabilities</b>		<b>11,278.50</b>	<b>8,838.51</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,556.79</b>	<b>20,925.47</b>
Significant accounting policies	2		
The accompanying notes 1 to 50 are an integral part of these Standalone Ind AS Financial Statements			

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah

Managing Director

DIN: 00488127

Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia

Executive Director

DIN: 07618601

Pravin D. Desai

Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
<b>REVENUE</b>			
<b>I. Revenue from Operations</b>	26	<b>26,426.50</b>	24,233.61
<b>II. Other income</b>	27	<b>189.71</b>	108.37
<b>III. Total Income (I + II)</b>		<b>26,616.21</b>	24,341.98
<b>IV. Expenses</b>			
Cost of materials consumed	28	<b>15,647.21</b>	12,871.15
Purchase of stock-in-trade		<b>2,083.28</b>	1,901.57
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	<b>(1,185.39)</b>	1,295.44
Employee benefits expense	30	<b>1,931.04</b>	1,781.11
Finance costs	31	<b>55.55</b>	55.13
Depreciation and amortisation expense	3, 4 & 5	<b>465.56</b>	409.23
Other expenses	32	<b>3,087.72</b>	3,046.65
<b>Total Expenses (IV)</b>		<b>22,084.97</b>	21,360.28
<b>V. Profit before Exceptional Items and Tax (III - IV)</b>		<b>4,531.24</b>	2,981.70
<b>Exceptional Items</b>	33	<b>—</b>	308.89
<b>VI. Profit before Tax:</b>		<b>4,531.24</b>	2,672.81
<b>VII. Tax expense:</b>			
1. Current Tax	34a	<b>1,071.85</b>	786.39
2. Adjustment of tax relating to earlier years		<b>(54.89)</b>	(33.24)
3. Deferred Tax credit		<b>61.31</b>	(136.60)
<b>Total Tax Expenses (VII)</b>		<b>1,078.27</b>	616.55
<b>VIII. Profit for the Year (VI - VII)</b>		<b>3,452.97</b>	2,056.26
<b>IX. Other comprehensive income</b>			
<b>(i) Items that will not be reclassified to Profit or Loss</b>			
Remeasurements of defined benefit liability		<b>17.23</b>	(80.43)
<b>(ii) Income tax related to items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability	34a	<b>(4.34)</b>	20.24
<b>Total other comprehensive income for the year (IX)</b>		<b>12.89</b>	(60.19)
<b>X. Total comprehensive income for the year (VIII + IX)</b>		<b>3,465.86</b>	1,996.07
<b>XI. Earnings per equity share (Face value of ₹ 10 each)</b>			
Basic and diluted earnings per share	35	<b>6.92</b>	4.12
Significant accounting policies	2		
The accompanying notes 1 to 50 are an integral part of these Standalone Ind AS Financial Statements			

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah  
Managing Director  
DIN: 00488127

Anil Nawal  
Chief Financial Officer

Place: Mumbai  
Date: 28 May 2021

Sushil Marfatia  
Executive Director  
DIN: 07618601

Pravin D. Desai  
Vice President & Company Secretary

Place: Mumbai  
Date: 28 May 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### (a) Equity share capital

	Note	
As at 31 March 2019	17	2,745.88
Changes in equity share capital during the year		2,245.58
<b>As at 31 March 2020</b>	17	<b>4,991.46</b>
Changes in equity share capital during the year		—
<b>As at 31 March 2021</b>	17	<b>4,991.46</b>

### (b) Share Pending Issuance

	Note	
As at 31 March 2019	17a	2,245.58
Shares issued during the year		2,245.58
<b>As at 31 March 2020</b>	17a	<b>—</b>
Shares issued during the year		—
<b>As at 31 March 2021</b>	17a	<b>—</b>

### (c) Other equity

Particulars	Reserves & Surplus			Total Other equity
	General Reserve	Securities Premium	Retained earnings	
<b>Balance as at 1 April 2019</b>	<b>517.81</b>	<b>2,350.60</b>	<b>2,493.24</b>	<b>5,361.65</b>
Profit for the year	—	—	2,056.26	2,056.26
Other comprehensive income for the year (net of tax)	—	—	(60.19)	(60.19)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,996.07</b>	<b>1,996.07</b>
Dividends	—	—	(215.28)	(215.28)
Dividend Distribution Tax (DDT)	—	—	(46.94)	(46.94)
Transfer to General Reserve	3,250.00	—	(3,250.00)	—
<b>Balance as at 31 March 2020</b>	<b>3,767.81</b>	<b>2,350.60</b>	<b>977.09</b>	<b>7,095.50</b>
Profit for the period	—	—	3,452.97	3,452.97
Other comprehensive income for the year (net of tax)	—	—	12.89	12.89
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>3,465.86</b>	<b>3,465.86</b>
Transfer to General Reserve	2,750.00	—	(2,750.00)	—
Dividend on equity shares for the year	—	—	(274.53)	(274.53)
<b>Balance as at 31 March 2021</b>	<b>6,517.81</b>	<b>2,350.60</b>	<b>1,418.42</b>	<b>10,286.83</b>

Refer note 18 B for nature and purpose of reserves

The accompanying notes 1 to 50 are an integral part of these Standalone Ind AS Financial Statements

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah

Managing Director

DIN: 00488127

Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia

Executive Director

DIN: 07618601

Pravin D. Desai

Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	4,531.24	2,672.81
<b>Adjustments for:</b>		
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	318.35	409.23
Amortization and impairment of right-of-use assets	147.21	—
Provision for Trade Receivables / written off	205.41	85.13
Profit on sale / disposal of property, plant and equipment	(0.29)	(0.70)
Property, plant and equipment written off	0.01	0.27
Profit on sale of Investment	(73.85)	(15.46)
Excess Provisions in respect of earlier years written back (net)	(6.27)	(4.94)
Interest income	(99.52)	(39.20)
Measurement of investments at fair value through Profit & loss	0.10	0.10
Dividend income	(4.01)	(5.24)
Interest expenses	55.55	55.13
Unrealised exchange differences (net)	(5.00)	(38.08)
Operating cash flow before working capital changes	5,068.93	3,119.05
<b>Working capital adjustments</b>		
(Increase) in Trade receivables	(180.91)	(1,784.91)
(Increase) / Decrease in Inventories	(1,668.07)	930.32
Decrease / (Increase) in Other non current assets and current assets	(517.32)	195.07
Decrease / (Increase) in Other non current financial assets and current financial assets	106.67	(57.16)
Decrease / (Increase) in Long term & short term Loans	(6.93)	21.35
Increase in Trade payables	1,079.06	5.81
Increase in Long term and short term provisions	17.52	86.65
Increase in Other non current liabilities and current financial liabilities	1,144.29	580.65
(Decrease) / Increase in Other non current and other current Liabilities	280.74	(69.46)
Cash generated from operating activities	5,323.98	3,027.37
Income taxes paid (net of refund)	(1,079.41)	(811.12)
<b>Net cash flows generated from operating activities (A)</b>	4,244.57	2,216.25
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment, intangible assets and right-of-use assets	(432.60)	(379.84)
Proceeds from sale of property, plant and equipment and right-of-use assets	4.42	2.98
Purchase of investments	(4,581.79)	(4,622.37)
Proceeds from sale of investments	2,613.14	3,778.01
Bank balances not considered as cash and cash equivalents (net):		
Investments in Bank Deposits (having original maturity of more than three months)	(1,616.90)	(0.11)
Maturity of Bank Deposits (having original maturity of more than three months)	1,337.70	—
Loans recovered	(0.21)	(0.24)
Interest received	99.52	39.20
Dividend received	4.01	5.24
<b>Net cash flows used in investing activities (B)</b>	(2,572.71)	(1,177.13)

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
<b>C. Cash flow from financing activities</b>		
Repayment of short term borrowings	—	(197.45)
Payment of Lease liability	(180.91)	(137.21)
Interest and other borrowing cost paid	(14.58)	(17.03)
Dividend paid	(275.12)	(215.17)
Tax on distributed profits	—	(46.94)
<b>Net cash flows used in financing activities (C)</b>	<b>(470.61)</b>	<b>(613.80)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>1,201.25</b>	<b>425.32</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>818.21</b>	<b>392.89</b>
<b>Cash and cash equivalents at the end of the year (Refer note 13a)</b>	<b>2,019.46</b>	<b>818.21</b>

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7, 'Statement of Cash Flows'
- Reconciliation of liabilities from financing activities, including both changes arising from cash flows and non-cash changes, has been given below:

Particulars	For the year ended 31 March 2020	Cash flows Additions / (Repayments)	Non-Cash Changes	For the year ended 31 March 2021
Short-term borrowings	—	—	—	—
Lease Liabilities (including short term maturity)	355.81	(180.91)	151.45	326.35
	<b>355.81</b>	<b>(180.91)</b>	<b>151.45</b>	<b>326.35</b>

Particulars	For the year ended 31 March 2019	Cash flows Additions / (Repayments)	Non-Cash Changes	For the year ended 31 March 2020
Short-term borrowings	197.45	(197.45)	—	—
Lease Liabilities (including short term maturity)	—	(137.21)	493.02	355.81
	<b>197.45</b>	<b>(334.66)</b>	<b>493.02</b>	<b>355.81</b>

Significant accounting policies

2

The accompanying notes 1 to 50 are an integral part of these Standalone Ind AS Financial Statements

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah  
Managing Director  
DIN: 00488127

Anil Nawal  
Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia  
Executive Director  
DIN: 07618601

Pravin D. Desai  
Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**1 CORPORATE INFORMATION**

Sumitomo Chemical India Limited ('SCIL' or 'the Company') was incorporated originally on 15 February 2000 and converted from Private Limited to Public Limited w.e.f. 24 November 2018. SCIL is a subsidiary of Sumitomo Chemical Company Limited, Japan ('SCCL'). The Company's registered office is at Building No. 1, Ground Floor, Shant Manor Co-Op Housing Society Limited, Chakravarti Ashok 'X' Road, Kandivali (East), Mumbai – 400101 and its corporate office is at 13/14 Aradhana Industrial Development Corporation, Near Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is primarily engaged in manufacturing and sales of Household Insecticides, Agricultural Pesticides, Public Health Insecticides and Animal Nutrition Products.

**2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation and Measurement**

**a) Basis of preparation**

The Standalone Ind AS Financial Statements are presented in millions of Indian rupees rounded off to two decimal places, except per share information, unless otherwise stated.

The Standalone Ind AS Financial Statements of the Company were approved for issue in accordance with the resolution of the Board of Directors on 28 May 2021.

*Current-non-current classification:*

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non current.

- a. An asset shall be classified as current when it satisfies any of the following criteria:
  - i) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
  - ii) it is held primarily for the purpose of being traded;
  - iii) it is expected to be realized within twelve months after the reporting date; or
  - iv) it is Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.

- b. All assets other than current assets shall be classified as non-current.
- c. A liability shall be classified as current when it satisfies any of the following criteria:
  - i) it is expected to be settled in the Company's normal operating cycle;
  - ii) it is held primarily for the purpose of being traded;
  - iii) it is due to be settled within twelve months after the reporting date; or
  - iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Current liabilities include the current portion of non-current financial liabilities. The Company classifies all other liabilities as non-current

**b) Basis of measurement**

These Standalone Ind AS Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- i) Certain financial assets and liabilities (including derivative instruments) measured at fair value (refer accounting policy regarding financial instruments - 2.3 n),
- ii) Defined benefit plans – plan assets/(liability) and share based payments measured at fair value (Refer note 41)

**2.2 Measurement of fair values**

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred (Refer note 40 for information on detailed disclosures pertaining to measurement of fair values).

**2.3 Statement of significant accounting policies**

**a Property, plant and equipment**

*Recognition and measurement*

Items of property, plant and equipment, other than freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is carried at cost and is not depreciated.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and all purchase applicable taxes, after deducting trade discounts and rebates.
- b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

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

Any gain or loss on derecognition of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs and related incidental expenses.

*Subsequent expenditure:*

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

**b Intangible assets**

The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Technical know-how fees for new product development is amortised over the period not exceeding five years from the date of agreement with supplier of technology.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**c Depreciation and amortisation**

Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful lives specified in Schedule II to the Companies Act, 2013 except for the following items where useful lives estimated by the management based on internal technical assessment, past trends and expected operational lives differ from those provided in Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used:

Leasehold land and leasehold improvements are amortised over the term of lease.

The key assets and related lives are:

<b>Nature of asset</b>	<b>Life in Years</b>
Furniture and fixtures	2 to 20
Office equipment	2 to 21
Vehicles	3 to 7
Buildings	5 to 38
Plant and machinery (including computers )	3 to 10
Electrical installation	10 to 15
Factory road	10

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

Amortisation in respect of all the intangible assets is provided on straight line method over the useful lives of assets.

<b>Nature of asset</b>	<b>Life in Years</b>
Data Registration Expenses	3
Software and License and Registration	4
Technical Knowhow	5

**d Impairment of non-financial assets**

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**e Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

- i) Raw materials and packing materials, components, stores and spares: Cost is determined on moving weighted average basis which is valued at cost. However, raw materials and packing materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Stores and spares which do not meet the definition of Property, plant and equipment are accounted as inventory.
- ii) Work-in-progress and finished goods: Cost includes direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity and other cost bringing the inventories at their present condition and location. Cost is determined on weighted average basis.
- iii) Traded products: Cost includes cost of purchase and other costs incurred in bringing the inventories their present location and condition. Cost is determined on weighted average basis.

**f Employee benefits**

**1) Short-term employee benefits**

**Defined contribution plans**

The Company makes contribution towards provident fund, pension fund, superannuation fund and employee's state insurance contribution to a defined contribution retirement benefit plan for qualifying employees. Both the employee and the Company make monthly contribution equal to a specified percentage of the covered employee's salary or a fixed monthly contribution. The monthly contributions payable by the Company are charged to the Statement of Profit and Loss as incurred.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders the service.

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**2) Other long-term benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date. Provision in respect of leave encashment benefits has been made based on actuarial valuation carried out by an independent actuary at the Balance Sheet date using Projected unit cost method. The employees can avail upto a certain number of leaves as per the Company's policies in one year and accordingly the liability has been classified into current and non current in the financials.

**g Foreign currency transactions**

**i. Functional and Presentation currency**

The Company's standalone Ind AS financial statements are prepared in Indian Rupees (INR) which is also the Company's functional currency.

**ii. Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**iii. Subsequent measurement**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

**h Income taxes**

Tax expense for the period comprises of current tax and deferred tax charge or credit. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

**Current taxes**

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. For the purpose of computing income taxes management has applied the annual effective tax rate on to the profit before tax for the period ended 31 March 2021.

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

**Deferred taxes**

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**i Earnings per share**

The basic earnings per equity share ('EPS') is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity share outstanding during the year and dilutive equity equivalent shares except where the results would be anti-dilutive.

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**j Provisions and contingencies**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**k Research and development**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period expected future sales from the related project, not exceeding ten years.

**l Cash and cash equivalents**

In Cash flow statement, cash and cash equivalents includes cash in hand, bank balances, term deposits with banks and other short term highly liquid investments with original maturities within three months or less.

**m Revenue Recognition**

**i. Sale of goods**

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customers and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at transaction price, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

**Return of Goods**

The Company uses the expected value method to estimate liability and corresponding adjustment to cost of sales for the goods that are expected to be returned.

**Rebates and Discounts**

Based on the value and volume of sales, the Company recognises liability towards rebates and discounts. Accordingly, sales are recognised after giving effect of the same.

**ii. Other income**

- a. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective rate of interest.
- b. Revenue in respect of insurance / other claims, Interest etc., is recognised only when it is reasonably certain that the ultimate collection will be made.
- c. Dividend income is recognised in profit or loss on the date on which right to receive the payment is established.
- d. Interest u/s 244A of Income tax Act, 1961 is recognised on realisation.

**iii. Sale of services**

Revenue from services contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of Goods and Service Tax.

**n Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency exchange forward contracts.

**i. Financial assets**

**Classification**

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Impairment of financial assets

Financial assets of the Company comprise of trade receivable and other receivables consisting of debt instruments e.g., loans, debt securities, deposits, and bank balance. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment loss for trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Impairment losses if any, are recognised in profit or loss for the period.

**Equity Investments:**

Equity investments in Subsidiaries, Associates and Joint ventures are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries, Associates and Joint Ventures at cost.

All other equity investments are measured at fair value. Equity instruments, which are held for trading are classified as at FVTPL. For equity instruments other than held for trading, the Company has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**ii. Financial liabilities**

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives which are liabilities, shall be subsequently measured at fair value.

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**o Borrowing Cost**

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**p Dividend**

The Company recognises a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorised and the distribution is no longer at the discretion of the Company on or before the end of the reporting period. As per Corporate laws in India, a distribution in the nature of final dividend is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

**q Segmental reporting**

As per Ind AS - 108, 'Operating Segments', if a financial statements contains both the consolidated financial statements of the parent that is within the scope of Ind AS - 108 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS - 108 Operating Segments has been given in the consolidated financial statements.

**r Common control business combinations**

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the standalone In AS financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred in capital reserve.

**2.4 Key Accounting Estimates, judgments and assumptions**

The preparation of these standalone In AS financial statements in conformity with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the standalone balance sheet and Statement of Profit and Loss. The management believes that the estimates used in preparation of these standalone In AS financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialize.

The areas involving critical estimates or judgments are:

*i. Property, plant and equipment & Intangible assets*

Determination of the estimated useful lives of tangible and intangible assets and the assessment as to which components of the cost may be capitalized. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. (Refer note 2.3(c))

*ii. Discounting of long-term financial instruments :*

All financial instruments are required to be measured at fair value on initial recognition. In case of financial instruments which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

*iii. Fair value of financial instruments :*

Derivatives are carried at fair value. Derivatives includes Foreign currency forward contracts, fair value of which, is determined using the fair value reports provided by respective merchant bankers. (Refer note 2.3(n))

*iv. Impairment of Financial and Non Financial Asset:*

Impairment of financial and Non- Financial assets (Refer note 2.3(n) for Financial assets and Refer note 2.3(d) for Non financial assets)

*v. Recognition and measurement of provisions and contingencies :*

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions. (Refer note 2.3(j))

*vi. Assessment of lease transactions*

Management assesses the contractual terms of the lease agreements to evaluate whether it is a lease as per Ind AS 116 (Refer note 38)

*vii. Recognition and measurement of defined benefit obligations*

Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. (Refer note 2.3(f))

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-3 Property, plant and equipment

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2020	Additions	Disposals	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deduction during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Land - Freehold	117.62	—	—	117.62	—	—	—	—	117.62	117.62
Leasehold land	163.41	—	—	163.41	9.84	2.46	—	12.30	151.11	153.57
Factory road	4.08	—	—	4.08	2.20	—	—	2.20	1.88	1.88
Buildings	693.69	22.35	0.02	716.02	133.58	47.43	0.01	181.00	535.02	560.11
Plant & Machinery	2,352.97	208.09	2.33	2,558.73	577.20	208.48	1.50	784.18	1,774.55	1,775.77
Furniture and fixtures	62.73	2.18	0.12	64.79	34.73	6.81	0.08	41.46	23.33	28.00
Vehicles	82.69	2.93	5.23	80.39	29.68	12.25	3.50	38.43	41.96	53.01
Office equipments	64.83	2.55	0.90	66.48	29.96	7.59	0.83	36.72	29.76	34.87
Leasehold improvements	44.11	—	2.66	41.45	11.22	7.13	2.66	15.69	25.76	32.89
Electrical installations	71.40	14.33	—	85.73	23.65	9.79	—	33.44	52.29	47.75
Laboratory equipments	31.47	3.14	0.03	34.58	9.01	3.19	0.02	12.18	22.40	22.46
	3,689.00	255.57	11.29	3,933.28	861.07	305.13	8.60	1,157.60	2,775.68	2,827.93

### Capital work in progress

Capital work in progress as at 31 March 2021 is ₹ 42.54 million (31 March 2020: ₹ 64.97 million)

