

SCIL/SEC/2020-21
13th August, 2020

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. 2019-20

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 2019-20. The Annual Report for F.Y. 2019-20 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



SUMITOMO CHEMICAL INDIA LIMITED

ANNUAL REPORT 2019-20

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

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SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

BOARD OF DIRECTORS

MUKUL G. ASHER, *Chairman*

CHETAN SHAH, *Managing Director*

SUSHIL MARFATIA, *Executive Director*

HIROYOSHI MUKAI

B. V. BHARGAVA

NINAD D. GUPTE

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 TWENTIETH ANNUAL GENERAL MEETING of the Members of SUMITOMO CHEMICAL INDIA LIMITED will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") **on Thursday, the 10th September, 2020, 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, 2020 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. Ninad D. Gupte** (DIN: 00027523), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To appoint **Mr. Masanori Uzawa** as a Director liable to retire by rotation and in this regard to consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, Mr. Masanori Uzawa (DIN: 08782828), who was appointed as an Additional Director of the Company with effect from 10th July, 2020 by the Board of Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 ("the Act") and who holds office up to the date of this annual general meeting and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

5. 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 duties and reimbursement of actual out-of-pocket expenses fixed by the Board of Directors of the Company payable to M/s. Kishore Bhatia & Associates, Cost Accountants (Registration Number: 00294) in respect of the cost audit for the financial year 2020-21 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 May 5, 2020 read with Circular No. 14/2020 dated April 8, 2020 and Circular No. 17/2020 dated April 13, 2020 (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 its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the annual general meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorisation shall be sent to the Scrutinizer by email through their registered email address to pddiwan@yahoo.co.in with copies marked to the Company at investor.relations@sumichem.co.in and to its RTA at 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. **The 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 Agent ("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/their 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 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 2019-20 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 dated May 12, 2020 issued by SEBI. Members may note that the Notice of annual general meeting and Annual Report for the financial year 2019-20 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 purposes 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. 4 and 5 is annexed hereto.
9. The Company has fixed **Thursday, the 3rd September, 2020** as the '**Record Date**' for determining members entitled to receive dividend for the financial year 2019-20, subject to approval by the members in the annual general meeting.
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 Tuesday, the 15th September, 2020, 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 Thursday, the 3rd September, 2020 (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.

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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 |

Details of dividend declared by Excel Crop Care Limited (which amalgamated with the Company) and remaining unclaimed for the year 2012-13 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 |
|---------------------|-----------------------|----------------------|---|
| 31.07.2013 | 2012-13 | 3.00 | 06.09.2020 |
| 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.

- **Log-in to e-Voting website of Link Intime India Private Limited (LIPL)**

1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.

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2. Click on “Login” tab, available under ‘Shareholders’ section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on “SUBMIT”.
4. Your User ID details are given below:
 - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
 - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
 - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on “Sign Up” tab available under ‘Shareholders’ section register your details and set the password of your choice and confirm (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).

| For Shareholders holding shares in Demat Form or Physical Form | |
|---|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none">• Members who have not updated their PAN with Depository Participant or the Company are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field. |
| DOB/ DOI | Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or the Company in dd/mm/yyyy format. |
| Bank Account Number | Enter the Bank Account number (Last Four Digits) as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none">• Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (4-c). |

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/ or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (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)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View “Event No” of the company, you choose to vote.
7. On the voting page, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting. 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’.
8. If you wish to view the entire Resolution details, click on the ‘View Resolutions’ File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “YES”, else to change your vote, click on “NO” and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on “Print” option on the Voting page.

- **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <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.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular “Event”.
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions (“FAQs”) and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.

17. **Instructions for Shareholders/Members to Attend the Annual General Meeting through InstaMeet**

- 1) Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 30 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 be closed 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, Chair Persons 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 schedule time of the meeting and window for joining shall be kept open till the expiry of 30 (thirty) minutes after the schedule 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 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 the Shareholders/Members have any queries or issues regarding e-voting, they can write an email to instameet@linkintime.co.in or Call us: - 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 a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at investor.relations@sumichem.co.in from 5th September, 2020 (9.00 a.m.) to 8th September, 2020 (5.00 p.m.).

Only those shareholders/members, who have registered themselves as speaker, 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 their name, demat account number/folio number, email id, mobile number to 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 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**’.

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

20. The remote e-voting period begins on **Monday, the 7th September, 2020 (09.00 a.m.)** and ends on **Wednesday, the 9th September, 2020 (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 **Thursday, the 3rd September, 2020**, 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). 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.

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 shall be placed on the Company’s website www.sumichem.co.in and on the website of the RTA i.e. www.linkintime.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, 10th July, 2020

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CIN: U24110MH2000PLC124224

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

Item No. 4

The Board of Directors at its meeting held on 10th July, 2020 appointed Mr. Masanori Uzawa (DIN: 08782828) as Additional Director of the Company. Under Section 161 of the Companies Act, 2013 ("the Act"), Mr. Masanori Uzawa holds office up to the date of this annual general meeting.