### For the year ended 31 March 2020

BLOCK OF ASSET	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Land - Freehold	117.62	—	—	117.62	—	—	—	—	117.62	117.62
Leasehold land	163.41	—	—	163.41	7.38	2.46	—	9.84	153.57	156.03
Factory road	3.17	0.91	—	4.08	1.62	0.58	—	2.20	1.88	1.55
Buildings	678.78	14.91	—	693.69	88.85	44.73	—	133.58	560.11	589.93
Plant & Machinery	2,093.40	262.68	3.11	2,352.97	387.91	191.53	2.24	577.20	1,775.77	1,705.49
Furniture and fixtures	54.67	8.06	—	62.73	22.74	11.99	—	34.73	28.00	31.93
Vehicles	78.70	10.56	6.57	82.69	21.64	12.96	4.92	29.68	53.01	57.06
Office equipments	61.74	3.96	0.87	64.83	22.52	8.28	0.84	29.96	34.87	39.22
Leasehold improvements	8.46	35.65	—	44.11	7.01	4.21	—	11.22	32.89	1.45
Electrical installations	71.40	—	—	71.40	23.65	—	—	23.65	47.75	47.75
Laboratory equipments	31.47	—	—	31.47	9.01	—	—	9.01	22.46	22.46
	3,362.82	336.73	10.55	3,689.00	592.33	276.74	8.00	861.07	2,827.93	2,770.49

### Notes:

- Buildings include ₹ 0.002 million being the value of shares in co-operative housing societies.
- The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 42B.
- The title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-4 Right-of-use assets

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2020	Additions	Disposals	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deduction during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Building	353.87	15.91	6.46	<b>363.32</b>	84.82	97.10	1.09	<b>180.83</b>	<b>182.49</b>	269.05
Vehicles	111.86	98.49	—	<b>210.35</b>	31.90	50.11	—	<b>82.01</b>	<b>128.34</b>	79.96
	465.73	114.40	6.46	<b>573.67</b>	116.72	147.21	1.09	<b>262.84</b>	<b>310.83</b>	349.01

### For the year ended 31 March 2020

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Building	—	353.87	—	<b>353.87</b>	—	84.82	—	<b>84.82</b>	<b>269.05</b>	—
Vehicles	—	111.86	—	<b>111.86</b>	—	31.90	—	<b>31.90</b>	<b>79.96</b>	—
	—	465.73	—	<b>465.73</b>	—	116.72	—	<b>116.72</b>	<b>349.01</b>	—

### Note-5 Other Intangible assets

Particulars	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2020	Additions	Disposals	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deduction during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Data registration expenses	77.15	2.34	—	<b>79.49</b>	62.80	11.70	—	<b>74.50</b>	<b>4.99</b>	14.35
Software / License and Registration	13.49	—	—	<b>13.49</b>	10.81	1.52	—	<b>12.33</b>	<b>1.16</b>	2.68
Technical Know-how	9.45	—	—	<b>9.45</b>	9.45	—	—	<b>9.45</b>	—	—
	100.09	2.34	—	<b>102.43</b>	83.06	13.22	—	<b>96.28</b>	<b>6.15</b>	17.03

### For the year ended 31 March 2020

Particulars	Gross Block			Accumulated Amortisation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Data registration expenses	66.89	10.26	—	77.15	48.92	13.88	—	62.80	14.35	17.97
Software / License and Registration	12.30	1.19	—	13.49	8.92	1.89	—	10.81	2.68	3.38
Technical Know-how	9.45	—	—	9.45	9.45	—	—	9.45	—	—
	88.64	11.45	—	100.09	67.29	15.77	—	83.06	17.03	21.35

### Note-6 Investments in subsidiaries

	Numbers		Amount	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<i>Investments carried at cost less accumulated impairment, if any</i>				
<b>Unquoted and Fully Paid up</b>				
<b>Carried at Cost</b>				
<b>Investments in Equity Instruments</b>				
Excel Crop Care (Europe) N.V Face Value of Euro 630 each	<b>99</b>	99	<b>2.50</b>	2.50
Excel Crop Care (Africa) Limited Face value of Tanzanian Schillings 1,00,000 each	<b>1,699</b>	1,699	<b>5.11</b>	5.11
<b>Total</b>			<b>7.61</b>	7.61
Aggregate amount of quoted investments			—	—
Aggregate Market value of quoted investments			—	—
Aggregate amount of unquoted investments			<b>7.61</b>	7.61
Aggregate amount of impairment in value of investments			—	—

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-7 Non-current investments

	Numbers		Amount	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>A. Investments at Fair value through Profit or loss</b>				
<b>Investments in Equity Instruments</b>				
<b>Investments in Other entities (Quoted)</b>				
Tata Steel Limited Face Value of ₹ 10 each fully paid-up	393	393	0.34	0.11
Tata Steel Limited Face Value of ₹ 10 each fully paid-up (previous year partly paid-up)	27	27	—	—
<b>Investments in Other entities (Unquoted)</b>				
Investment in co-operative societies	9,132	9,132	1.12	1.12
<b>B. Investments stated at Amortised cost</b>				
<b>Investments in Government securities (Unquoted)</b>				
National Saving Certificates Face Value ₹ 0.03 million			0.03	0.03
<b>Total</b>			<u>1.49</u>	<u>1.26</u>
Aggregate Market Value of Quoted Investments			0.34	0.11
Aggregate amount of Quoted Investments			0.34	0.11
Aggregate amount of Unquoted Investments			1.15	1.15
Aggregate amount of impairment in value of investments			—	—

### Note-8 Non current loans (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Security deposits	52.20	45.27
Security deposits - credit impaired	2.71	2.71
Less: Allowance for doubtful deposit	(2.71)	(2.71)
Loans to employees	7.59	8.11
<b>Total</b>	<u>59.79</u>	<u>53.38</u>

### Note-9 Other non-current assets (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Capital advances	175.17	39.91
Prepaid expenses	0.49	0.69
<b>Total</b>	<u>175.66</u>	<u>40.60</u>

### Note-10 Inventories

	As at 31 March 2021	As at 31 March 2020
Raw Materials (Goods in transit: CY ₹ 429.36 mio (PY ₹ 466.01 mio))	2,651.68	2,255.62
Work-in-progress	435.69	288.20
Finished Goods (Goods in transit: CY ₹ 14.41 mio (PY ₹ 70.38 mio))	3,695.21	2,775.43
Stock-in-Trade (Goods in transit: CY ₹ 55.59 mio (PY ₹ 7.47 mio))	349.64	231.52
Containers and Packing Materials	369.94	284.19
Stores and Spares (including Fuel)	35.97	35.10
<b>Total</b>	<u>7,538.13</u>	<u>5,870.06</u>

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-11 Current investments

#### Investment carried at fair value through Profit and Loss account

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	Quantity		Amount	
Investment in Mutual Fund (Quoted)				
ABSL Liquid Fund Regular Growth	764,260	—	251.68	—
Aditya Birla Sun Life Liquid Fund Reg - Growth	302,980	200,495	128.08	80.36
Aditya Birla Sun Life Savings Fund - Dir - Growth	300,508	349,281	128.27	111.62
Axis Ultra Short Term Fund	21,562,729	—	252.16	—
HDFC Liquid Fund Post IPO	—	31,256	—	121.39
HDFC Low Duration Fund - Dir - Growth	5,295,392	—	251.94	—
HDFC Ultra Short Term Fund - Reg - Growth	15,328,928	22,516,511	181.59	252.31
ICICI Prudential Money Market Fund - Dir- Growth	681,798	450,340	200.30	131.72
Kotak Liquid Fund Regular Growth	60,791	—	251.72	—
Kotak Liquid Fund Regular Plan Growth	61,935	—	256.46	—
Kotak M Fund Over Night	—	56,245	—	60.30
Kotak Savings Fund - Direct - Growth	2,979,685	—	103.34	—
Kotak Savings Fund - Growth Regular Plan	7,662,084	—	258.45	—
SBI Magnum Low Duration Fund - Dir - Growth	18,063	—	50.50	—
SBI Magnum Low Duration Fund - Growth	91,697	—	252.22	—
SBI Magnum Ultra Short Duration Fund - Direct - Growth	71,446	—	335.33	—
UTI Liquid Fund Cash Plan	—	31,560	—	102.17
<b>Aggregate carrying value of quoted Investment</b>			<b>2,902.04</b>	<b>859.87</b>
<b>Aggregate market value of quoted Investment</b>			<b>2,902.04</b>	<b>859.87</b>

### Note-12 Trade receivables (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
Trade Receivables – unsecured considered good	8,455.04	8,478.33
Trade Receivables – credit impaired	438.95	435.90
	<b>8,893.99</b>	<b>8,914.23</b>
Less: Allowance for expected credit loss	438.95	435.90
	<b>8,455.04</b>	<b>8,478.33</b>

There are no outstanding trade receivables which resulted into significant increase in credit risk apart from receivables which are impaired and provided. Refer note 39 for information about credit risk and market risk of trade receivables.

### Note-13a Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balance with banks :		
In current account	226.68	705.60
In deposit accounts (with original maturity of less than three months)	1,792.50	111.80
Cash on hand	0.28	0.81
<b>Total</b>	<b>2,019.46</b>	<b>818.21</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprises of all the above enlisted items.

### Note-13b Bank Balances Other than Cash and Cash Equivalents

	As at 31 March 2021	As at 31 March 2020
Deposits with remaining maturity more than 3 months but less than 12 months	279.28	0.08
In unpaid dividend accounts earmarked with banks*	8.30	8.89
<b>Total</b>	<b>287.58</b>	<b>8.97</b>

\* These balances are not available for use by the Company as they represent corresponding unclaimed dividend liabilities.

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-14 Current loans (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Security deposits		
Considered good - Unsecured	47.34	50.53
Loans to employees		
Considered good - Unsecured	22.62	21.89
Loans to employees - credit impaired	0.43	0.43
Less: Provision for doubtful loans	(0.43)	(0.43)
Earnest money deposit	4.21	4.33
Others	2.82	2.26
<b>Total</b>	<b>76.99</b>	<b>79.01</b>

### Note-15 Other current financial assets (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Export incentive receivable	94.03	155.59
Derivatives - foreign exchange forward contracts	11.15	60.14
Others	8.72	2.13
<b>Total</b>	<b>113.90</b>	<b>217.86</b>

### Note-16 Other current assets (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Balances with government authorities	1,050.05	793.20
Prepaid expenses	18.67	58.44
Contract Asset (Right to receive inventory)	11.59	23.93
Others (advances other than capital advances)	422.55	109.77
<b>Total</b>	<b>1,502.86</b>	<b>985.34</b>

### Note-17 Equity share capital

	Number of shares	Amount	Number of shares	Amount
	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2020
<b>Authorised:</b>				
Equity shares of ₹ 10 each	500,000,000	5,000.00	500,000,000	5,000.00
	500,000,000	5,000.00	500,000,000	5,000.00
<b>Issued, subscribed and paid-up:</b>				
Equity shares of ₹ 10 each, fully paid-up (Refer note 46)	499,145,736	4,991.46	499,145,736	4,991.46
	499,145,736	4,991.46	499,145,736	4,991.46

#### a) Reconciliation of number of shares outstanding at the beginning and end of the year

	As at 31 March 2021		As at 31 March 2020	
Equity shares	Number	Amount	Number	Amount
At the commencement of the year	499,145,736	4,991.46	274,588,095	2,745.88
Equity shares issued during the year	—	—	224,557,641	2,245.58
At the end of the period	499,145,736	4,991.46	499,145,736	4,991.46

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### b) Particulars of shareholders holding more than 5% of a class of shares

Name of shareholder	Relationship	As at 31 March 2021		As at 31 March 2020	
		No. of Shares	%	No. of Shares	%
Sumitomo Chemical Company Limited, Japan	Holding Company	374,359,300	75.00%	400,825,868	80.30%

### c) Particulars of shares held by holding company and associates

Name of shareholder	Relationship	As at 31 March 2021		As at 31 March 2020	
		No. of Shares	%	No. of Shares	%
Sumitomo Chemical Company Limited, Japan*	Holding Company	374,359,300	75.00%	400,825,868	80.30%
SC Environmental Science Co. Ltd, Japan**	Fellow Subsidiary	2	0.00%	2	0.00%
		<b>374,359,302</b>	<b>75.00%</b>	<b>400,825,870</b>	<b>80.30%</b>

\* Including 5 shares held through its nominees.

\*\* 31.03.2021 held through a nominee (31.03.2020 held in its own name).

### d) Terms/rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### e) The Authorized Share Capital of ₹ 60 million of ECCL has been consolidated with the Authorized Share Capital of the Company and the Authorized Share Capital of the Company stands increased to ₹ 5,000 million. (refer note 46).

### f) Dividend on Equity Share declared and paid during the period 01 April 2021 to 31 March 2021

	01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
Interim dividend paid on 499,145,376 shares @ ₹ 0.20 per share in the previous year.	—	99.83
Dividend distribution tax on interim dividend above of the previous year.	—	20.52
Final dividend paid on 499,145,376 shares @ ₹ 0.55 per share (FY 2019-20 on 274,588,095 shares @ ₹ 0.22 per share)	<b>274.53</b>	60.41
Dividend distribution tax on final dividend above of the previous year.	—	12.42
Interim dividend paid on 11,005,630 shares @ ₹ 6.25 per share in the previous year.	—	55.04
Dividend distribution tax on interim dividend above of the previous year.	—	14.00
<b>Total</b>	<b>274.53</b>	<b>262.22</b>

	01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
<b>Dividend on equity shares not recognised as liability</b>		
Proposed Final dividend on 499,145,376 shares @ ₹ 0.80 per share (FY 2019-20: ₹ 0.55 per share) on equity shares of ₹ 10 each	<b>399.32</b>	274.53
	<b>399.32</b>	<b>274.53</b>

# SUMITOMO CHEMICAL INDIA LIMITED

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-18 Other Equity

#### A Summary of Other Equity Balance

	As at 31 March 2021	As at 31 March 2020
<b>General reserve</b>		
Balance at the beginning of the year	3,767.81	517.81
Add: Amount transferred from Retained earnings	2,750.00	3,250.00
<b>Balance at the end of the year</b>	<b>6,517.81</b>	<b>3,767.81</b>
<b>Securities premium</b>	<b>2,350.60</b>	<b>2,350.60</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	977.09	2,493.24
<b>Additions during the year:</b>		
Profit for the year	3,452.97	2,056.26
Other comprehensive income for the year, net of tax	12.89	(60.19)
<b>Reductions during the year:</b>		
Dividends	(274.53)	(160.24)
Dividend Distribution Tax on dividend	—	(33.06)
Interim dividend	—	(55.04)
Dividend Distribution Tax on Interim Dividend	—	(13.88)
Transfer to General Reserve	(2,750.00)	(3,250.00)
<b>Net surplus of retained earnings</b>	<b>1,418.42</b>	<b>977.09</b>
<b>Balance at the end of the year</b>	<b>10,286.83</b>	<b>7,095.50</b>

#### B Nature and purpose of each reserves

##### 1. General Reserve

The General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

##### 2. Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. The Securities Premium is utilised in accordance with the provisions of the Companies Act, 2013.

##### 3. Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

### Note-19 Non-current lease liabilities

	As at 31 March 2021	As at 31 March 2020
Liability towards lease asset	153.33	194.00
<b>Total</b>	<b>153.33</b>	<b>194.00</b>

### Note-20 Non-current Provisions

	As at 31 March 2021	As at 31 March 2020
<b>Provision for Employee Benefits</b>		
Compensated absences	242.53	212.65
Gratuity (Refer note 41)	49.51	38.72
<b>Total</b>	<b>292.04</b>	<b>251.37</b>

# SUMITOMO CHEMICAL INDIA LIMITED

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-21 Current lease liabilities

	As at 31 March 2021	As at 31 March 2020
Liability towards lease asset	173.02	161.81
<b>Total</b>	<b>173.02</b>	<b>161.81</b>

### Note-22 Trade payables

	As at 31 March 2021	As at 31 March 2020
Due to micro enterprises and small enterprises (Refer note 43)	275.99	180.31
Due to others	5,698.38	4,725.10
<b>Total</b>	<b>5,974.37</b>	<b>4,905.41</b>

### Note-23 Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Salary, wages and bonus payable	324.76	264.48
Security and trade deposits	331.18	285.12
Unclaimed dividend	8.30	8.89
Derivative financial liabilities - forward contracts	28.87	31.35
Provision for Discount and Scheme	2,804.43	1,764.59
<b>Total</b>	<b>3,497.54</b>	<b>2,354.43</b>

### Note-24 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Contract liabilities (advance received from customers)	545.27	443.07
Statutory dues (including provident fund, tax deducted at source and others)	517.93	345.81
Other payables	18.34	11.92
<b>Total</b>	<b>1,081.54</b>	<b>800.80</b>

### Note-25 Current provisions

	As at 31 March 2020	As at 31 March 2019
<b>Provision for employee benefits</b>		
Gratuity (Refer note 41)	33.17	80.15
Compensated absences	23.09	16.49
<b>Total</b>	<b>56.26</b>	<b>96.64</b>

# SUMITOMO CHEMICAL INDIA LIMITED

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-26 Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Sales of products</b>	<b>26,210.17</b>	23,898.24
<b>B. Sale of services</b>	<b>0.61</b>	1.55
<b>C. Other operating revenue</b>		
a) Export incentives	<b>165.65</b>	267.30
b) Commission income	<b>8.18</b>	5.20
c) Excess Provisions in respect of earlier years written back (net)	<b>6.27</b>	4.94
d) Miscellaneous receipts	<b>35.62</b>	56.38
	<b>215.72</b>	333.82
<b>Total</b>	<b>26,426.50</b>	24,233.61

#### a. Revenue information

	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue by product categories		
<u>Agro Chemicals</u>	<b>24,479.98</b>	22,321.39
Domestic	<b>20,084.34</b>	17,654.20
Export	<b>4,395.64</b>	4,667.19
<u>Others</u>	<b>1,730.19</b>	1,576.85
Domestic	<b>321.27</b>	308.13
High Seas Sales	<b>1,408.92</b>	1,268.72
<b>Total</b>	<b>26,210.17</b>	23,898.24

#### b. Reconciliation of the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue as per contracted price	<b>30,098.40</b>	26,971.11
Rebates/Discounts	<b>3,529.88</b>	2,762.26
Sales returns	<b>358.35</b>	310.61
<b>Revenue from contract with customers</b>	<b>26,210.17</b>	23,898.24

#### c. Contract balances

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables (Refer note 12)	<b>8,455.04</b>	8,478.33
Contract assets (Refer note 16)	<b>11.59</b>	23.93
Contract liabilities (Refer note 24)	<b>545.27</b>	443.07

#### Note:

Contract assets represents right to receive the inventory (on estimated sales returns) and contract liabilities represents advances received from customers for sale of goods at the reporting date.

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### d. Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b><u>Contract assets</u></b>		
Opening Balance	23.93	24.59
Less : Revenue recognized during the year from balance at the beginning of the year	(23.93)	(24.59)
Add : Advance received during the year not recognized as revenue	—	—
Interest income/expense for the year	—	—
Add : Revenue in respect of earlier years recognized during the year	—	—
Add : Contract assets created for right to receive inventory on estimated sales return.	11.59	23.93
Transfer from contract assets to receivables	—	—
Closing Balance	11.59	23.93
<b><u>Contract liabilities</u></b>		
Opening Balance	443.07	536.31
Less : Revenue recognized during the year from balance at the beginning of the year	—	—
Add : Advance received during the year not recognized as revenue	545.27	443.07
Interest income/expense for the year	—	—
Add : Revenue in respect of earlier years recognized during the year	—	—
Less : Revenue recognized during the year	(443.07)	(536.31)
Transfer from contract assets to receivables	—	—
Closing Balance	545.27	443.07

### Note-27 Other Income

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Interest income</b>		
On interest income on deposits	99.52	25.41
On income tax refund	—	13.79
<b>Dividend income</b>		
On investment in subsidiaries	4.01	1.30
On mutual fund investments	—	3.94
<b>Net profit on sale of Investments</b>	73.85	15.46
<b>Other non operating income</b>		
Rent received	0.12	0.11
Net profit on sale of property, plant & equipment	0.29	0.70
Miscellaneous income	11.92	47.66
<b>Total</b>	189.71	108.37

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### Note-28 Cost of materials consumed

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Raw materials consumed</b>		
Opening Inventory	2,255.62	1,888.79
Add: Purchases (Net)	14,345.95	11,849.88
	<u>16,601.57</u>	<u>13,738.67</u>
Less: Closing Inventory (Refer note 10)	2,651.68	2,255.62
	<u>13,949.89</u>	<u>11,483.05</u>
<b>Containers and packing materials consumed</b>		
Opening Inventory	284.19	295.72
Add: Purchases (Net)	1,783.07	1,376.57
	<u>2,067.26</u>	<u>1,672.29</u>
Less: Closing Inventory (Refer note 10)	369.94	284.19
	<u>1,697.32</u>	<u>1,388.09</u>
<b>Total cost of materials consumed</b>	<u>15,647.21</u>	<u>12,871.15</u>

### Note-29 Changes in inventories of finished goods, work in progress and stock-in-trade

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Opening Inventories :</b>		
Work in progress	288.20	331.37
Finished goods	2,775.43	3,964.71
Stock-in-Trade	231.52	294.51
<b>Less: Closing Inventories:</b>		
Work in progress (Refer note 10)	435.69	288.20
Finished goods (Refer note 10)	3,695.21	2,775.43
Stock-in-Trade (Refer note 10)	349.64	231.52
<b>Changes In Inventories:</b>		
Work in progress	(147.49)	43.17
Finished goods	(919.78)	1,189.28
Stock-in-Trade	(118.12)	62.99
<b>Total</b>	<u>(1,185.39)</u>	<u>1,295.44</u>

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### Note-30 Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus etc.	1,707.10	1,563.49
Contribution to provident and other funds (refer note 41)	90.83	91.64
Gratuity expense (refer note 41)	49.60	33.90
Staff welfare expenses	83.51	92.08
	<u>1,931.04</u>	<u>1,781.11</u>

### Note-31 Finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on lease liabilities	40.97	38.10
Others	14.58	17.03
	<u>55.55</u>	<u>55.13</u>

### Note-32 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Processing / Sub-contracting charges	74.74	36.36
Contract and labour charges	282.85	266.24
Carriage and freight	667.01	578.69
Power and fuel	265.12	275.02
Stores and spares consumed	63.09	62.28
Repairs and Maintenance		
Buildings	3.54	6.41
Plant and Equipment	117.18	160.55
Others	34.78	43.39
Rent	30.34	63.52
Rates and taxes	12.99	18.72
Insurance	56.41	43.90
Travelling and conveyance	152.25	242.23
Sales promotion and advertisement	388.13	404.54
Donations	1.80	1.69
Commission	76.65	83.13
Corporate social responsibility (refer note 45)	51.40	45.47
Provision for Trade Receivables / written off	205.41	85.13
Directors sitting fees	1.34	1.20
Property, Plant and Equipment written off	0.01	0.27
Exchange difference (net)	34.48	44.57
Research and development	7.84	6.65
Product testing expenses	11.84	32.19
Communication expenses	11.36	13.72
Legal and professional fees	209.08	152.19

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	For the year ended 31 March 2021	For the year ended 31 March 2020
Bank charges	12.74	15.40
Payment to auditors (refer note below)	5.74	10.67
Security charges	20.01	20.74
Miscellaneous expenses	289.59	331.78
<b>Total</b>	<b>3,087.72</b>	<b>3,046.65</b>
<b>Note:</b>		
<b>Auditors remuneration (Net of taxes where applicable) (*)</b>		
<b>As auditor:</b>		
Audit fees	3.00	6.42
Tax audit fees	0.60	—
Limited review	2.10	3.10
<b>In other capacity:</b>		
Other services (Certification fees)	—	0.52
Reimbursement of out-of-pocket expenses	0.04	0.63
	<b>5.74</b>	<b>10.67</b>

\* Includes ₹ 6.29 mio paid to erstwhile auditors in FY 2019-20.

### Note-33 Exceptional Items

	For the year ended 31 March 2021	For the year ended 31 March 2020
Merger related cost (refer note 46)	—	308.89
	—	308.89

Note: These expenses includes mainly stamp duty expenses and professional fees

### Note-34 Income taxes

#### A. The major components of Income tax expenses for the year is as under:

##### (i) Income tax recognized in the Statement of Profit and Loss:

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax</b>		
In respect of current period	1,071.85	786.39
Adjustment of tax related to earlier years	(54.89)	(33.24)
On remeasurements of the defined benefit plans	4.34	—
<b>Deferred tax Charge/ (credit)</b>		
Origination and reversal of temporary difference	61.31	(136.60)
<b>Income tax expense recognized in the Statement of Profit and Loss</b>	<b>1,082.61</b>	<b>616.55</b>

##### (ii) Deferred Tax related to items recognised in other comprehensive income

	For the year ended 31 March 2021	For the year ended 31 March 2020
On remeasurements of the defined benefit plans	—	20.24
	—	20.24

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### B. Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit before tax</b>	<b>4,531.24</b>	2,672.81
Statutory Income Tax Rate	<b>25.168%</b>	25.168%
Expected Income tax Expenses	<b>1,140.42</b>	672.69
<b>Tax effect of:</b>		
Tax effect on non-deductible expenses	<b>(11.61)</b>	(9.67)
Deduction under section 80IA & 80JJAA	<b>0.93</b>	0.41
Effect of income that is exempted from tax	<b>13.47</b>	0.99
Interest on tax expense not deductible for tax purposes	—	(0.81)
Impact of change in rate	—	40.82
Education cess claimed as deductible expenses	<b>10.70</b>	7.61
Others	<b>(10.57)</b>	(16.45)
<b>Tax expense as per profit or loss</b>	<b>1,137.50</b>	649.79
Adjustment in respect of current income tax of previous year	<b>(54.89)</b>	(33.24)
<b>Total Income Tax Expense</b>	<b>1,082.61</b>	616.55

### C. The major components of deferred tax (liabilities) / assets arising on account of temporary differences are as follows:

Movement during the year 01 April 2020 to 31 March 2021	Net deferred tax asset/(liability) 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/(liability) 31 March 2021	Deferred tax asset	Deferred tax liability
Depreciation	(382.03)	23.67	—	<b>(358.36)</b>	—	(358.36)
Provision for doubtful debts and advances	109.16	(50.87)	—	<b>58.29</b>	58.29	—
Fair value gain/(loss) on investments	0.03	—	—	<b>0.03</b>	0.03	—
Expenses allowable for tax purposes when paid	93.66	(6.84)	—	<b>86.82</b>	86.82	—
Amortisation of expenses u/s 35 DD	72.70	(19.05)	—	<b>53.65</b>	53.65	—
Liability towards Lease Assets	92.24	(8.22)	—	<b>84.02</b>	84.02	—
Other temporary differences	25.15	—	—	<b>25.15</b>	25.15	—
<b>Deferred tax liabilities (net)</b>	<b>10.91</b>	<b>(61.31)</b>	—	<b>(50.40)</b>	<b>307.96</b>	<b>(358.36)</b>

Movement during the year 01 April 2019 to 31 March 2020	Net deferred tax asset/(liability) 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/(liability) 31 March 2020	Deferred tax asset	Deferred tax liability
Depreciation	(403.57)	21.54	—	(382.03)	—	(382.03)
Provision for doubtful debts and advances	127.36	(18.20)	—	109.16	109.16	—
Fair value gain/(loss) on investments	(0.01)	0.04	—	0.03	0.03	—
Expenses allowable for tax purposes when paid	90.95	(17.53)	20.24	93.66	93.66	—
Amortisation of expenses u/s 35 DD	8.39	64.31	—	72.70	72.70	—
Liability towards Lease Assets	—	92.24	—	92.24	92.24	—
Other temporary differences	30.96	(5.81)	—	25.15	25.15	—
<b>Deferred tax liabilities (net)</b>	<b>(145.92)</b>	<b>136.60</b>	<b>20.24</b>	<b>10.91</b>	<b>392.94</b>	<b>(382.03)</b>

The Company does not have any intention to dispose of its freehold and leasehold land in foreseeable future, therefore, deferred tax asset on indexation benefit in relation to these assets has not been recognised.

The Company does not have any tax losses carried forward as at 31 March 2021.

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-35 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. There are no dilutive impacts, therefore Basic EPS and Diluted EPS is same.

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Earnings per share has been computed as under:</b>		
<b>Profit attributable to owners of the Company for basic earnings (A)</b>	<b>3,452.97</b>	2,056.26
Weighted average number of equity shares for the purpose of basic and dilutive earnings per share		
Number of shares at the beginning of the year	<b>499,145,736</b>	274,588,095
Equity shares issued pursuant to scheme of amalgamation (refer note 46)	—	224,557,641
<b>Number of equity shares outstanding at the end of the year (B)</b>	<b>499,145,736</b>	499,145,736
<b>Basic and diluted earnings per share (Face value of ₹ 10 Each)</b>	<b>6.92</b>	4.12

### Note-36 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern.

The Company has adequate cash and bank balances. The Company monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements.

### Note-37 Related Party disclosures

#### A Names of the related parties where control exists irrespective of whether transactions have occurred or not:

##### (1) Holding Company

Sumitomo Chemical Company Limited, Japan

##### (2) Post Employment Benefit Plans entity

Sumitomo Chemical India Gratuity Trust

Excel Crop Care Gratuity Trust

Excel Crop Care Superannuation Trust

##### (3) Subsidiary Companies:

Excel Crop Care (Australia) Pty Limited

(closed and deregistered with effect from 8 May 2019)

Excel Crop Care (Europe) N.V.

Excel Crop Care (Africa) Limited

#### B Names of other related parties with whom transactions have taken place during the period:

##### (1) Fellow Subsidiaries

Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)

Valent BioSciences LLC - USA

Sumitomo Chemical Asia Pte Limited - Singapore

Mycorrhizal Applications, LLC - USA

Sumitomo Chemical Colombia SA

Sumitomo Chemical Argentina SA

##### (2) Key Management Personnel

###### i) Executive Directors

Chetan Shah (Managing Director)

Kiyoshi Takayama (Executive Director - Planning and Coordination Office)

(resigned w.e.f. 31 December 2019)

Akira Harada - (Executive Director) (resigned w.e.f. 10 May 2019)

Sushil Marfatia - (Executive Director)

Hisayuki Hoshi (Whole time Director)

(10 May 2019 to 31 August 2019)

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(Currency: Indian Rupees in million)

### ii) Non Executive Directors

Dr. Mukul G. Asher

Preeti Mehta

B. V. Bhargava

Ninad D Gupte (Joint Managing Director upto 31 August 2019)

Tadashi Katayama

### iii) Chief Financial Officer

Anil Nawal

### iv) Company Secretary

Pravin D Desai

Rasika Kulkarni (resigned w.e.f. 31 August 2019)

### (3) Relatives of Key Management Personnel

Mrs. Minoti Ninad Gupte (Wife of Ninad Gupte)

### (4) Enterprises controlled by key management personnel and their relatives:

Kanga & Company

### Disclosures of Material transactions between the Company and the Related parties and the status of outstanding balances as at 31 March 2021

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Sale of Goods (Net of rebate and discount)</b>		
Sumitomo Chemical Company Limited	883.11	775.13
Sumitomo Chemical Asia Pte Limited	2.01	1.87
Sumitomo Chemical Colombia SA	28.44	—
Sumitomo Chemical Argentina SA	111.33	—
Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)	478.97	—
Excel Crop Care (Europe) NV	—	15.13
Excel Crop Care (Africa) Limited	37.67	55.94
<b>Sale of Services</b>		
Sumitomo Chemical Company Limited	0.59	1.55
<b>Purchase of Goods</b>		
Sumitomo Chemical Company Limited	2,902.97	2,378.02
Valent BioSciences LLC	628.58	484.01
Mycorrhizal Applications, LLC	—	42.67
<b>Purchase of Services</b>		
Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)	9.78	9.49
Kanga & Company	0.26	0.49
<b>Commission Income</b>		
Sumitomo Chemical Company Limited	5.80	2.62
<b>Miscellaneous Income - Technical Service</b>		
Sumitomo Chemical Company, Limited	2.95	16.58
Valent BioSciences LLC	2.91	—
<b>Reimbursement of expenses (net)</b>		
Sumitomo Chemical Company Limited	133.12	57.84
Valent BioSciences LLC	(4.37)	(7.58)
Sumitomo Chemical Asia Pte Limited	6.20	15.66
Mycorrhizal Applications, LLC	(2.91)	(5.09)
Excel Crop Care (Africa) Limited	—	0.23
<b>Commission Expense</b>		
Excel Crop Care (Africa) Limited	18.40	18.31

# SUMITOMO CHEMICAL INDIA LIMITED

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Contribution to Funds</b>		
Sumitomo Chemical India Gratuity Trust	7.25	4.56
Excel Crop Care Superannuation Trust	17.31	5.73
<b>Advances paid</b>		
Excel Crop Care Gratuity Trust	61.31	8.67
<b>Dividend Received</b>		
Excel Crop Care (Europe) NV	2.67	—
Excel Crop Care (Africa) Limited	1.33	1.30
<b>Dividend paid</b>		
Sumitomo Chemical Company Limited, Japan	214.96	171.52
<b>Remuneration</b>		
Chetan Shah	64.04	43.96
Ninad D Gupte	—	19.34
Akira Harada	—	3.31
Sushil Marfatia	21.66	22.99
Kiyoshi Takayama	—	13.70
Hisayuki Hoshi	—	6.18
Anil Nawal	10.43	9.09
Pravin D Desai	7.85	7.07
Rasika Kulkarni	—	1.21
<b>Retainership fees</b>		
Ninad Gupte	—	6.58
<b>Dividend paid</b>	0.01	0.01
<b>Payments to Non-Executive Directors (including sitting fees)</b>	8.54	6.33

### Outstanding as at 31 March 2021:

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Trade Receivables</b>		
Sumitomo Chemical Company Limited	32.13	27.89
Valent BioSciences LLC	2.91	2.49
Excel Crop Care (Africa) Limited	18.39	30.72
Sumitomo Chemical Colombia SA	18.74	—
Sumitomo Chemical Argentina SA	70.58	—
Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)	241.25	—
<b>Trade Payables</b>		
Sumitomo Chemical Company Limited	1,514.85	1,239.30
Valent BioSciences LLC	153.57	122.67
Sumitomo Chemical Asia Pte Limited	5.58	9.35
Excel Crop Care (Africa) Limited	35.66	30.63
<b>Commission payable to directors</b>	37.20	28.63

### Terms and conditions of transactions with related parties

All Related Party Transactions entered during the period were in ordinary course of the business and are on arm's length basis.

For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2019-20: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The above remuneration to Key Management personnel compensation excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation of the Company's liability to all its employees.

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-38 Leases

At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

#### i) Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets i.e. 2 to 5 years, as follows:

Warehouses: "Put the life" On the basis of the tenure of the lease agreement

Vehicles: "Put the life" On the basis of the tenure of the lease agreement

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.

#### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company presents lease liabilities in 'Financial Liabilities' in the Balance Sheet.

#### iii) Short term leases and leases of low value of assets

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### Amount recognised in the Statement of Profit and Loss

Particulars	Classified Under	For the year ended 31 March 2021 ₹ Mio	For the year ended 31 March 2020 ₹ Mio
Depreciation of right-of-use assets	Depreciation and amortisation expense	147.21	116.72
Interest expenses on lease assets	Finance costs	40.97	38.10
Expenses relating to short term leases	Other expenses	30.34	63.52

Refer Note 4 for additions to right-of-use assets and the carrying amount of right-of-use assets as at 31 March 2021 and 31 March 2020.

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(i) Lease Liabilities	153.33	194.00
<b>Current</b>		
(i) Lease Liabilities	173.02	161.81

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-39 Financial Instruments

#### A. Accounting classification and Fair Value hierarchy

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2021	Carrying amount/Fair Value				Fair value Hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
<b>Non-current</b>								
Investments								
Equity Instruments in Tata Steel Limited	0.34	—	—	0.34	0.34	—	—	0.34
Equity instrument in Co-operative Societies	1.12	—	—	1.12	—	1.12	—	1.12
Government Securities	—	—	0.03	0.03	—	—	—	—
Loans	—	—	59.79	59.79	—	—	—	—
<b>Current</b>								
Investment in mutual fund	2,902.04	—	—	2,902.04	2,902.04	—	—	2,902.04
Trade receivables	—	—	8,455.04	8,455.04	—	—	—	—
Cash and cash equivalents	—	—	2,019.46	2,019.46	—	—	—	—
Other bank balances	—	—	287.58	287.58	—	—	—	—
Loans	—	—	76.99	76.99	—	—	—	—
Derivative Assets	11.15	—	—	11.15	—	11.15	—	11.15
Export incentives receivable	—	—	94.03	94.03	—	—	—	—
Other financial assets	—	—	8.72	8.72	—	—	—	—
	2,914.65	—	11,001.64	13,916.29	2,902.38	12.27	—	2,914.65
<b>Financial liabilities</b>								
<b>Non current</b>								
Liability towards lease asset	—	—	153.33	153.33	—	—	—	—
<b>Current</b>								
Trade payables	—	—	5,974.37	5,974.37	—	—	—	—
Liability towards lease asset	—	—	173.02	173.02	—	—	—	—
Derivative liabilities	28.87	—	—	28.87	—	28.87	—	28.87
Other financial liabilities	—	—	3,468.67	3,468.67	—	—	—	—
	28.87	—	9,769.39	9,798.26	—	28.87	—	28.87

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(Currency: Indian Rupees in million)

As at 31 March 2020	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
<b>Non-current</b>								
Investments								
Equity Instruments in Tata Steel Limited	0.11	—	—	0.11	0.11	—	—	0.11
Equity instrument in Co-operative societies	1.12	—	—	1.12	—	1.12	—	1.12
Government Securities	—	—	0.03	0.03	—	—	—	—
Loans	—	—	53.38	53.38	—	—	—	—
<b>Current</b>								
Investment in mutual fund	859.87	—	—	859.87	859.87	—	—	859.87
Trade receivables	—	—	8,478.33	8,478.33	—	—	—	—
Cash and cash equivalents	—	—	818.21	818.21	—	—	—	—
Other bank balances	—	—	8.97	8.97	—	—	—	—
Loans	—	—	79.01	79.01	—	—	—	—
Derivative Assets	60.14	—	—	60.14	—	60.14	—	60.14
Export incentives receivable	—	—	155.59	155.59	—	—	—	—
Other financial assets	—	—	2.13	2.13	—	—	—	—
	921.24	—	9,595.65	10,516.89	859.98	61.26	—	921.24
<b>Financial liabilities</b>								
<b>Non current</b>								
Liability towards lease asset	—	—	194.00	194.00	—	—	—	—
<b>Current</b>								
Borrowings	—	—	—	—	—	—	—	—
Trade payables	—	—	4,905.41	4,905.41	—	—	—	—
Liability towards lease asset	—	—	161.81	161.81	—	—	—	—
Derivative liabilities	31.35	—	—	31.35	—	31.35	—	31.35
Other financial liabilities	—	—	2,323.08	2,323.08	—	—	—	—
	31.35	—	7,584.30	7,615.65	—	31.35	—	31.35

The carrying amounts for current borrowings, cash and bank balances, trade and other receivables and trade payables approximate their respective fair values as the impact of discounting is not expected to be material.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

### B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Sensitivity of the input to fair value	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

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Type	Sensitivity of the input to fair value	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Non current financial assets / liabilities measured at amortised cost	Discounted cash flow technique : The valuation model considers present value of expected payments discounted using an appropriate discounting rate.	Not applicable	Not applicable

### C. Financial risk management objectives and policies

The activities of the Company exposes it to a number of financial risks namely market risk, credit risk and liquidity risk. The Company seeks to minimize the potential impact of unpredictability of the financial markets on its financial performance.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established Compliance Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### a. Management of Credit risk

Credit risk refers to the risk of default on its obligations by a counterparty to the Company resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities (trade receivables) and investment securities.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Company has no concentration of credit risk as the customer base is widely distributed.

Summary of the ageing for trade receivables are as follows.

Particulars	Carrying amount (in Mio.) as at 31 March 2021		
	Estimated total gross carrying amount at default	ECL - simplified approach	Net carrying amount
<b>Not due &amp; Due &lt; 181 days</b>	<b>8,269.52</b>	<b>64.91</b>	<b>8,204.61</b>
<b>Past due</b>			
181 Days to 1 Year	184.08	35.05	149.03
> 1 Year to 2 Year	273.93	172.63	101.30
> 2 Year to 3 Year	95.18	95.08	0.10
Above 3 Year	71.28	71.28	—
	<b>8,893.99</b>	<b>438.95</b>	<b>8,455.04</b>

#### Expected credit loss assessment for customers as at 31 March 2021

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

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The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount ₹
Balance as at 1 April 2019	366.65
Impairment loss recognised / (reversed)	69.25
Amounts written off	—
Balance as at 31 March 2020	435.90
Impairment loss recognised / (reversed)	3.05
Amounts written off	—
<b>Balance as at 31 March 2021</b>	<b>438.95</b>

The impairment loss at 31 March 2021 related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

### Investments

The Company limits its exposure to credit risk by investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

### b. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities sanctioned with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

31 March 2021			Contractual cash flows		
Particulars	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Liability towards lease asset	326.35	380.36	159.54	220.82	—
Trade Payables	5,974.37	5,974.37	5,974.37	—	—
Other Financial Liabilities	3,468.67	3,468.67	3,468.67	—	—
<b>Derivative financial liabilities</b>					
<b>Current liabilities</b>					
Forward Exchange Contracts	28.87	28.87	28.87	—	—
	<u>9,798.26</u>	<u>9,852.27</u>	<u>9,631.45</u>	<u>220.82</u>	<u>—</u>
31 March 2020			Contractual cash flows		
Particulars	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Liability towards lease asset	355.81	423.12	155.39	267.73	—
Trade Payables	4,905.41	4,905.41	4,905.41	—	—
Other Financial Liabilities	2,323.08	2,323.08	2,323.08	—	—
<b>Derivative financial liabilities</b>					
<b>Current liabilities</b>					
Forward Exchange Contracts	31.35	31.35	31.35	—	—
	<u>7,615.65</u>	<u>7,682.96</u>	<u>7,415.23</u>	<u>267.73</u>	<u>—</u>

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### c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, price risk and currency rate risk. Financial instruments affected by market risk includes borrowings, foreign currency receivables/payables, investments and derivative financial instruments. The Company has international trade operations and is exposed to a variety of market risks, including currency and interest rate risks.

#### i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Company mitigates the foreign exchange risk by setting appropriate exposure limits, periodic monitoring of the exposures and hedging exposures using derivative financial instruments like foreign exchange forward contracts. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. However the operating results and financials of the Company may not be impacted due to volatility of the rupee against foreign currencies as the exposure is generally fully hedged.

#### Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021 USD	31 March 2021 EURO	31 March 2021 Others
<b>Financial assets</b>			
Cash and cash equivalents	0.10	—	1.07
Trade and other receivables	1,433.73	62.36	—
	<u>1,433.83</u>	<u>62.36</u>	<u>1.07</u>
<b>Financial liabilities</b>			
Trade and other payables	1,861.43	6.07	108.49
	<u>1,861.43</u>	<u>6.07</u>	<u>108.49</u>
Net statement of financial position exposure	(427.60)	56.29	(107.42)
Forward exchange contracts - Sell	1,428.79	63.92	—
Forward exchange contracts - Buy	(1,579.09)	—	—
	31 March 2020 USD	31 March 2020 EURO	31 March 2020 Others
<b>Financial assets</b>			
Cash and cash equivalents	0.13	—	2.36
Trade and other receivables	1,271.13	70.14	—
	<u>1,271.26</u>	<u>70.14</u>	<u>2.36</u>
<b>Financial liabilities</b>			
Trade and other payables	1,797.58	2.66	55.79
	<u>1,797.58</u>	<u>2.66</u>	<u>55.79</u>
Net statement of financial position exposure	(526.32)	67.48	(53.43)
Forward exchange contracts - Sell	1,056.14	72.75	—
Forward exchange contracts - Buy	(1,475.97)	—	—

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US Dollars and EURO would have affected the measurement of financial instruments denominated in US dollars and EURO affected profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR	Profit or loss	
	Strengthening	Weakening
<b>31 March 2021</b>		
<b>1% movement</b>		
USD	5.78	(5.78)
EUR	(1.20)	1.20
Others	1.07	(1.07)
	<u>5.65</u>	<u>(5.65)</u>

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Effect in INR 31 March 2020 1% movement	Profit or loss	
	Strengthening	Weakening
USD	9.46	(9.46)
EUR	(1.40)	1.40
Others	0.53	(0.53)
	<u>8.59</u>	<u>(8.59)</u>

### ii) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to interest rate risks since its investments are all in fixed rate instruments.

### Exposure to interest rate risk

Company's interest rate risk arises primarily from borrowings. Since there are no borrowings in the current year, the interest rate profile of the Company's interest-bearing financial instruments is ₹ Nil.

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### iii) Equity risk

The Company's investments in listed and non-listed equity securities are susceptible to market price risk arising from uncertainties in the financial market. The investment in listed and unlisted equity securities are not significant.

### Note-40 Segment Information

The Company has disclosed segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these interim standalone financial statements.

### Note-41 Employee benefits

The Company contributes to the following post-employment plans in India.

#### (A) Defined Contribution Plans:

Provident Fund is a defined contribution scheme established under a State Plan.

Superannuation Fund is a defined contribution scheme. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Contribution to Employees State Insurance Corporation (ESIC)

Current service cost included under the head Contribution to Provident Fund and other funds in Note 30 'Employee Benefits Expense':

	31 March 2021	31 March 2020
Provident Fund and Family Pension Fund	62.07	60.29
Superannuation Fund	19.39	19.04
ESIC	1.91	3.52
Other funds	7.46	8.79
	<u>90.83</u>	<u>91.64</u>

#### (B) Defined Benefit Plan:

Gratuity Plan is classified as a defined benefit plan as the Company's obligation is to provide agreed benefit to plan members. Actuarial and investment risks are borne by the Company.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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(Currency: Indian Rupees in million)

	31 March 2021	31 March 2020
Defined benefit obligation	506.89	467.43
Fair value of plan assets	424.21	348.56
<b>Net defined benefit obligation</b>	<b>82.68</b>	<b>118.87</b>

### i. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Opening balance</b>	<b>467.43</b>	340.32	<b>348.56</b>	330.76	<b>118.87</b>	9.56
<b>Included in profit or loss:</b>						
Current service cost	48.19	28.98	—	—	48.19	28.98
Past service cost	—	5.12	—	—	—	5.12
Interest cost (income)	25.78	24.14	24.37	24.34	1.41	(0.20)
Sub-total included in Statement of Profit and Loss					49.60	33.90
	541.40	398.56	372.93	355.10	168.47	43.46
<b>Included in OCI</b>						
<b>Remeasurement loss (gain):</b>						
<b>Actuarial loss (gain) arising from:</b>						
Financial assumptions	(3.33)	42.80	—	—	(3.33)	42.80
Experience adjustment	(12.18)	35.82	—	—	(12.18)	35.82
Return on plan assets excluding interest income	—	—	1.72	(1.81)	(1.72)	1.81
Sub-total included in OCI	—	—	—	—	(17.23)	80.43
	525.89	477.18	374.65	353.29	151.24	123.89
<b>Other</b>						
Contributions paid by the employer	—	—	68.56	5.02	(68.56)	(5.02)
Benefits paid	(19.00)	(9.75)	(19.00)	(9.75)	—	—
<b>Closing balance</b>	<b>506.89</b>	467.43	<b>424.21</b>	348.56	<b>82.68</b>	118.87

The components of defined benefit plan cost are as follows:

Particulars	31 March 2021	31 March 2020
<b>Recognised in Profit or Loss</b>		
Current service cost	48.19	28.98
Net interest cost	1.41	(0.20)
Past service cost	—	5.12
Expected return on plan assets	—	—
<b>Total</b>	<b>49.60</b>	33.90
<b>Recognised in Other Comprehensive Income</b>		
Remeasurement of net defined benefit liability/(asset)	(17.23)	80.43

### ii. Plan assets

Plan assets comprise the following:

	31 March 2021	31 March 2020
Insurer Managed Funds (Life Insurance Corporation of India)	100%	100%

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### iii. Actuarial assumptions

The following were the key actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
Discount rate	6.85%	6.80%
Future salary growth	9.75% p.a	10% for the next 1 year & 9.75% thereafter
Mortality rate	Indian Assured Lives Mortality (2012-14) Table	Indian Assured Lives Mortality (2006-08) Table

### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	480.68	535.57	113.09	89.74
Future salary growth (0.50% movement)	534.50	381.37	90.20	112.78

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

### v. Expected future cash flows

The expected future cash flows in respect of gratuity as at year end is as follows:

Particulars	31 March 2021	31 March 2020
Up to 1 year	48.63	27.10
Between 1-2 years	35.67	35.36
Between 2-6 years	90.17	89.95
6 to 10+ years	211.25	194.39

The average duration of the defined benefit plan obligation at the end of the reporting period is upto 12.04 years (31 March 2020: 14 years).

### (C) Other long-term employee benefits:

Compensated absences are payable to employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement. The charge towards compensated absences for the year ended 31 March 2021 based on actuarial valuation using the projected accrued benefit method is ₹ 41.29 millions. (31 March 2020: ₹ 75.00 millions) In the coming financial year it is expected to remain in the similar range.

### Note-42 Contingent liabilities and Commitments

#### A) Contingent liabilities

	As at 31 March 2021	As at 31 March 2020
a. In respect of tax matters		
Demand raised by authorities against which the Company has filed an appeal		
i) Income Tax	86.23	77.08
ii) Excise duty	0.73	0.73
iii) Service tax	15.67	15.67
iv) Customs Duty	2.30	2.30
v) VAT / Sales Tax	4.68	2.59
vi) GST	4.16	0.79
b. In respect of other matters		
i) Claims against the Company not acknowledged as debts	155.19	153.02
ii) The Code on Social Security 2020 has been notified in the Official Gazette on 29 September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective and the rules framed thereunder are notified		

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The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed 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 the financial statements. Future cash outflows/uncertainties, if any, in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

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.

### B) Capital Commitments

	As at 31 March 2021	As at 31 March 2020
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	298.47	86.67

### Note-43 Total outstanding dues of micro enterprises and small enterprises (as per the intimation received from vendors)

	As at 31 March 2021	As at 31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	266.78	168.91
Interest	9.21	11.40
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	—	—
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	1,349.64	1,480.78
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	7.15	10.22
The amount of interest accrued and remaining unpaid at the end of each accounting period		
2019-20	0.40	11.40
2020-21	8.81	—
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	9.21	11.40

### Note-44 Research and Development Expenditure

	As at 31 March 2021	As at 31 March 2020
(a) Research and Development costs, as certified by the Management, debited to the Statement of Profit and Loss (in respective heads of accounts) are as under:		
(i) Revenue expenses	91.11	97.89
(ii) Depreciation and Amortisation of expenses	22.07	20.09
	<u>113.18</u>	<u>117.98</u>
(b) Capital Expenditure incurred during the year on Research and Development	13.38	8.46

**NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**Note-45 Corporate Social Responsibility**

The Company is required to spend ₹ 51.40 million towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

	<b>31 March 2021</b>	31 March 2020
(a) Gross amount required to be spent by the Company during the year	<b>51.40</b>	45.97
(b) Amount spent during the year		
(i) Construction / acquisition of any assets	—	—
(ii) On purpose other than (i) above		
For the previous year	<b>0.50</b>	—
For the current year	<b>43.82</b>	45.47
(c) Amount unspent during the year	<b>7.08</b>	0.50

**Note-46 Merger of Excel Crop Care Limited (ECCL) with the Company**

On 1 August 2018, the Board had approved a Scheme of Amalgamation ("Scheme") for amalgamation of ECCL with the Company in accordance with the provisions of Sections 230 – 232 read with other relevant provisions of the Companies Act, 2013.

The Hon'ble National Company Law Tribunal, Mumbai Bench ("Hon'ble NCLT") approved and sanctioned the Scheme by its Order dated 27 June 2019. Certified copy of the Order of the Hon'ble NCLT was filed with the Registrar of Companies, Maharashtra, on 31 August 2019 and accordingly the Scheme became effective from the said date ("Effective Date").

As provided for in the Scheme, the Authorized Share Capital of ₹ 60 million of ECCL has been consolidated with the Authorized Share Capital of the Company and the Authorized Share Capital of the Company stands increased to ₹ 5,000 million.

Consequent to the Scheme becoming effective, the entire business and the undertaking of ECCL (together with all the estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest therein and subject to existing charges thereon in favour of banks and financial institutions) stand transferred to and vested in the Company. The Appointed Date under the Scheme is 1 April 2018. Accordingly, accounting impact of the amalgamation was given in the financial statements for the year ended 31 March 2019.

Pursuant to the Scheme, 21,99,448 Shares of ECCL held by the Company (representing about 19.98% of its share capital) stand cancelled. On 7 October 2019, the Board of Directors of the Company issued and allotted to the other shareholders of ECCL, its shares in the ratio of 51 (fifty one) equity shares of ₹ 10 each fully paid up of the Company for every 2 (two) equity shares of ₹ 5 each fully paid up of ECCL based on the shareholding as on 31 August 2019 (the Record Date).

**Note-47 Changes in Ind AS and related pronouncements effective at a future date**

Amendment in Schedule III to Companies Act, 2013:

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with the Companies (Indian Accounting Standards) Rules 2015 (as amended) are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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## NOTES TO THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-48 Events after the Reporting period

There are no significant events after the reporting period, that would require adjustments or disclosures in the Standalone Ind AS Financial Statements as on the Balance Sheet date.

### Note-49 COVID 19 impact

Global pandemic Covid-19, which broke out in the last quarter of FY 2019-20, caused severe impact globally and in India. India announced country-wide strict lockdown in the last week of March 2020 and such measures continued to be in force in gradually relaxed form. The Company's operations have been classified as 'essential' and hence not much affected by the lock-down. By the second half of the financial year 2020-21, majority of the functions including sales & distribution, procurement, supply chain, logistics and corporate functions became near-normal, duly following safety guidelines, without any material adverse impact on the operations of the Company.

Unfortunately, the financial year 2021-22 has begun with outbreak of second wave of Covid-19, which is turning out more contagious and has infected several Company employees, their family members, the Company's business partners and their employees. Various state governments have imposed lockdown-like restrictions which have impacted economic and commercial activities in the country. The Company's manufacturing operations have also been impacted, but not materially. In view of virus spread to rural and semi-rural areas and that too very close to the upcoming monsoon season, one has to watch out for its overall impact on the industry and the Company in the coming days, though at present the impact for the Company is not material.

**50** The figures for the previous year have been regrouped/reclassified wherever considered necessary.

As per our report of even date attached.

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah

Managing Director

DIN: 00488127

Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia

Executive Director

DIN: 07618601

Pravin D. Desai

Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

## INDEPENDENT AUDITOR'S REPORT

To the Members of Sumitomo Chemical India Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Sumitomo Chemical India Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit report furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matters
<b>Revenue Recognition – Estimation of discounts, incentives, rebates, rebate reversal and sales return</b> (as described in Note 2.3(m) of the consolidated Ind AS financial statements)	
Revenue is measured net of discounts, incentives, rebates and sales return.  Due to the Holding Company's presence across different marketing regions and the competitive business environment, the estimation of various types of discounts, incentives and rebate schemes which are recognised based on sales made is considered to be complex and judgmental. Further, there is a possibility of sales return of expired products from customers, which requires estimation.  Given the significant judgement required and complexity involved in estimating discounts, incentives, rebates and sales return, this is considered as a key audit matter.	We performed following audit procedures:  a) Obtained and reviewed schemes and policies relating to discounts, incentives, rebates and sales return;  b) Evaluated the design and tested the operating effectiveness of Holding Company's internal controls over discounts, incentives and rebates and sales return;  c) Obtained calculations for discounts, incentives, rebates accruals under applicable schemes and rebate reversals. Verified on a sample basis and compared the accruals made with the approved schemes;  d) Obtained and inspected, on a sample basis, supporting documentation for payment towards discounts, incentives and rebates during the year as well as credit notes issued during and after the year end;  e) Analysed the historical trend of payments made towards discounts, incentives, rebates and that of sales return utilized for making estimate of accruals; and  f) Assessed the adequacy of the disclosures as per the applicable accounting standards.

Key audit matters	How our audit addressed the key audit matters
<b>Valuation of inventory</b> (as described in Note 2.3 (e) of the consolidated Ind AS financial statements)	
<p>Inventories represent significant portion of total assets as at March 31, 2021 with carrying value of ₹ 7543.63 million (net of allowances).</p> <p>Inventories are valued at lower of cost and net realization value. The Holding Company writes down inventories to net realisable value on account of obsolescence, expiry and non-moving inventory, based on the management's assessment.</p> <p>Assessing net realizable value and identification of slow-moving, expired and obsolete inventory are areas which require use of significant judgements and owing to the inherent complexities, this is considered to be a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>Understood and evaluated the process relating to determination of net realizable value of inventories and identification of slow-moving, expired or obsolete inventories;</li> <li>Evaluated the design and tested operating effectiveness of internal controls over inventory valuation;</li> <li>Tested the valuation of inventories, on sample basis, by comparing the value of Raw Materials and Traded Goods with the underlying supporting documents. For Work in Process and Manufactured Finished Goods, verified the Bill of Materials and tested computation for labour and manufacturing overhead absorption.</li> <li>Obtained age wise analysis of inventories, made specific inquiries with the management with regards to expiry, slow moving and obsolete inventories and evaluated the computation for write-down of inventories provided by the management; and</li> <li>Assessed the appropriateness of disclosures in the financial statements in accordance with the applicable accounting standards.</li> </ol>

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

#### Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which has been audited by the other auditors, such other auditors remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of ₹ 165.93 million as at March 31, 2021, total revenues of ₹ 79.23 million and net cash outflows of ₹ 4.35 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Both the subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 41 to the consolidated Ind AS financial statements;
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; 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, during the year ended March 31, 2021.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi  
Partner

Membership Number: 037924  
UDIN: 21037924AAAAES2167

Place of Signature: Mumbai  
Date: 28th May, 2021

**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SUMITOMO CHEMICAL INDIA LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Sumitomo Chemical India Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls with Reference to Consolidated Ind AS Financial Statements**

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

**Inherent Limitations of Internal Financial Controls with Reference to Consolidated Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company has maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SRBC & CO LLP

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi

*Partner*

Membership Number: 037924

UDIN: 21037924AAAAES2167

*Place of Signature: Mumbai*

*Date: 28th May, 2021*

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2021

(Currency: Indian Rupees in million)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	2,776.29	2,828.77
(b) Capital work-in-progress	3	42.54	64.97
(c) Right-of-use assets	4	310.83	349.01
(d) Other intangible assets	5	6.15	17.03
(e) Intangible assets under development		99.58	37.72
(f) Financial assets			
(i) Investments	6	1.49	1.26
(ii) Loans	7	59.79	53.38
(g) Deferred tax assets (net)	33c	—	10.91
(h) Non-current tax assets (net)		185.15	201.92
(i) Other non-current assets	8	175.66	40.60
<b>Total non-current assets</b>		<b>3,657.48</b>	<b>3,605.57</b>
<b>(2) Current Assets</b>			
(a) Inventories	9	7,543.63	5,880.04
(b) Financial assets			
(i) Investments	10	2,902.04	859.87
(ii) Trade receivables	11	8,482.44	8,497.71
(iii) Cash and cash equivalents	12a	2,133.06	926.14
(iv) Bank balances other than cash and cash equivalents mentioned in (iii) above	12b	287.58	8.97
(v) Loans	13	77.27	79.32
(vi) Other financial assets	14	113.90	217.86
(c) Other current assets	15	1,503.41	986.13
<b>Total current assets</b>		<b>23,043.33</b>	<b>17,456.04</b>
<b>TOTAL ASSETS</b>		<b>26,700.81</b>	<b>21,061.61</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	16	4,991.46	4,991.46
(b) Other equity	17	10,420.54	7,226.07
(c) Non-controlling interests		1.01	—
<b>Total Equity</b>		<b>15,413.01</b>	<b>12,217.53</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
— Lease liabilities	18	153.33	194.00
(b) Provisions	19	292.04	251.37
(c) Deferred tax liabilities (net)	33c	50.40	—
<b>Total non-current liabilities</b>		<b>495.77</b>	<b>445.37</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	20	173.02	161.81
(ii) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	21	275.99	180.31
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	21	5,707.30	4,729.16
(iii) Other financial liabilities	22	3,497.54	2,354.43
(b) Other current liabilities	23	1,081.92	802.18
(c) Provisions	24	56.26	96.64
(d) Current tax liabilities		—	74.18
<b>Total Current liabilities</b>		<b>10,792.03</b>	<b>8,398.71</b>
<b>Total Liabilities</b>		<b>11,287.80</b>	<b>8,844.08</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,700.81</b>	<b>21,061.61</b>
Significant accounting policies	2		
The accompanying notes 1 to 50 are an integral part of these Consolidated Ind AS Financial Statements.			

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah

Managing Director

DIN: 00488127

Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia

Executive Director

DIN: 07618601

Pravin D. Desai

Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
<b>REVENUE</b>			
<b>I. Revenue from operations</b>	25	<b>26,449.06</b>	24,247.49
<b>II. Other income</b>	26	<b>185.70</b>	107.08
<b>III. Total Income (I+II)</b>		<b>26,634.76</b>	24,354.57
<b>IV. Expenses</b>			
Cost of materials consumed	27	<b>15,647.21</b>	12,871.14
Purchase of stock-in-trade		<b>2,087.90</b>	1,911.15
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	<b>(1,181.28)</b>	1,293.43
Employee benefits expense	29	<b>1,942.82</b>	1,792.61
Finance costs	30	<b>55.55</b>	55.13
Depreciation and amortisation expense	3, 4 & 5	<b>465.83</b>	409.70
Other expenses	31	<b>3,083.74</b>	3,047.31
<b>Total Expenses (IV)</b>		<b>22,101.77</b>	21,380.47
<b>V. Profit before Exceptional Items and Tax</b>		<b>4,532.99</b>	2,974.10
<b>Exceptional Items</b>	32	—	308.89
<b>VI. Profit before Tax</b>		<b>4,532.99</b>	2,665.21
<b>VII. Tax expense:</b>			
1. Current Tax	33	<b>1,074.98</b>	788.10
2. Adjustment of tax relating to earlier years		<b>(57.36)</b>	(33.24)
3. Deferred Tax credit		<b>61.31</b>	(136.60)
<b>Total Tax Expenses (VII)</b>		<b>1,078.93</b>	618.26
<b>VIII. Profit for the Year (VI-VII)</b>		<b>3,454.06</b>	2,046.95
<b>IX. Other comprehensive income</b>			
<b>A. Items that will not be reclassified to Profit or Loss</b>			
Remeasurements of defined benefit liability		<b>17.23</b>	(80.43)
Income tax related to items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		<b>(4.34)</b>	20.24
		<b>12.89</b>	(60.19)
<b>B. Items that will be reclassified to Profit or Loss</b>			
Exchange difference arising on translation of foreign operations		<b>3.09</b>	9.10
<b>Total other comprehensive income for the year (IX)</b>		<b>15.98</b>	(51.09)
<b>X. Total comprehensive income for the year (VIII + IX)</b>		<b>3,470.04</b>	1,995.86
<b>Profit for the year</b>			
Attributable to:			
Equity holders of the parent		<b>3,454.06</b>	2,046.95
Non-controlling interests		<b>3,453.05</b>	2,046.95
		<b>1.01</b>	—
<b>XI. Earnings per equity share (Face value of ₹ 10 each)</b>			
Basic and diluted earnings per share	34	<b>6.92</b>	4.10
Significant accounting policies	2		
The accompanying notes 1 to 50 are an integral part of these Consolidated Ind AS Financial Statements.			

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah

Managing Director

DIN: 00488127

Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia

Executive Director

DIN: 07618601

Pravin D. Desai

Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### (a) Equity share capital

	Note	Amount
As at 31 March, 2019	16	2,745.88
Changes in equity share capital during the year		2,245.58
<b>As at 31 March, 2020</b>	16	<b>4,991.46</b>
As at 1 April, 2020		4,991.46
Changes in equity share capital during the year		—
<b>As at 31 March 2021</b>	16	<b>4,991.46</b>

### (b) Share Pending Issuance

	Note	Amount
As at 31 March, 2019	16a	2,245.58
Shares issued during the year		2,245.58
<b>As at 31 March, 2020</b>	16a	<b>—</b>
Shares issued during the year		—
<b>As at 31 March 2021</b>	16a	<b>—</b>

### (c) Other equity

Particulars	Reserves & Surplus			Other comprehensive income	Total Other equity
	General Reserve	Securities Premium	Retained earnings	Foreign Currency Translation reserve	
<b>Balance as at 1 April 2019</b>	<b>518.14</b>	<b>2,350.60</b>	<b>2,602.05</b>	<b>21.71</b>	<b>5,492.50</b>
Profit for the year	—	—	2,046.95	—	2,046.95
Other comprehensive income for the year (net of tax)	—	—	(60.19)	9.10	(51.09)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,986.76</b>	<b>9.10</b>	<b>1,995.86</b>
Dividend on equity shares for the year	—	—	(215.35)	—	(215.35)
Dividend Distribution Tax (DDT)	—	—	(46.94)	—	(46.94)
Transfer to General Reserve	3,250.00	—	(3,250.00)	—	—
<b>Balance as at 31 March 2020</b>	<b>3,768.14</b>	<b>2,350.60</b>	<b>1,076.52</b>	<b>30.81</b>	<b>7,226.07</b>
Profit for the period	—	—	3,453.05	—	3,453.05
Other comprehensive income for the year (net of tax)	—	—	12.89	3.09	15.98
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>3,465.94</b>	<b>3.09</b>	<b>3,469.03</b>
Transfer to General Reserve	2,750.00	—	(2,750.00)	—	—
Dividend on equity shares	—	—	(274.56)	—	(274.56)
<b>Balance at 31 March 2021</b>	<b>6,518.14</b>	<b>2,350.60</b>	<b>1,517.90</b>	<b>33.90</b>	<b>10,420.54</b>

Refer note 17 B for nature and purpose of reserves

The accompanying notes 1 to 50 are an integral part of these Consolidated Ind AS Financial Statements.

As per our report of even date attached.

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah  
Managing Director  
DIN: 00488127

Anil Nawal  
Chief Financial Officer

Place: Mumbai  
Date: 28 May 2021

Sushil Marfatia  
Executive Director  
DIN: 07618601

Pravin D. Desai  
Vice President & Company Secretary

Place: Mumbai  
Date: 28 May 2021

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>4,532.99</b>	2,665.21
<b>Adjustments for:</b>		
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	<b>318.62</b>	409.70
Amortization and impairment of right-of-use assets	<b>147.21</b>	—
Provision for Trade Receivables / written off	<b>205.24</b>	85.13
Excess Provisions in respect of earlier years written back (net)	<b>(6.27)</b>	(4.95)
Profit on sale / disposal of property, plant and equipment	<b>(0.29)</b>	(0.70)
Profit on sale of Investment	<b>(73.85)</b>	(15.46)
Property, plant and equipment written off	<b>0.01</b>	0.27
Interest income	<b>(99.52)</b>	(39.20)
Mark to market of FVTPL investment	<b>0.10</b>	0.10
Dividend income	<b>—</b>	(3.95)
Interest expenses	<b>55.55</b>	55.13
Unrealised exchange differences (net)	<b>(1.91)</b>	(28.98)
Operating cash flow before working capital changes	<b>5,077.88</b>	3,122.30
<b>Working capital adjustments</b>		
(Increase) in Trade receivables	<b>(188.76)</b>	(1,783.56)
Decrease / (Increase) in Inventories	<b>(1,663.59)</b>	925.79
Decrease / (Increase) in Other non current assets and current assets	<b>(517.08)</b>	194.28
Decrease / (Increase) in Other non current financial assets and current financial assets	<b>106.66</b>	(56.02)
Decrease / (Increase) in Long term & short term Loans	<b>(6.93)</b>	21.35
(Decrease) / Increase in Trade payables	<b>1,083.92</b>	6.60
Increase in Long term and short term provisions	<b>17.52</b>	86.65
Increase in Other non current liabilities and current financial liabilities	<b>1,144.29</b>	580.65
(Decrease) / Increase in Other non current and other current Liabilities	<b>279.74</b>	(69.92)
<b>Cash generated from operating activities</b>	<b>5,333.65</b>	3,028.12
Income taxes paid (net of refund)	<b>(1,079.37)</b>	(814.14)
<b>Net cash flows generated from operating activities (A)</b>	<b>4,254.28</b>	2,213.98
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment, and intangible assets	<b>(432.64)</b>	(379.99)
Proceeds from sale of property, plant and equipment	<b>4.42</b>	2.98
Purchase of investments	<b>(4,581.79)</b>	(4,622.37)
Proceeds from sale of investments	<b>2,613.14</b>	3,778.01
Loans given to employees	<b>(0.17)</b>	(0.28)
Bank balances not considered as cash and cash equivalents (net):		
Investments in Bank Deposits (having original maturity of more than three months)	<b>(1,616.90)</b>	(0.11)
Maturity of Bank Deposits (having original maturity of more than three months)	<b>1,337.70</b>	—
Interest received	<b>99.52</b>	39.20
Dividend received	<b>—</b>	3.95
<b>Net cash flows used in investing activities (B)</b>	<b>(2,576.72)</b>	(1,178.61)

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>C. Cash flow from financing activities</b>		
Repayments of short-term borrowings (net)	—	(197.45)
Payment of Lease liability	(180.91)	(137.21)
Interest and other borrowing cost paid	(14.58)	(17.03)
Dividend paid	(275.15)	(215.24)
Tax on distributed profits	—	(46.94)
<b>Net cash flows used in financing activities (C)</b>	<b>(470.64)</b>	<b>(613.87)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>1,206.92</b>	<b>421.50</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>926.14</b>	<b>504.64</b>
<b>Cash and cash equivalents at the end of the year (Refer note 12a)</b>	<b>2,133.06</b>	<b>926.14</b>

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7, 'Statement of Cash Flows'
- Reconciliation of liabilities from financing activities, including both changes arising from cash flows and non-cash changes, has been given below:

Particulars	For the year ended 31 March 2020	Cash flows Additions / (Repayments)	Non-Cash Changes	For the year ended 31 March 2021
Short-term borrowings	—	—	—	—
Lease Liabilities (including short term maturity)	355.81	(180.91)	151.45	326.35
	<b>355.81</b>	<b>(180.91)</b>	<b>151.45</b>	<b>326.35</b>

Particulars	For the year ended 31 March 2019	Cash flows Additions / (Repayments)	Non-Cash Changes	For the year ended 31 March 2020
Short-term borrowings	—	—	—	—
Lease Liabilities (including short term maturity)	—	(137.21)	493.02	355.81
	<b>—</b>	<b>(137.21)</b>	<b>493.02</b>	<b>355.81</b>

Significant accounting policies

2

The accompanying notes 1 to 50 are an integral part of these Consolidated Ind AS Financial Statements.

As per our report of even date attached

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No: 324982E/E300003

Jayesh Gandhi

Partner

Membership No: 037924

Place: Mumbai

Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah

Managing Director

DIN: 00488127

Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 28 May 2021

Sushil Marfatia

Executive Director

DIN: 07618601

Pravin D. Desai

Vice President & Company Secretary

Place: Mumbai

Date: 28 May 2021

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**1 CORPORATE INFORMATION**

Sumitomo Chemical India Limited ('SCIL' or 'the Company') was incorporated originally on 15 February 2000 and converted from Private Limited to Public Limited w.e.f. 24 November 2018. SCIL is a subsidiary of Sumitomo Chemical Company Limited, Japan ('SCCL'). The Company's registered office is at Building No. 1, Ground Floor, Shant Manor Co-Op Housing Society Limited, Chakravarti Ashok 'X' Road, Kandivali (East), Mumbai – 400101 and its corporate office is at 13/14 Aradhana Industrial Development Corporation, Near Virwani Industrial Estate, Goregaon (East), Mumbai – 400 063. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is primarily engaged in manufacturing and sales of Household Insecticides, Agricultural Pesticides, Public Health Insecticides and Animal Nutrition Products. The Consolidated Ind AS Financial Statements comprise the Company and its subsidiaries (referred to collectively as 'the Group')

**2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation and Measurement**

**a) Basis of preparation**

These Consolidated Ind AS Financial Statements have been prepared in accordance with Indian Accounting standards ("Ind AS") as notified, by the Ministry of Corporate Affairs, under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as subsequently amended and other relevant provisions of the act.

The Consolidated Ind AS Financial Statements for the year ended 31 March 2021 were approved for issue in accordance with the resolution of the Board of Directors on 28 May 2021.

The list of subsidiary companies considered for consolidation together with proportion of shareholding held by the Group is as follows:

Name of Subsidiaries	Country of Incorporation	As at 31 March 2021	As at 31 March 2020
Excel Crop Care (Europe) NV	Belgium	99%	99%
Excel Crop Care (Africa) Limited	Tanzania	99.94%	99.94%

**Current-non-current classification:**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non current.

a. An asset shall be classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date; or
- it is Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets.

b. All assets other than current assets shall be classified as non-current.

c. A liability shall be classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Current liabilities include the current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b) Basis of measurement**

These consolidated financial statement have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities (including derivative instruments) measured at fair value (Refer note 2.3 (n)),
- Defined benefit plans – plan assets/(liability) and share based payments measured at fair value (Refer note 40)

**c) Principles of consolidation**

The Group consolidates all the entities which are controlled by it. The Group establishes control when, it has the power over the entity, is exposed or has rights to variable return from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Group are consolidated from the date control commences until the date control ceases.

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**Consolidation procedure:**

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Ind AS Financial Statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The Business combinations policy explains how the group accounts for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Ind AS Financial Statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any interest retained in the form of subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the Statement of Profit and Loss.

**2.2 Measurement of fair values**

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred (Refer note 39 for information on detailed disclosures pertaining to measurement of fair values).

**2.3 Statement of significant accounting policies**

**a Property, plant and equipment**

*Recognition and measurement:*

Items of property, plant and equipment, other than freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is carried at cost and is not depreciated.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and all purchase applicable taxes, after deducting trade discounts and rebates.
- b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

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

Any gain or loss on derecognition of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs and related incidental expenses

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

*Subsequent expenditure:*

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

**b Intangible assets**

The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

Technical know-how fees for new product development is amortised over the period not exceeding five years from the date of agreement with supplier of technology.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Profit and Loss when the asset is derecognized.

**c Depreciation and amortisation**

Depreciation is provided, under the Straight Line Method, pro rata to the period of use, based on useful lives specified in Schedule II to the Act, except for the following items where useful lives estimated by the management based on internal technical assessment, past trends and expected operational lives differ from those provided in Schedule II of the Act. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used:

Leasehold land and leasehold improvements are amortised over the term of lease.

The key assets and related lives are:

Nature of asset	Life in Years
Furniture and fixtures	2 to 20
Office equipment	2 to 21
Vehicles	3 to 7
Buildings	5 to 38
Plant and machinery (including computers )	3 to 10
Electrical installation	10 to 15
Factory road	10

Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

Amortisation in respect of all the intangible assets is provided on straight line method over the useful lives of assets.

Nature of asset	Life in Years
Data Registration Expenses	3
Software and License and Registration	4
Technical Knowhow	5

**d Impairment of non-financial assets**

The carrying values of assets at each Balance Sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**e Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

- i) Raw materials and packing materials, components, stores and spares: Cost is determined on a moving weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventory.

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

- ii) Work-in-progress and finished goods: Cost includes direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity and other cost bringing the inventories at their present condition and location. Cost is determined on weighted average basis.
- iii) Traded products: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

**f Employee benefits**

**1) Short-term employee benefits**

**Defined contribution plans**

The Group makes contribution towards provident fund, pension fund, superannuation fund and employee's state insurance contribution to a defined contribution retirement benefit plan for qualifying employees. Both the employee and the Group makes monthly contribution equal to a specified percentage of the covered employee's salary or a fixed monthly contribution. The monthly contributions payable by the Group are charged to the Consolidated Statement of Profit and Loss as incurred.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders the service.

**2) Other long-term benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employees renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date. Provision in respect of leave encashment benefits has been made based on actuarial valuation carried out by an independent actuary at the balance sheet date using Projected unit cost method. The employees can avail upto a certain number of leaves as per the Group's policies in one year and accordingly the liability has been classified into current and non current in the financials.

**g Foreign currency transactions**

**i. Functional and Presentation currency**

The Group's Consolidated Ind AS Financial Statements are prepared in Indian Rupees (INR) which is also the Group's functional currency.

**ii. Initial recognition**

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**iii. Subsequent measurement**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

In respect of non-monetary items, where a gain or loss is recognized in other comprehensive income as required by other Ind AS, the exchange component of that gain or loss is also recognized in other comprehensive income.

NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

**iv. Group Companies**

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Consolidated Statement of Profit and Loss are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operations recognized in OCI is reclassified to Consolidated Statement of Profit and Loss as part of the gain or loss on disposal.

**h Income taxes**

Tax expense for the period comprises of current tax and deferred tax charge or credit. It is recognised in profit or loss except to the extent that it relates items recognised directly in equity or in OCI.

**Current taxes**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. For the purpose of computing income taxes management has applied the annual effective tax rate on to the profit before tax for the year ended 31 March 2021.

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

**Deferred taxes**

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**i Earnings per share**

The basic earnings per equity share ('EPS') is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares, outstanding during the year, except where the results would be anti-dilutive.

**j Provisions and contingencies**

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**k Research and development**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period expected future sales from the related project, not exceeding ten years.

**l Cash and cash equivalents**

In Cash flow statement, cash and cash equivalents includes cash in hand, bank balances, term deposits with banks and other short term highly liquid investments with original maturities within three months or less.

**m Revenue Recognition**

**i. Sale of goods**

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customers and when there are no longer any unfulfilled obligations. The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at transaction price, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Our customers have the contractual right to return goods only when authorised by the Group. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

**Return of Goods**

The Group uses the expected value method to estimate liability and corresponding adjustment to cost of sales for the goods that are expected to be returned.

**Rebates and Discounts**

Based on the value and volume of sales, the Group recognises liability towards rebates and discounts. Accordingly, sales are recognised after giving effect of the same.

**ii. Other income**

- a. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective rate of interest.
- b. Revenue in respect of insurance / other claims, Interest etc., is recognised only when it is reasonably certain that the ultimate collection will be made.
- c. Dividend income is recognised in profit or loss on the date on which right to receive the payment is established.
- d. Interest u/s 244A of Income tax Act, 1961 is recognised on realisation.

**iii. Sale of services**

Revenue from services contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of Goods and Service Tax.

**n Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency exchange forward contracts.

**i. Financial assets**

**Classification**

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**Impairment of financial assets**

Financial assets of the Group comprise of trade receivable and other receivables consisting of debt instruments e.g., loans, debt securities, deposits, and bank balance. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An impairment loss for trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Impairment losses if any, are recognised in Consolidated Statement of Profit or Loss for the period.

**Equity Investments:**

All equity investments are measured at fair value. Equity instruments, which are held for trading are classified as at FVTPL. For equity instruments other than held for trading, the Group has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**ii. Financial liabilities**

**Classification**

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives which are liabilities, shall be subsequently measured at fair value.

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

**Derivative financial instruments**

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Consolidated Statement of Profit and Loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

***o Borrowing Cost***

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted

***p Dividend***

The Group recognises a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorised and the distribution is no longer at the discretion of the Group on or before the end of the reporting period. As per Corporate laws in India, a distribution in the nature of final dividend is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

***q Segmental reporting***

As per Ind AS - 108, 'Operating Segments', if a financial statements contains both the Consolidated Ind AS Financial Statements of the parent that is within the scope of Ind AS - 108 as well as the parent's separate financial statements, segment information is required only in the Consolidated Ind AS Financial Statements. Accordingly, information required to be presented under Ind AS - 108 Operating Segments has been given in the Consolidated Ind AS Financial Statements.

NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

**r Common control business combinations**

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the standalone financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred in capital reserve.

**2.4 Key Accounting Estimates, judgments and assumptions**

The preparation of these Consolidated Ind AS Financial Statements in conformity with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the consolidated Balance Sheet and Statement of Profit and Loss. The management believes that the estimates used in preparation of these Consolidated Ind AS Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialize.

The areas involving critical estimates or judgments are:

**i. Property, plant and equipment & Intangible assets.**

Determination of the estimated useful lives of tangible and intangible assets and the assessment as to which components of the cost may be capitalized. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. (Refer note 2.3 (c))

**ii. Discounting of long-term financial instruments:**

All financial instruments are required to be measured at fair value on initial recognition. In case of financial instruments which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

**iii. Fair value of financial instruments:**

Derivatives are carried at fair value. Derivatives includes Foreign currency forward contracts, fair value of which, is determined using the fair value reports provided by respective merchant bankers. (Refer note 2.3 (n))

**iv. Impairment of Financial and Non Financial Asset:**

Impairment of financial and Non- financial assets (Refer note 2.3 (n) for Financial assets and Refer note 2.3 (d)) for Non financial assets)

**v. Recognition and measurement of provisions and contingencies:**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in other provisions. (Refer note 2.3 (j))

**vi. Assessment of lease transactions**

Management assesses the contractual terms of the lease agreements to evaluate whether it is a lease as per Ind AS 116 (Refer note 39)

**vii. Recognition and measurement of defined benefit obligations**

Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. (Refer note 2.3(f))

# SUMITOMO CHEMICAL INDIA LIMITED

CIN: L24110MH2000PLC124224

## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-3 Property, plant and equipment

#### For the year ended 31 March 2021

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2020	Additions	Disposals	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deduction during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Land - Freehold	117.62	—	—	117.62	—	—	—	—	117.62	117.62
Leasehold land	163.41	—	—	163.41	9.84	2.46	—	12.30	151.11	153.57
Factory road	4.08	—	—	4.08	2.20	—	—	2.20	1.88	1.88
Buildings	693.69	22.35	0.02	716.02	133.58	47.43	0.01	181.00	535.02	560.11
Plant & Machinery	2,352.97	208.18	2.33	2,558.82	577.20	208.48	1.50	784.18	1,774.64	1,775.77
Furniture and fixtures	62.73	2.18	0.12	64.79	34.73	6.81	0.08	41.46	23.33	28.00
Vehicles	83.29	2.93	5.23	80.99	29.44	12.57	3.50	38.51	42.48	53.85
Office equipments	64.83	2.55	0.90	66.48	29.96	7.59	0.83	36.72	29.76	34.87
Leasehold improvements	44.11	—	2.66	41.45	11.22	7.13	2.66	15.69	25.76	32.89
Electrical installations	71.40	14.33	—	85.73	23.65	9.79	—	33.44	52.29	47.75
Laboratory equipments	31.47	3.14	0.03	34.58	9.01	3.19	0.02	12.18	22.40	22.46
	3,689.60	255.66	11.29	3,933.97	860.83	305.45	8.60	1,157.68	2,776.29	2,828.77

### Capital work in progress

Capital work in progress as at 31 March 2021 is ₹ 42.54 million (31 March 2020: ₹ 64.97 million)

#### For the year ended 31 March 2020

BLOCK OF ASSET	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Land - Freehold	117.62	—	—	117.62	—	—	—	—	117.62	117.62
Leasehold land	163.41	—	—	163.41	7.38	2.46	—	9.84	153.57	156.03
Factory road	3.17	0.91	—	4.08	1.62	0.58	—	2.20	1.88	1.55
Buildings	678.78	14.91	—	693.69	88.85	44.73	—	133.58	560.11	589.93
Plant & Machinery	2,093.40	262.68	3.11	2,352.97	387.91	191.53	2.24	577.20	1,775.77	1,705.49
Furniture and fixtures	54.67	8.06	—	62.73	22.74	11.99	—	34.73	28.00	31.93
Vehicles	79.30	10.56	6.57	83.29	21.08	13.28	4.92	29.44	53.85	58.22
Office equipments	61.74	3.96	0.87	64.83	22.52	8.28	0.84	29.96	34.87	39.22
Leasehold improvements	8.46	35.65	—	44.11	7.01	4.21	—	11.22	32.89	1.45
Electrical installations	71.40	—	—	71.40	23.65	—	—	23.65	47.75	47.75
Laboratory equipments	31.47	—	—	31.47	9.01	—	—	9.01	22.46	22.46
	3,363.42	336.73	10.55	3,689.60	591.77	277.06	8.00	860.83	2,828.77	2,771.65

#### Notes:

- Buildings include ₹ 0.002 million (31 March 2020 : ₹ 0.002 million) being the value of shares in co-operative housing societies:
- The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in Note 41B
- The title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

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### Note-4 Right-of-use assets

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2020	Additions	Disposals	As at 31 March 2021	As at 1 April 2020	Charge for the year	Deduction during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Building	353.87	15.91	6.46	363.32	84.82	97.10	1.09	180.83	182.49	269.05
Vehicles	111.86	98.49	—	210.35	31.90	50.11	—	82.01	128.34	79.96
	465.73	114.40	6.46	573.67	116.72	147.21	1.09	262.84	310.83	349.01

### For the year ended 31 March 2020

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Building	—	353.87	—	353.87	—	84.82	—	84.82	269.05	—
Vehicles	—	111.86	—	111.86	—	31.90	—	31.90	79.96	—
	—	465.73	—	465.73	—	116.72	—	116.72	349.01	—

### Note-5 Other Intangible assets

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2021	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Data registration expenses	77.15	2.34	—	79.49	62.80	11.70	—	74.50	4.99	14.35
Software /License and Registration	13.49	—	—	13.49	10.81	1.52	—	12.33	1.16	2.68
Technical Know-how	9.45	—	—	9.45	9.45	—	—	9.45	—	—
	100.09	2.34	—	102.43	83.06	13.22	—	96.28	6.15	17.03

### For the year ended 31 March 2020

PARTICULARS	Gross Block			Accumulated Amortisation				Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Charge for the year	Deduction during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Data registration expenses	66.89	10.26	—	77.15	48.92	13.88	—	62.80	14.35	17.97
Software / License and Registration	12.30	1.19	—	13.49	8.92	1.89	—	10.81	2.68	3.38
Technical Know-how	9.45	—	—	9.45	9.45	—	—	9.45	—	—
	88.64	11.45	—	100.09	67.29	15.77	—	83.06	17.03	21.35

### Note-6 Non-current Investments

	Numbers		Amount	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<i>Investments carried at cost less accumulated impairment, if any</i>				
<b>A Investments at Fair value through Profit and loss</b>				
<b>Investments in Equity Instruments</b>				
<b>Investments in Other entities (Quoted)</b>				
Tata Steel Limited Face Value of ₹ 10 each fully paid-up	393	393	0.34	0.11
Tata Steel Limited Face Value of ₹ 10 each fully paid-up (previous year partly paid-up)	27	27	—	—
<b>Investments in Other entities (Unquoted)</b>				
Investment in co-operative societies	9132	9132	1.12	1.12
<b>B Investments stated at Amortised cost</b>				
<b>Investments in Government securities (Unquoted)</b>				
National Saving Certificates Face Value ₹ 0.03 million			0.03	0.03
<b>Total</b>			1.49	1.26
Aggregate Market Value of Quoted Investments			0.34	0.11
Aggregate amount of Quoted Investments			0.34	0.11
Aggregate amount of Unquoted Investments			1.15	1.15
Aggregate amount of impairment in value of investments			—	—

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### Note-7 Non-current loans (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Security deposits	52.20	45.27
Security deposits - credit impaired	2.71	2.71
Less: Allowance for doubtful deposit	(2.71)	(2.71)
Loans to employees	7.59	8.11
<b>Total</b>	<b>59.79</b>	<b>53.38</b>

### Note-8 Other non-current assets (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Capital advances	175.17	39.91
Prepaid expenses	0.49	0.69
<b>Total</b>	<b>175.66</b>	<b>40.60</b>

### Note-9 Inventories

	As at 31 March 2021	As at 31 March 2020
Raw Materials (Goods in transit: CY ₹ 429.36 mio (PY ₹ 466.01 mio))	2,651.68	2,255.62
Work-in-progress	435.69	288.20
Finished Goods (Goods in transit: CY ₹ 14.41 mio (PY ₹ 70.38 mio))	3,695.21	2,775.43
Stock-in-Trade (Goods in transit: CY ₹ 55.59 mio (PY ₹ 7.47 mio))	355.14	241.50
Containers and Packing Materials	369.94	284.19
Stores and Spares (including Fuel)	35.97	35.10
<b>Total</b>	<b>7,543.63</b>	<b>5,880.04</b>

### Note-10 Current Investments

Investment carried at fair value through Profit and Loss account	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	Quantity		Amount	
Investment in Mutual Fund (Quoted)				
ABSL Liquid Fund Regular Growth	764,260	—	251.68	—
Aditya Birla Sun Life Liquid Fund Reg - Growth	302,980	200,495	128.08	80.36
Aditya Birla Sun Life Savings Fund - Dir - Growth	300,508	349,281	128.27	111.62
Axis Ultra Short Term Fund	21,562,729	—	252.16	—
HDFC Liquid Fund Post IPO	—	31,256	—	121.39
HDFC Low Duration Fund - Dir - Growth	5,295,392	—	251.94	—
HDFC Ultra Short Term Fund - Reg - Growth	15,328,928	22,516,511	181.59	252.31
ICICI Prudential Money Market Fund - Dir- Growth	681,798	450,340	200.30	131.72
Kotak Liquid Fund Regular Growth	60,791	—	251.72	—
Kotak Liquid Fund Regular Plan Growth	61,935	—	256.46	—
Kotak M Fund Over Night	—	56,245	—	60.30
Kotak Savings Fund - Direct - Growth	2,979,685	—	103.34	—
Kotak Savings Fund - Growth Regular Plan	7,662,084	—	258.45	—
SBI Magnum Low Duration Fund - Dir - Growth	18,063	—	50.50	—
SBI Magnum Low Duration Fund - Growth	91,697	—	252.22	—
SBI Magnum Ultra Short Duration Fund - Direct - Growth	71,446	—	335.33	—
UTI Liquid Fund Cash Plan	—	31,560	—	102.17
<b>Aggregate carrying value of quoted Investment</b>			<b>2,902.04</b>	<b>859.87</b>
<b>Aggregate market value of quoted Investment</b>			<b>2,902.04</b>	<b>859.87</b>

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### Note-11 Trade receivables (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
Trade Receivables – unsecured considered good	8,482.44	8,497.71
Trade Receivables – credit impaired	440.25	437.42
	<b>8,922.69</b>	8,935.13
Less: Allowance for expected credit loss	440.25	437.42
	<b>8,482.44</b>	8,497.71

Note:

There are no outstanding trade receivables which resulted into significant increase in credit risk apart from receivables which are impaired and provided. Refer note 38 for information about credit risk and market risk of trade receivables.

### Note-12a Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balance with banks :		
In current account	340.28	813.53
In deposit accounts (with original maturity of less than three months)	1,792.50	111.80
Cash on hand	0.28	0.81
Cheques on hand	—	—
<b>Total</b>	<b>2,133.06</b>	926.14

For the purpose of the statement of cash flows, cash and cash equivalents comprises of all the above enlisted items.

### Note-12b Bank balances other than cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Deposits with remaining maturity more than 3 months but less than 12 months	279.28	0.08
In unpaid dividend accounts earmarked with banks*	8.30	8.89
<b>Total</b>	<b>287.58</b>	8.97

\* These balances are not available for use by the Group as they represent corresponding unclaimed dividend liabilities.

### Note-13 Current loans (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Security deposits		
Considered good – Unsecured	47.62	50.80
Loans to employees		
Considered good – Unsecured	22.62	21.93
Loans to employees – credit impaired	0.43	0.43
Less: Provision for doubtful loans	(0.43)	(0.43)
Earnest money deposit	4.21	4.33
Others	2.82	2.26
<b>Total</b>	<b>77.27</b>	79.32

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### Note-14 Other current financial assets (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Export incentive receivable	94.03	155.59
Derivatives – foreign exchange forward contracts	11.15	60.14
Others	8.72	2.13
<b>Total</b>	<b>113.90</b>	<b>217.86</b>

### Note-15 Other current assets (at amortised cost)

	As at 31 March 2021	As at 31 March 2020
<i>Unsecured, considered good unless otherwise stated</i>		
Balances with government authorities	1,050.47	793.57
Prepaid expenses	18.80	58.86
Contract asset	11.59	23.93
Others (advances other than capital advances)	422.55	109.77
<b>Total</b>	<b>1,503.41</b>	<b>986.13</b>

### Note-16 Equity share capital

	Number of shares As at 31 March 2021	Amount As at 31 March 2021	Number of shares As at 31 March 2020	Amount As at 31 March 2020
<b>Authorised:</b>				
Equity shares of ₹ 10 each	500,000,000	5,000.00	500,000,000	5,000.00
	500,000,000	5,000.00	500,000,000	5,000.00
<b>Issued, subscribed and paid-up:</b>				
Equity shares of ₹ 10 each, fully paid-up (Refer note 45)	499,145,736	4,991.46	499,145,736	4,991.46
	499,145,736	4,991.46	499,145,736	4,991.46

#### a) Reconciliation of number of shares outstanding at the beginning and end of the year

	As at 31 March 2021		As at 31 March 2020	
Equity shares	Number	Amount	Number	Amount
At the commencement of the year	499,145,736	4,991.46	274,588,095	2,745.88
Equity shares issued during the year	—	—	224,557,641	2,245.58
<b>At the end of the period</b>	<b>499,145,736</b>	<b>4,991.46</b>	<b>499,145,736</b>	<b>4,991.46</b>

#### b) Particulars of shareholders holding more than 5% of a class of shares

Name of shareholder	Relationship	As at 31 March 2021		As at 31 March 2020	
		No. of Shares	%	No. of Shares	%
Sumitomo Chemical Company Limited, Japan	Holding Company	374,359,300	75.00%	400,825,868	80.30%

#### c) Particulars of shares held by holding company and fellow subsidiary

Name of shareholder	Relationship	As at 31 March 2021		As at 31 March 2020	
		No. of Shares	%	No. of Shares	%
Sumitomo Chemical Company Limited, Japan*	Holding Company	374,359,300	75.00%	400,825,868	80.30%
SC Environmental Science Co. Ltd, Japan**	Fellow Subsidiary	2	0.00%	2	0.00%
		<b>374,359,302</b>	<b>75.00%</b>	<b>400,825,870</b>	<b>80.30%</b>

\* Including 5 shares held through its nominees.

\*\* 31.03.2021 held through a nominee (31.03.2020 held in its own name).

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### d) Terms/rights attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

### e) Dividend on Equity Share declared and paid during the period 01 April 2020 to 31 March 2021

	01 April 2020 to 31 March 2021	01 April 2019 to 31 March 2020
Interim dividend paid on 499,145,376 shares @ ₹ 0.20 per share in the previous year.	—	99.83
Dividend distribution tax on interim dividend above of the previous year.	—	20.52
Final dividend paid on 499,145,376 shares @ ₹ 0.55 per share (FY 2019-20 on 274,588,095 shares @ ₹ 0.22 per share)	<b>274.53</b>	60.41
Dividend distribution tax on final dividend above of the previous year.	—	12.42
Interim dividend paid on 11,005,630 shares @ ₹ 6.25 per share in the previous year.	—	55.04
Dividend distribution tax on interim dividend above of the previous year.	—	14.00
	<b>274.53</b>	<b>262.22</b>
	<b>01 April 2020 to 31 March 2021</b>	<b>01 April 2019 to 31 March 2020</b>
<b>Dividend on equity shares not recognised as liability</b>		
Proposed Final dividend on 499,145,376 shares @ ₹ 0.80 per share (FY 2019-20: ₹ 0.55 per share) on equity shares of ₹ 10 each	<b>399.32</b>	274.53
	<b>399.32</b>	<b>274.53</b>

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### Note-17 Other equity

#### A. Summary of Other equity balance

	As at 31 March 2021	As at 31 March 2020
<b>General reserve</b>		
Balance at the beginning of the year	3,768.14	518.14
Add: Amount transferred from Retained earnings	2,750.00	3,250.00
<b>Balance at the end of the year</b>	<b>6,518.14</b>	<b>3,768.14</b>
<b>Securities premium</b>	<b>2,350.60</b>	<b>2,350.60</b>
<b>Foreign Currency Translation Reserve</b>		
Balance as per last financial statements	30.81	21.71
Add / (Less) : Exchange difference during the year on account of net investments in Non-integral foreign operations	3.09	9.10
<b>Closing balance</b>	<b>33.90</b>	<b>30.81</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	1,076.52	2,602.05
<b>Additions during the year:</b>		
Profit for the period	3,453.05	2,046.95
Other comprehensive income for the year, net of tax	12.89	(60.19)
<b>Reductions during the year:</b>		
Dividends	(274.56)	(160.31)
Income Tax on dividend	—	(33.06)
Interim dividend	—	(55.04)
Tax on Interim Dividend	—	(13.88)
Transfer to General Reserve	(2,750.00)	(3,250.00)
<b>Net surplus of retained earnings</b>	<b>1,517.90</b>	<b>1,076.52</b>
<b>Balance at the end of the year</b>	<b>10,420.54</b>	<b>7,226.07</b>

#### B. Nature and purpose of each reserves

##### 1. General Reserve

The General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/utilised by the Group in accordance with the Companies Act, 2013.

##### 2. Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. The Securities Premium is utilised in accordance with the provisions of the Companies Act, 2013

##### 3. Share pending issuance

Share pending issuance represents shares to be issued for pursuant to merger of Excel Crop Care Limited with the Company (Refer note 45).

##### 4. Retained Earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

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### Note-18 Non-current lease liabilities

	As at 31 March 2021	As at 31 March 2020
Liability towards lease asset	153.33	194.00
	<u>153.33</u>	<u>194.00</u>

### Note-19 Non-current provisions

	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Compensated absences	242.53	212.65
Gratuity (Refer note 41)	49.51	38.72
<b>Total</b>	<u>292.04</u>	<u>251.37</u>

### Note-20 Current lease liabilities

	As at 31 March 2021	As at 31 March 2020
Liability towards lease asset	173.02	161.81
<b>Total</b>	<u>173.02</u>	<u>161.81</u>

### Note-21 Trade payables

	As at 31 March 2021	As at 31 March 2020
Due to micro enterprises and small enterprises (Refer note 42)	275.99	180.31
Due to others	5,707.30	4,729.16
<b>Total</b>	<u>5,983.29</u>	<u>4,909.47</u>

### Note-22 Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Salary, wages and bonus payable	324.76	264.48
Security and trade deposits	331.18	285.12
Unclaimed dividend	8.30	8.89
Derivative financial liabilities - forward contracts	28.87	31.35
Provision for Discount and Scheme	2,804.43	1,764.59
<b>Total</b>	<u>3,497.54</u>	<u>2,354.43</u>

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### Note-23 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Contract liabilities (advance received from customers)	545.28	443.77
Statutory dues (including provident fund, tax deducted at source and others)	517.93	345.83
Other payables	18.71	12.58
<b>Total</b>	<b>1,081.92</b>	<b>802.18</b>

### Note-24 Current provisions

	As at 31 March 2021	As at 31 March 2020
<b>Provision for employee benefits</b>		
Compensated absences	23.09	16.49
Gratuity (Refer note 40)	33.17	80.15
<b>Total</b>	<b>56.26</b>	<b>96.64</b>

### Note-25 Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Sale of products</b>	<b>26,232.56</b>	<b>23,912.05</b>
<b>B. Sale of services</b>	<b>0.61</b>	<b>1.55</b>
<b>C. Other operating revenue</b>		
a) Export incentives	165.65	267.30
b) Commission income	8.35	5.26
c) Excess Provisions in respect of earlier years written back (net)	6.27	4.95
d) Miscellaneous receipts	35.62	56.38
	<b>215.89</b>	<b>333.89</b>
<b>Total</b>	<b>26,449.06</b>	<b>24,247.49</b>

#### a. Revenue information

Revenue by product categories

##### Agro Chemicals

	For the year ended 31 March 2021	For the year ended 31 March 2020
Domestic	20,084.34	17,654.20
Export	4,418.03	4,681.00
<u>Others</u>	<b>1,730.19</b>	<b>1,576.85</b>
Domestic	321.27	308.13
High Seas Sales	1,408.92	1,268.72
<b>Total</b>	<b>26,232.56</b>	<b>23,912.05</b>

#### b. Reconciliation of the amount of revenue recognised in the Interim consolidated Statement of Profit and Loss with the contracted price

	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue as per contracted price	30,120.79	26,984.92
Rebates/Discounts	3,529.88	2,762.26
Sales returns	358.35	310.61
<b>Revenue from contract with customers</b>	<b>26,232.56</b>	<b>23,912.05</b>

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### c. Contract Balances

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables (Refer note 11)	8,482.44	8,497.71
Contract assets (Refer note 15)	11.59	23.93
Contract liabilities (Refer note 23)	545.28	443.77

Note:

Contract assets represents right to receive the inventory (on estimated sales returns) and contract liabilities represents advances received from customers for sale of goods at the reporting date.

### d. Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b><u>Contract assets</u></b>		
Opening Balance	23.93	24.59
Less : Revenue recognized during the year from balance at the beginning of the year	(23.93)	(24.59)
Add : Advance received during the year not recognized as revenue	—	—
Interest income/expense for the year	—	—
Add : Revenue in respect of earlier years recognized during the year	—	—
Add : Contract assets created for right to receive inventory on estimated sales return.	11.59	23.93
Transfer from contract assets to receivables	—	—
Closing Balance	11.59	23.93
<b><u>Contract liabilities</u></b>		
Opening Balance	443.77	539.08
Less : Revenue recognized during the year from balance at the beginning of the year	—	—
Add : Advance received during the year not recognized as revenue	545.28	443.77
Interest income/expense for the year	—	—
Add : Revenue in respect of earlier years recognized during the year	—	—
Add : Revenue recognized during the year apart from above	—	—
Less : Revenue recognized during the year	(443.77)	(539.08)
Closing Balance	545.28	443.77

### Note-26 Other Income

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Interest income</b>		
On interest income on security deposits	99.52	25.41
On income tax refund	—	13.79
<b>Dividend income</b>		
On quoted equity instruments measured at Fair value through Profit & loss	—	0.01
On mutual fund investments	—	3.94
Net profit on sale of Investments	73.85	15.46
<b>Other non operating income</b>		
Rent received	0.12	0.11
Net profit on sale of property, plant & equipment	0.29	0.70
Miscellaneous income	11.92	47.66
<b>Total</b>	<b>185.70</b>	<b>107.08</b>

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### Note-27 Cost of materials consumed

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Raw materials consumed</b>		
Opening Inventory	2,255.62	1,888.78
Add: Purchases (Net)	14,345.95	11,849.88
	16,601.57	13,738.66
Less: Closing Inventory (Refer note 9)	2,651.68	2,255.62
	13,949.89	11,483.04
<b>Containers and packing materials consumed</b>		
Opening Inventory	284.19	295.72
Add: Purchases (Net)	1,783.07	1,376.57
	2,067.26	1,672.29
Less: Closing Inventory (Refer note 9)	369.94	284.19
	1,697.32	1,388.10
<b>Total cost of materials consumed</b>	15,647.21	12,871.14

### Note-28 Changes in inventories of finished goods, work in progress and stock-in-trade

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Opening Inventories :</b>		
Work in progress	288.20	331.37
Finished goods	2,774.09	3,964.69
Stock-in-Trade	242.61	301.95
<b>Less: Closing Inventories:</b>		
Work in progress (Refer note 9)	435.69	288.20
Finished goods (Refer note 9)	3,695.21	2,775.43
Stock-in-Trade (Refer note 9)	355.28	240.95
<b>Changes In Inventories:</b>		
Work in progress	(147.49)	43.17
Finished goods	(921.12)	1,189.26
Stock-in-Trade	(112.67)	61.00
<b>Total</b>	(1,181.28)	1,293.43

### Note-29 Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus etc.	1,717.71	1,573.79
Contribution to provident and other funds (Refer note 40)	91.83	92.76
Gratuity expense (Refer note 40)	49.60	33.90
Staff welfare expenses	83.68	92.16
	1,942.82	1,792.61

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### Note-30 Finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on leased liabilities	40.97	38.10
Others	14.58	17.03
	<u>55.55</u>	<u>55.13</u>

### Note-31 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Other expenses</b>		
Processing / Sub-contracting charges	74.74	36.36
Contract and labour charges	282.85	266.24
Carriage and freight	667.01	579.07
Power and fuel	265.14	275.05
Stores and spares consumed	63.09	62.28
Repairs and maintenance		
Buildings	3.54	6.41
Plant and equipment	117.18	160.55
Others	34.78	43.39
Rent	32.16	65.37
Rates and taxes	13.05	18.81
Insurance	57.84	45.48
Travelling and conveyance	152.57	242.59
Sales promotion and advertisement	389.99	407.55
Donations	1.80	1.69
Commission	58.15	64.89
Corporate social responsibility (Refer note 44)	51.40	45.47
Provision for Trade Receivables / written off	205.24	85.13
Directors sitting fees	1.34	1.20
Property, plant and equipment written off	0.01	0.27
Exchange difference (net)	32.65	46.58
Research and development	7.84	6.65
Product testing expenses	11.84	32.19
Communication expenses	11.36	13.73
Legal and professional fees	216.94	157.57
Bank charges	13.71	15.73
Payment to auditors	5.70	10.67
Security charges	20.01	20.74
Miscellaneous expenses	291.81	335.65
	<u>3,083.74</u>	<u>3,047.31</u>

### Note-32 Exceptional Items

	For the year ended 31 March 2021	For the year ended 31 March 2020
Merger related cost (refer note 45)	—	308.89
	<u>—</u>	<u>308.89</u>

Note: These expenses includes mainly stamp duty expenses and professional fees

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## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-33 Income taxes

#### A. The major components of Income tax expenses for the year is as under:

##### (i) Income tax recognized in the Statement of Profit and Loss:

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax</b>		
In respect of current year	1,074.98	788.10
Adjustment of tax related to earlier years	(57.36)	(33.24)
On remeasurements of the defined benefit plans	4.34	—
<b>Deferred tax Charge/ (credit)</b>		
Origination and reversal of temporary difference	61.31	(136.60)
<b>Income tax expense recognized in the Statement of Profit and Loss</b>	<b>1,083.27</b>	<b>618.26</b>

##### (ii) Deferred Tax related to items recognised in other comprehensive income

	For the year ended 31 March 2021	For the year ended 31 March 2020
On remeasurements of the defined benefit plans	—	20.24
	—	20.24

#### B. Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit before tax</b>	<b>4,532.99</b>	2,665.21
Statutory Income Tax Rate	25.168%	25.168%
Expected Income tax Expenses	1,140.86	670.78
<b>Tax effect of:</b>		
Tax effect on non-deductible expenses	(11.61)	(9.67)
Deduction under section 80JJAA	0.93	0.41
Effect of income that is exempted from tax	13.47	0.99
Interest on tax expense not deductible for tax purposes	—	(0.81)
Impact of change in rate	—	40.82
Education cess claimed as deductible expenses	10.70	7.61
Difference in tax rate (lower / higher) due to different jurisdiction	(2.69)	(3.62)
Others	(10.57)	(16.45)
<b>Tax expense as per profit or loss</b>	<b>1,140.63</b>	651.50
Adjustment in respect of current income tax of previous year	(57.36)	(33.24)
<b>Total Income Tax Expense</b>	<b>1,083.27</b>	<b>618.26</b>

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### C. The major components of deferred tax (liabilities) / assets arising on account of temporary differences are as follows:

Movement during the year 01 April 2020 to 31 March 2021	Net deferred tax asset/(liability) 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/(liability) 31 March 2021	Deferred tax asset	Deferred tax liability
Depreciation	(382.03)	23.67	—	(358.36)	—	(358.36)
Provision for doubtful debts and advances	109.16	(50.87)	—	58.29	58.29	—
Fair value gain/(loss) on investments	0.03	—	—	0.03	0.03	—
Expenses allowable for tax purposes when paid	93.66	(6.84)	—	86.82	86.82	—
Amortisation of expenses u/s 35 DD	72.70	(19.05)	—	53.65	53.65	—
Liability towards Lease Assets	92.24	(8.22)	—	84.02	84.02	—
Other temporary differences	25.15	—	—	25.15	25.15	—
<b>Deferred tax liabilities (net)</b>	<b>10.91</b>	<b>(61.31)</b>	<b>—</b>	<b>(50.40)</b>	<b>307.96</b>	<b>(358.36)</b>

Movement during the year 01 April 2019 to 31 March 2020	Net deferred tax asset/(liability) 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/(liability) 31 March 2020	Deferred tax asset	Deferred tax liability
Depreciation	(403.57)	21.54	—	(382.03)	—	(382.03)
Provision for doubtful debts and advances	127.36	(18.20)	—	109.16	109.16	—
Fair value gain/(loss) on investments	(0.01)	0.04	—	0.03	0.03	—
Expenses allowable for tax purposes when paid	90.95	(17.53)	20.24	93.66	93.66	—
Amortisation of expenses u/s 35 DD	8.39	64.31	—	72.70	72.70	—
Liability towards Lease Assets	—	92.24	—	92.24	92.24	—
Other temporary differences	30.96	(5.81)	—	25.15	25.15	—
<b>Deferred tax liabilities (net)</b>	<b>(145.92)</b>	<b>136.60</b>	<b>20.24</b>	<b>10.91</b>	<b>392.94</b>	<b>(382.03)</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group does not have any intention to dispose of its freehold and leasehold land in the foreseeable future, therefore, deferred tax asset on indexation benefit in relation to these assets has not been recognized.

### Note-34 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to owners of the Group by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. There are no dilutive impacts, therefore Basic EPS and Diluted EPS is same.

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Earnings per share has been computed as under:</b>		
<b>Profit attributable to owners of the Group for basic earnings (A)</b>	<b>3,453.05</b>	2,046.95
Weighted average number of equity shares for the purpose of basic and dilutive earnings per share		
Number of shares at the beginning of the year	<b>499,145,736</b>	274,588,095
Equity shares issued pursuant to scheme of amalgamation (Refer note 45)	—	224,557,641
<b>Number of equity shares outstanding at the end of the year (B)</b>	<b>499,145,736</b>	499,145,736
<b>Basic and diluted earnings per share (Face value of ₹ 10 each)</b>	<b>6.92</b>	4.10

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**Note-35 Capital Management**

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern.

The Group has adequate cash and bank balances. The Group monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements.

**Note-36 Related Party disclosures**

**A. Names of the related parties where control exists irrespective of whether transactions have occurred or not:**

**(1) Holding Company**

Sumitomo Chemical Company Limited, Japan

**(2) Post Employment Benefit Plans entity**

Sumitomo Chemical India Gratuity Trust

Excel Crop Care Superannuation Trust

Excel Crop Care Gratuity Trust

**B. Names of other related parties with whom transactions have taken place during the period:**

**(1) Fellow Subsidiaries**

Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)

Valent BioSciences LLC - USA

Sumitomo Chemical Asia Pte Limited - Singapore

Mycorrhizal Applications, LLC - USA

Sumitomo Chemical Colombia SA

Sumitomo Chemical Argentina SA

**(2) Key Management Personnel**

**i) Executive Directors**

Chetan Shah (Managing Director)

Kiyoshi Takayama (Executive Director - Planning and Coordination Office) (resigned w.e.f. 31 December .2019)

Akira Harada – (Executive Director) (resigned w.e.f. 10 May 2019)

Sushil Marfatia (Executive Director)

Hisayuki Hoshi (Whole time Director) (10 May 2019 to 31 August 2019)

**ii) Non Executive Directors**

Dr. Mukul G. Asher

B. V. Bhargava

Tadashi Katayama

Preeti Mehta

Ninad D Gupte (Joint Managing Director upto 31 August 2019)

**iii) Chief Financial Officer**

Anil Nawal

**iv) Company Secretary**

Pravin D Desai

Rasika Kulkarni (resigned w.e.f. 31 August 2019)

**(3) Relatives of Key Management Personnel**

Mrs. Minoti Ninad Gupte (Wife of Ninad Gupte)

**(4) Enterprises controlled by key management personnel and their relatives:**

Kanga & Company

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### Disclosures of transactions between the Group and the Related parties and the status of outstanding balances as at 31 March 2021

	31 March 2021	31 March 2020
<b>Sale of Goods (Net of rebate and discount)</b>		
Sumitomo Chemical Company Limited	883.11	775.13
Sumitomo Chemical Asia Pte Limited	2.01	1.87
Sumitomo Chemical Colombia SA	28.44	—
Sumitomo Chemical Argentina SA	111.33	—
Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)	478.97	—
<b>Sale of Services</b>		
Sumitomo Chemical Company Limited	0.59	1.55
<b>Purchase of Goods</b>		
Sumitomo Chemical Company Limited	2,902.97	2,378.02
Valent BioSciences LLC	628.58	484.01
Mycorrhizal Applications, LLC	—	42.67
<b>Purchase of Services</b>		
Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)	9.78	9.49
Kanga & Company	0.26	0.49
<b>Commission Income</b>		
Sumitomo Chemical Company Limited	5.80	2.62
<b>Miscellaneous Income - Technical Service</b>		
Sumitomo Chemical Company Limited	2.95	16.58
Mycorrhizal Applications, LLC	2.91	—
<b>Reimbursement of expenses (net)</b>		
Sumitomo Chemical Company Limited	133.12	57.84
Valent BioSciences LLC	(4.37)	(7.58)
Sumitomo Chemical Asia Pte Limited	6.20	15.66
Mycorrhizal Applications, LLC	(2.91)	(5.09)
<b>Contribution to Funds</b>		
Sumitomo Chemical India Gratuity Trust	7.25	4.56
Excel Crop Care Superannuation Trust	17.31	5.73
<b>Advances paid</b>		
Excel Crop Care Gratuity Trust	61.31	8.67
<b>Dividend paid</b>		
Sumitomo Chemical Company Limited, Japan	214.96	171.52
<b>Remuneration</b>		
Chetan Shah	64.04	43.96
Ninad D Gupte	—	19.34
Akira Harada	—	3.31
Sushil Marfatia	21.66	22.99
Kiyoshi Takayama	—	13.70
Hisayuki Hoshi	—	6.18
Anil Nawal	10.43	9.09
Pravin D Desai	7.85	7.07
Rasika Kulkarni	—	1.21

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	31 March 2021	31 March 2020
<b>Retainership fees</b>		
Ninad Gupte	—	6.58
<b>Dividend paid</b>	<b>0.01</b>	0.01
<b>Payments to Non-Executive Directors (including sitting fees)</b>	<b>8.54</b>	6.16
<b>Outstanding as at 31 March 2021:</b>		
<b>Trade Receivables</b>		
Sumitomo Chemical Company Limited	<b>32.13</b>	27.89
Valent BioSciences LLC	<b>2.91</b>	2.49
Sumitomo Chemical Colombia SA	<b>18.74</b>	—
Sumitomo Chemical Argentina SA	<b>70.58</b>	—
Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)	<b>241.25</b>	—
<b>Trade Payables</b>		
Sumitomo Chemical Company Limited	<b>1,514.85</b>	1,239.30
Valent BioSciences LLC	<b>153.57</b>	122.67
Sumitomo Chemical Asia Pte Limited	<b>5.58</b>	9.35
<b>Commission payable to directors</b>	<b>37.20</b>	28.63
<b>Terms and conditions of transactions with related parties</b>		
All Related Party Transactions entered during the period were in ordinary course of the business and are on arm's length basis.		
For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.		
The above remuneration to Key Management personnel compensation excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation of the Group's liability to all its employees.		
<b>Note-37 Leases</b>		
At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.		
i) Right-of-use assets		
The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:		
Warehouses: "Put the life" On the basis of the tenure of the lease agreement		
Vehicles: " Put the life" On the basis of the tenure of the lease agreement		
The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.		

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### ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company presents lease liabilities in 'Financial Liabilities' in the Balance Sheet.

### iii) Short term leases and leases of low value of assets

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### Amount recognised in the Statement of Profit and Loss

Particulars	Classified Under	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of right-of-use assets	Depreciation and amortisation expense	147.21	116.72
Interest expenses on lease assets	Finance costs	40.97	38.10
Expenses relating to short term leases	Other expenses	32.16	65.37

Refer Note 4 for additions to right-of-use assets and the carrying amount of right-of-use assets as at 31 March 2021 and 31 March 2020.

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(i) Lease Liabilities	153.33	194.00
<b>Current</b>		
(i) Lease Liabilities	173.02	161.81

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## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-38 Financial Instruments

#### A. Accounting classification and Fair Value hierarchy

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2021	Carrying amount/ Fair Value				Fair value Hierarchy			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
<b>Non-current</b>								
Investments								
Equity Instruments in Tata Steel Limited	0.34	—	—	0.34	0.34	—	—	0.34
Equity instrument in Co-operative society	1.12	—	—	1.12	—	1.12	—	1.12
Government Securities	—	—	0.03	0.03	—	—	—	—
Loans	—	—	59.79	59.79	—	—	—	—
<b>Current</b>								
Investment in Mutual Fund	2,902.04	—	—	2,902.04	2,902.04	—	—	2,902.04
Trade receivables	—	—	8,482.44	8,482.44	—	—	—	—
Cash and cash equivalents	—	—	2,133.06	2,133.06	—	—	—	—
Other bank balances	—	—	287.58	287.58	—	—	—	—
Loans	—	—	77.27	77.27	—	—	—	—
Derivative Assets	11.15	—	—	11.15	—	11.15	—	11.15
Export incentives receivable	—	—	94.03	94.03	—	—	—	—
Other financial assets	—	—	8.72	8.72	—	—	—	—
	<b>2,914.65</b>	<b>—</b>	<b>11,142.92</b>	<b>14,057.57</b>	<b>2,902.38</b>	<b>12.27</b>	<b>—</b>	<b>2,914.65</b>
<b>Financial liabilities</b>								
<b>Non-current</b>								
Liability towards lease asset	—	—	153.33	153.33	—	—	—	—
<b>Current</b>								
Trade payables	—	—	5,983.29	5,983.29	—	—	—	—
Liability towards lease asset	—	—	173.02	173.02	—	—	—	—
Derivative liabilities	—	—	28.87	28.87	—	28.87	—	28.87
Other financial liabilities	—	—	3,468.67	3,468.67	—	—	—	—
	<b>—</b>	<b>—</b>	<b>9,807.18</b>	<b>9,807.18</b>	<b>—</b>	<b>28.87</b>	<b>—</b>	<b>28.87</b>
<b>As at 31 March 2020</b>								
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
<b>Non-current</b>								
Investments								
Equity Instruments in Tata Steel Limited	0.11	—	—	0.11	0.11	—	—	0.11
Equity instrument in Co-operative societies	1.12	—	—	1.12	—	1.12	—	1.12
Government Securities	—	—	0.03	0.03	—	—	—	—
Loans	—	—	53.38	53.38	—	—	—	—
<b>Current</b>								
Investment in Mutual Fund	859.87	—	—	859.87	859.87	—	—	859.87
Trade receivables	—	—	8,497.71	8,497.71	—	—	—	—
Cash and cash equivalents	—	—	926.14	926.14	—	—	—	—
Other bank balances	—	—	8.97	8.97	—	—	—	—
Loans	—	—	79.32	79.32	—	—	—	—
Derivative Assets	60.14	—	—	60.14	—	60.14	—	60.14
Export incentives receivable	—	—	155.59	155.59	—	—	—	—
Other financial assets	—	—	2.13	2.13	—	—	—	—
	<b>921.24</b>	<b>—</b>	<b>9,723.27</b>	<b>10,644.51</b>	<b>859.98</b>	<b>61.26</b>	<b>—</b>	<b>921.24</b>
<b>Financial liabilities</b>								
<b>Non current</b>								
Liability towards lease asset	—	—	194.00	194.00	—	—	—	—
<b>Current</b>								
Trade payables	—	—	4,909.47	4,909.47	—	—	—	—
Liability towards lease asset	—	—	161.81	161.81	—	—	—	—
Derivative liabilities	31.35	—	—	31.35	—	31.35	—	31.35
Other financial liabilities	—	—	2,323.08	2,323.08	—	—	—	—
	<b>31.35</b>	<b>—</b>	<b>7,588.36</b>	<b>7,619.71</b>	<b>—</b>	<b>31.35</b>	<b>—</b>	<b>31.35</b>

The carrying amounts for current borrowings, cash and bank balances, trade and other receivables and trade payables approximate their respective fair values as the impact of discounting is not expected to be material.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

### B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Sensitivity of the input to fair value	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Market comparison technique:  The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable
Non current financial assets / liabilities measured at amortised cost	Discounted cash flow technique :  The valuation model considers present value of expected payments discounted using an appropriate discounting rate.	Not applicable	Not applicable

### C. Financial risk management objectives and policies

The activities of the Group exposes it to a number of financial risks namely market risk, credit risk and liquidity risk. The Group seeks to minimize the potential impact of unpredictability of the financial markets on its financial performance.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### a. Management of Credit risk

Credit risk refers to the risk of default on its obligations by a counterparty to the Group resulting in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (trade receivables) and investment securities.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Group has no concentration of credit risk as the customer base is widely distributed.

Summary of the ageing for trade receivables are as follows:

Particulars	Carrying amount (in INR) as at 31 March 2021		
	Estimated total gross carrying amount at default	ECL- simplified approach	Net carrying amount
<b>Not due &amp; Due &lt; 181 days</b>	8,296.92	64.91	<b>8,232.01</b>
<b>Past due</b>			
181 Days to 1 Year	184.08	35.05	<b>149.03</b>
> 1 Year to 2 Year	275.23	173.93	<b>101.30</b>
> 2 Year to 3 Year	95.18	95.08	<b>0.10</b>
Above 3 Year	71.28	71.28	—
	<b>8,922.69</b>	<b>440.25</b>	<b>8,482.44</b>

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### *Expected credit loss assessment for customers as at 31 March 21*

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows.

Particulars	Amount ₹
Balance as at 1 April 2019	368.04
Add: Impairment loss recognised / (reversed)	69.38
Less: Amounts written off	—
Balance as at 31 March 2020	437.42
Add: Impairment loss recognised	2.83
Less: Amounts written off	—
<b>Balance as at 31 March 2021</b>	<b>440.25</b>

The impairment loss at 31 March 2021 related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

### **Investments**

The Group limits its exposure to credit risk by investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

### **b. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities sanctioned with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

### **Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Liability towards lease asset	326.35	380.36	159.54	220.82	—
Trade Payables	5,983.29	5,983.29	5,983.29	—	—
Other Financial Liabilities	3,468.67	3,468.67	3,468.67	—	—
<b>Derivative financial liabilities</b>					
<b>Current liabilities</b>					
Forward Exchange Contracts	28.87	28.87	28.87	—	—
	<b>9,807.18</b>	<b>9,861.19</b>	<b>9,640.37</b>	<b>220.82</b>	<b>—</b>

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31 March 2020		Contractual cash flows			
Particulars	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>					
Liability towards lease asset	326.35	423.12	155.39	267.73	—
Trade Payables	4,909.47	4,909.47	4,909.47	—	—
Other Financial Liabilities	2,323.08	2,323.08	2,323.08	—	—
<b>Derivative financial liabilities</b>					
<b>Current liabilities</b>					
Forward Exchange Contracts	31.35	31.35	31.35	—	—
	<b>7,590.25</b>	<b>7,687.02</b>	<b>7,419.29</b>	<b>267.73</b>	<b>—</b>

### c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, price risk and currency rate risk. Financial instruments affected by market risk includes borrowings, foreign currency receivables/payables, investments and derivative financial instruments. The Group has international trade operations and is exposed to a variety of market risks, including currency and interest rate risks.

#### i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Group mitigates the foreign exchange risk by setting appropriate exposure limits, periodic monitoring of the exposures and hedging exposures using derivative financial instruments like foreign exchange forward contracts. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. However the operating results and financials of the Group may not be impacted due to volatility of the rupee against foreign currencies as the exposure is generally fully hedged.

#### Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities as at 31 March 2021 & 31 March 2020 are as below:

	31 March 2021 USD	31 March 2021 EURO	31 March 2021 Others
<b>Financial assets</b>			
Cash and cash equivalents	7.52	—	1.07
Trade and other receivables	1,462.17	69.08	—
	<u>1,469.69</u>	<u>69.08</u>	<u>1.07</u>
<b>Financial liabilities</b>			
Trade and other payables	1,881.84	6.07	108.49
	<u>1,881.84</u>	<u>6.07</u>	<u>108.49</u>
Net statement of financial position exposure	(412.15)	63.01	(107.42)
Forward exchange contracts - Sell	1,428.79	63.92	—
Forward exchange contracts - Buy	(1,579.09)	—	—
	31 March 2020 USD	31 March 2020 EURO	31 March 2020 Others
<b>Financial assets</b>			
Cash and cash equivalents	7.35	—	2.36
Trade and other receivables	1,310.32	72.96	—
	<u>1,317.67</u>	<u>72.96</u>	<u>2.36</u>
<b>Financial liabilities</b>			
Trade and other payables	1,829.81	2.66	55.79
	<u>1,829.81</u>	<u>2.66</u>	<u>55.79</u>
Net statement of financial position exposure	(512.14)	70.30	(53.43)
Forward exchange contracts - Sell	1,056.14	72.75	—
Forward exchange contracts - Buy	(1,475.97)	—	—

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### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US Dollars and EURO would have affected the measurement of financial instruments denominated in US dollars and EURO and affected the profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

#### Effect in INR

##### 31 March 2021

##### 1% movement

	Profit or loss	
	Strengthening	Weakening
USD	5.62	(5.62)
EUR	(1.27)	1.27
Others	1.07	(1.07)
	<u>5.42</u>	<u>(5.42)</u>

#### Effect in INR

##### 31 March 2020

##### 1% movement

	Profit or loss	
	Strengthening	Weakening
USD	(1.55)	1.55
EUR	(0.44)	0.44
Others	0.12	(0.12)
	<u>(1.87)</u>	<u>1.87</u>

### ii) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not have any exposure to interest rate risks since its investments are all in fixed rate instruments.

### Exposure to interest rate risk

Group's interest rate risk arises primarily from borrowings. Since there are no borrowings in the current year, the interest rate profile of the Group's interest-bearing financial instruments is ₹ Nil.

### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### iii) Equity risk

The Group's investments in listed and non-listed equity securities are susceptible to market price risk arising from uncertainties in the financial market. The investment in listed and unlisted equity securities are not significant.

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## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-39 Segment Information

#### A. General Information

##### (a) Factors used to identify the entity's reportable segments, including the basis of organisation

For management purposes, the Group is organised into business units based on its products and services and two reportable segments, as follows:

- Agro Chemicals
- Others

#### B. Information about reportable segments

31 March 2021

Particulars	Reportable segments		
	Agro Chemicals	Others	Total
<b>Revenue</b>			
Operating revenue	24,502.37	1,730.19	26,232.56
Other income	210.70	5.80	216.50
Total segment revenue	24,713.07	1,735.99	26,449.06
Unallocated revenue			185.70
Total revenue			26,634.76
<b>Segment results</b>	4,692.75	126.02	4,818.77
Unallocated corporate expenses			230.23
Profit before interest and finance charges and tax			4,588.54
Finance costs			55.55
Profit after interest and finance charges but before Exceptional Items & tax			4,532.99
Exceptional Items			—
Profit after interest and finance charges but before tax			4,532.99
Tax expenses			
— Current tax			1,074.98
— Previous Year Adjustments			(57.36)
— Deferred tax			61.31
Profit for the year			3,454.06
<b>Segment assets</b>	22,726.84	673.41	23,400.25
Unallocated corporate assets			3,300.56
Total assets			26,700.81
<b>Segment liabilities</b>	10,045.71	869.99	10,915.70
Unallocated corporate liabilities			372.10
Total liabilities			11,287.80
<b>Capital expenditure</b>	255.56	—	255.56
Unallocated corporate capital expenditure			0.10
Total capital expenditure			255.66
<b>Depreciation and amortization</b>	447.76	0.71	448.47
Unallocated depreciation and amortization			17.36
Total depreciation and amortization			465.83

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### 31 March 2020

#### Particulars

#### Reportable segments

	Agro Chemicals	Others	Total
<b>Revenue</b>			
Operating revenue	22,335.21	1,576.84	23,912.05
Other income	332.35	3.09	335.44
Total segment revenue	22,667.56	1,579.93	24,247.49
Unallocated revenue			107.08
Total revenue			24,354.57
<b>Segment results</b>	3,007.26	115.23	3,122.49
Unallocated corporate expenses			93.26
Profit before interest and finance charges and tax			3,029.23
Finance costs			55.13
Profit after interest and finance charges but before Exceptional Items & tax			2,974.10
Exceptional Items			308.89
Profit after interest and finance charges but before tax			2,665.21
Tax expenses			
— Current tax			788.10
— Previous Year Adjustments			(33.24)
— Deferred tax (credit)			(136.60)
Profit for the year			2,046.95
<b>Segment assets</b>	19,602.99	610.30	20,213.29
Unallocated corporate assets			848.32
Total assets			21,061.61
<b>Segment liabilities</b>	8,031.36	534.12	8,565.48
Unallocated corporate liabilities			278.61
Total liabilities			8,844.09
<b>Capital expenditure</b>	336.63	0.05	336.68
Unallocated corporate capital expenditure			11.50
Total capital expenditure			348.18
<b>Depreciation and amortization</b>	397.71	0.80	398.51
Unallocated depreciation and amortization			11.19
Total depreciation and amortization			409.70

### C. Geographic information

Further, the Group has considered the export operations as a separately identifiable geographic segment due to operations in the Japan and other countries. The Group has identified secondary segments based on geographic locations and has reported India and outside India as geographic segments as below:

	As at 31 March 2021	As at 31 March 2020
<b>Segment revenue</b>		
India	21,814.53	19,231.05
Outside India	4,418.03	4,681.00
<b>Total revenue</b>	<u>26,232.56</u>	<u>23,912.05</u>
	As at 31 March 2021	As at 31 March 2020
<b>Segment assets*</b>		
India	3,590.86	3,545.59
Outside India	5.34	5.34
<b>Total assets</b>	<u>3,596.20</u>	<u>3,550.93</u>

\*Non-current assets are excluding financial instruments and deferred tax assets.

### D. Information about major customers

Revenues from no single external customer represented more than 10% of the Group's total revenues.

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### Note-40 Employee benefits

The Group contributes to the following post-employment plans.

#### (A) Defined Contribution Plans:

- I) Provident Fund is a defined contribution scheme established under a State Plan.
- II) Superannuation Fund is a defined contribution scheme. The scheme is funded with an insurance company in the form of a qualifying insurance policy.
- III) Contribution to Employees State Insurance Corporation (ESIC)

Current service cost included under the head Contribution to Provident Fund and other funds in Note 30 'Employee benefits expense':

	31 March 2021	31 March 2020
Provident Fund and Family Pension Fund	62.08	60.29
Superannuation Fund	19.39	19.04
ESIC	1.91	3.52
Other funds	8.45	9.91
	<b>91.83</b>	<b>92.76</b>

#### (B) Defined Benefit Plan:

Gratuity Plan is classified as a defined benefit plan as the Group's obligation is to provide agreed benefit plan to members. Actuarial and investment risks are borne by the Group.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	31 March 2021	31 March 2020
Defined benefit obligation	506.89	467.43
Fair value of plan assets	424.21	348.56
<b>Net defined benefit obligation</b>	<b>82.68</b>	<b>118.87</b>

#### i. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Opening balance</b>	<b>467.43</b>	340.32	<b>348.56</b>	330.76	<b>118.87</b>	9.56
<b>Included in profit or loss:</b>						
Current service cost	48.19	28.98	—	—	48.19	28.98
Past service cost	—	5.12	—	—	—	5.12
Interest cost (income)	25.78	24.14	24.37	24.34	1.41	(0.20)
Sub-total included in Statement of Profit and Loss					<b>49.60</b>	33.90
	<b>541.40</b>	398.55	<b>372.93</b>	355.10	<b>168.47</b>	43.46
<b>Included in OCI</b>						
<b>Remeasurement loss (gain):</b>						
<b>Actuarial loss (gain) arising from:</b>						
Financial assumptions	(3.33)	42.80	—	—	(3.33)	42.80
Experience adjustment	(12.18)	35.82	—	—	(12.18)	35.82
Return on plan assets excluding interest income	—	—	1.72	(1.81)	(1.72)	1.81
Sub-total included in OCI	—	—	—	—	<b>(17.23)</b>	80.43
	<b>525.89</b>	477.18	<b>374.65</b>	<b>353.29</b>	<b>151.24</b>	123.89
<b>Other</b>						
Contributions paid by the employer	—	—	68.56	5.02	(68.56)	(5.02)
Benefits paid	(19.00)	(9.75)	(19.00)	(9.75)	—	—
<b>Closing balance</b>	<b>506.89</b>	467.43	<b>424.21</b>	348.56	<b>82.68</b>	118.87

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### The components of defined benefit plan cost are as follows:

Particulars	31 March 2021	31 March 2020
<b>Recognised in Profit or Loss</b>		
Current service cost	48.19	28.98
Net interest cost	1.41	(0.20)
Past service cost	—	5.12
Expected return on plan assets	—	—
<b>Total</b>	<b>49.60</b>	<b>33.90</b>
<b>Recognised in Other Comprehensive Income</b>		
Remeasurement of net defined benefit liability/(asset)	(17.23)	80.43

### ii. Plan assets

Plan assets comprise the following

	31 March 2021	31 March 2020
Insurer Managed Funds (Life Insurance Corporation of India)	100%	100%

### iii. Actuarial assumptions

The following were the key actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
Discount rate	6.85%	6.80%
Future salary growth	9.75% p.a	10% for the next 1 year & 9.75% thereafter
Mortality rate	Indian Assured Lives Mortality (2012-14) Table	Indian Assured Lives Mortality (2006-08) Table

### iv. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	480.68	535.57	113.09	89.74
Future salary growth (0.50% movement)	534.50	381.37	90.20	112.78

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

### v. Expected future cash flows

The expected future cash flows in respect of gratuity as at year end is as follows:

Particulars	31 March 2021	31 March 2020
Up to 1 year	48.63	27.10
Between 1-2 years	35.67	35.36
Between 2-6 years	90.17	89.95
6 to 10+ years	211.25	194.39

The average duration of the defined benefit plan obligation at the end of the reporting period is upto 12.04 years (31 March 2020: 14 years).

### (C) Other long-term employee benefits:

Compensated absences are payable to employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement. The charge towards compensated absences for the period ended 31 March 2021 based on actuarial valuation using the projected accrued benefit method is ₹ 41.29 millions. (31 March 2020 ₹ 75.00 millions) In the coming financial year it is expected to remain in the similar range.

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## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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### Note-41 Contingent liabilities and Commitments

#### A) Contingent liabilities

	As at 31 March 2021	As at 31 March 2020
a. In respect of tax matters		
Demand raised by authorities against which the Company has filed an appeal		
i) Income Tax	86.23	97.01
ii) Excise duty	0.73	0.73
iii) Service tax	15.67	15.67
iv) Customs Duty	2.30	2.30
v) VAT / Sales Tax	4.68	2.59
vi) GST	4.16	0.79
b. In respect of other matters		
i) Claims against the Company not acknowledged as debts	155.19	153.02
ii) The Code on Social Security 2020 has been notified in the Official Gazette on 29 September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective and the rules framed thereunder are notified.		

The Group's pending litigations comprise of claims against the Group primarily by the customers and proceedings pending with tax authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on the financial statements. Future cash outflows/uncertainties, if any, in respect of above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Group does not expect any reimbursements in respect of the above contingent liabilities.

#### B) Commitments

	As at 31 March 2021	As at 31 March 2020
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	298.47	86.67

### Note 42: Total outstanding dues of micro enterprises and small enterprises (as per the intimation received from vendors)

	As at 31 March 2021	As at 31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	266.78	168.91
Interest	9.21	11.40
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	—	—
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	1,349.64	1,480.78
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	7.15	10.22
The amount of interest accrued and remaining unpaid at the end of each accounting period		
2019-20	0.40	11.40
2020-21	8.81	—
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	9.21	11.40

# SUMITOMO CHEMICAL INDIA LIMITED

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## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-43 Research and Development Expenditure

	As at 31 March 2021	As at 31 March 2020
(a) Research and Development costs, as certified by the Management, debited to the Statement of Profit and Loss (in respective heads of accounts) are as under:		
(i) Revenue expenses	91.11	97.89
(ii) Depreciation and Amortisation of expenses	22.07	20.09
	<b>113.18</b>	<b>117.98</b>
(b) Capital Expenditure incurred during the year on Research and Development	<b>13.38</b>	8.46

### Note-44 Corporate Social Responsibility

The Company is required to spend ₹ 51.40 million towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

	As at 31 March 2021	As at 31 March 2020
(a) Gross amount required to be spent by the Company during the year	51.40	45.97
(b) Amount spent during the year		
(i) Construction / acquisition of any assets		
(ii) On purpose other than (i) above		
For the previous year	0.50	—
For the current year	43.82	45.47
(c) Amount unspent during the year	7.08	0.50

### Note-45 Merger of Excel Crop Care Limited (ECCL) with the Company

On 1 August 2018, the Board had approved a Scheme of Amalgamation ("Scheme") for amalgamation of ECCL with the Company in accordance with the provisions of Sections 230 – 232 read with other relevant provisions of the Companies Act, 2013.

The Hon'ble National Company Law Tribunal, Mumbai Bench ("Hon'ble NCLT") approved and sanctioned the Scheme by its Order dated 27 June 2019. Certified copy of the Order of the Hon'ble NCLT was filed with the Registrar of Companies, Maharashtra, on 31 August 2019 and accordingly the Scheme became effective from the said date ("Effective Date").

As provided for in the Scheme, the Authorized Share Capital of ₹ 60 million of ECCL has been consolidated with the Authorized Share Capital of the Company and the Authorized Share Capital of the Company stands increased to ₹ 5,000 million.

Consequent to the Scheme becoming effective, the entire business and the undertaking of ECCL (together with all the estate, properties, assets, rights, claims, title and authorities, benefits, liabilities and interest therein and subject to existing charges thereon in favour of banks and financial institutions) stand transferred to and vested in the Company. The Appointed Date under the Scheme is 1 April 2018. Accordingly, accounting impact of the amalgamation was given in the financial statements for the year ended 31 March 2019.

Pursuant to the Scheme, 21,99,448 Shares of ECCL held by the Company (representing about 19.98% of its share capital) stand cancelled. On 7 October 2019, the Board of Directors of the Company issued and allotted to the other shareholders of ECCL, its shares in the ratio of 51 (fifty one) equity shares of ₹ 10 each fully paid up of the Company for every 2 (two) equity shares of ₹ 5 each fully paid up of ECCL based on the shareholding as on 31 August 2019 (the Record Date).

**NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021**

(Currency: Indian Rupees in million)

**Note 46: Changes in Ind AS and related pronouncements effective at a future date**

Amendment in Schedule III to Companies Act, 2013:

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with the Companies (Indian Accounting Standards) Rules 2015 (as amended) are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

**Note-47 Events after the Reporting period**

There are no significant events after the reporting period, that would require adjustments or disclosures in the Consolidated Ind AS Financial Statements as on the Balance Sheet date.

**Note-48 COVID 19 Impact**

Global pandemic Covid-19, which broke out in the last quarter of FY 2019-20, caused severe impact globally and in India. India announced country-wide strict lockdown in the last week of March 2020 and such measures continued to be in force in gradually relaxed form. The Company's operations have been classified as 'essential' and hence not much affected by the lock-down. By the second half of the financial year 2020-21, majority of the functions including sales & distribution, procurement, supply chain, logistics and corporate functions became near-normal, duly following safety guidelines, without any material adverse impact on the operations of the Company.

Unfortunately, the financial year 2021-22 has begun with outbreak of second wave of Covid-19, which is turning out more contagious and has infected several Company employees, their family members, the Company's business partners and their employees. Various state governments have imposed lockdown-like restrictions which have impacted economic and commercial activities in the country. The Company's manufacturing operations have also been impacted, but not materially. In view of virus spread to rural and semi-rural areas and that too very close to the upcoming monsoon season, one has to watch out for its overall impact on the industry and the Company in the coming days, though at present the impact for the Company is not material.

# SUMITOMO CHEMICAL INDIA LIMITED

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## NOTES TO THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency: Indian Rupees in million)

### Note-49 Statutory group information as required under Schedule III to the Companies Act ,2013 with respect to Consolidated Ind AS Financial Statements.

Name of the entity	31 March 2021							
	Net Assets		Share in profit or (loss)		OCI		Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated Total Comprehensive Income	Amount
	1	2	3	4	5	6	7	8
Parent - Sumitomo Chemical India Limited	99.13%	15,278.29	99.97%	3,452.97	80.66%	12.89	99.88%	3,465.86
<b>Subsidiaries</b>								
<i>Foreign</i>								
1. Excel Crop Care (Europe) NV	0.64%	98.94	-0.27%	(9.28)	0.00%	—	-0.27%	(9.28)
2. Excel Crop Care (Africa) Limited	0.27%	41.56	0.28%	9.61	0.00%	—	0.28%	9.61
Adjustment arising out of consolidation	-0.04%	(5.78)	0.02%	0.76	19.34%	3.09	0.11%	3.85
<b>TOTAL</b>	<b>100.00%</b>	<b>15,413.01</b>	<b>100.00%</b>	<b>3,454.06</b>	<b>100.00%</b>	<b>15.98</b>	<b>100.00%</b>	<b>3,470.04</b>

Name of the entity	31 March 2020							
	Net Assets		Share in profit or (loss)		OCI		Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated Total Comprehensive Income	Amount
	1	2	3	4	5	6	7	8
Parent - Sumitomo Chemical India Limited	98.93%	12,086.99	100.46%	2,056.30	117.81%	(60.19)	100.01%	1,996.11
<b>Subsidiaries</b>								
<i>Foreign</i>								
1. Excel Crop Care (Europe) NV	0.87%	106.22	-0.39%	(8.07)	0.00%	—	-0.40%	(8.07)
2. Excel Crop Care (Africa) Limited	0.29%	34.90	0.19%	3.94	0.00%	—	0.20%	3.94
Adjustment arising out of consolidation	-0.09%	(10.58)	-0.26%	(5.22)	-17.81%	9.10	0.19%	3.88
<b>TOTAL</b>	<b>100.00%</b>	<b>12,217.53</b>	<b>100.00%</b>	<b>2,046.95</b>	<b>100.00%</b>	<b>(51.09)</b>	<b>100.00%</b>	<b>1,995.86</b>

**Note 50: The figures for the previous year have been regrouped/reclassified wherever considered necessary.**

As per our report of even date attached.

For S R B C & CO LLP  
Chartered Accountants  
Firm's Registration No: 324982E/E300003

Jayesh Gandhi  
Partner  
Membership No: 037924

Place: Mumbai  
Date: 28 May 2021

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited  
CIN: L24110MH2000PLC124224

Chetan Shah  
Managing Director  
DIN: 00488127

Anil Nawal  
Chief Financial Officer

Place: Mumbai  
Date: 28 May 2021

Sushil Marfatia  
Executive Director  
DIN: 07618601

Pravin D. Desai  
Vice President & Company Secretary

Place: Mumbai  
Date: 28 May 2021

CIN: L24110MH2000PLC124224

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