The Company has received a notice from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Masanori Uzawa for the office of Director of the Company.

The Company has also received from Mr. Masanori Uzawa consent in writing to act as a Director and intimation to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013.

The Nomination and Remuneration Committee of the Company has recommended to the Board and the members, appointment of Mr. Masanori Uzawa as Non-Executive Non-Independent Director.

In the opinion of the Board of Directors, Mr. Masanori Uzawa is person of integrity, possesses relevant expertise and experience and fulfills the conditions for appointment specified in the Companies Act, 2013 and the Companies (Appointment & Qualification of Directors) Rules, 2014.

In the Board's opinion, the appointment of Mr. Masanori Uzawa as Director of the Company would be of immense benefit to the Company. Accordingly, the Board recommends his appointment as Director of the Company.

The Ordinary Resolution at Item No. 4 seeks approval of the members for appointment of Mr. Masanori Uzawa as a Director of the Company liable to retire by rotation.

Except Mr. Masanori Uzawa, 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. 4.

Following are the particulars of Mr. Masanori Uzawa:

| | |
|---|---|
| Name of the Director | Mr. Masanori Uzawa |
| Date of Birth | 03.09.1977 |
| Date of Appointment | 10.07.2020 |
| Qualifications | Master's degree in Business Administration from University of Virginia, USA and a Bachelor's degree from the University of Tokyo in Japan |
| Expertise in specific functional areas | Strategy, planning and business development for crop protection and other chemical businesses |
| Experience | 19 years |
| Other Indian companies in which directorship held | None |
| Other companies in which committee membership/ chairmanship held | None |
| No. of shares held in the Company as on 31st March, 2020 | None |
| Relationship with other Directors and KMPs | None |
| Number of Board Meeting(s) attended during the year 2019-20 | NA |
| Remuneration drawn in 2019-20 | NA |
| Remuneration and other terms and conditions of Appointment | Mr. Masanori Uzawa has instructed the Company not to pay him sitting fees for Board/Committee meetings and commission of Non-Executive Directors. |

Item No. 5

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. Kishore Bhatia & Associates, Cost Accountants (Registration Number: 00294), have been appointed as Cost Auditors of the Company for the financial year 2020-21 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 duties 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. 5 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. Kishore Bhatia & Associates 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. 5.

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, 10th July, 2020

REPORT OF THE BOARD OF DIRECTORS

TO THE MEMBERS

Your Directors have pleasure in presenting the Twentieth Annual Report and the Audited Financial Statements of the Company for the year ended 31st March, 2020.

1. FINANCIAL RESULTS

The salient features of the Company's working are:

| | (₹ in Million) | |
|--|-----------------|----------|
| | 2019-20 | 2018-19 |
| Gross Profit for the year | 3,082.04 | 2,857.84 |
| Less: Depreciation and amortization expense | 409.23 | 277.91 |
| Profit before tax | 2,672.81 | 2,579.93 |
| Less: Tax expense (current and deferred tax) | 616.55 | 909.91 |
| Profit after tax | 2,056.26 | 1,670.02 |
| Add: Balance of Retained earnings brought forward from the previous year | 2,493.24 | 2,334.57 |
| Available retained earnings | 4,549.50 | 4,004.59 |
| Other Comprehensive Income | (60.19) | 3.70 |
| | 4,489.31 | 4,008.29 |
| Dividend Paid during the year | 215.28 | 590.53 |
| Tax on Dividend | 46.94 | 124.52 |
| Transfer to General Reserve | 3,250.00 | 800.00 |
| Retained earnings carried forward to the next year | 977.09 | 2,493.24 |

2. DIVIDEND

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

3. AMALGAMATION

On 1st August, 2018, the Board approved a Scheme of Amalgamation ("Scheme") for amalgamation of Excel Crop Care Limited, a subsidiary of Sumitomo Chemical Company Limited, Japan, the Company's Holding Company, with the Company. The 'Appointed Date' under the Scheme is 1st April, 2018. At the Meeting of the Shareholders of the Company held on 30th March, 2019 pursuant to the Order of Hon'ble National Company Law Tribunal, Mumbai Bench ("Hon'ble NCLT"), the Scheme was approved unanimously by the Shareholders.

By its Order dated 27th June, 2019 ("Order"), the Hon'ble NCLT approved the Scheme. Certified copy of the Order was filed with the Registrar of Companies on 31st August, 2019 and accordingly 31st August, 2019 is the 'Effective Date' of the Scheme.

In accordance with the provisions of the Scheme, entire business and the undertaking of Excel Crop Care Limited (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 with effect from 1st April, 2018, the Appointed Date.

The Company has undertaken intensive and exhaustive initiatives for integration of the business of Excel Crop Care Limited with that of the Company.

4. INCREASE IN AUTHORISED SHARE CAPITAL

Pursuant to the Scheme, on 31st August, 2019 ['Effective Date' of the Scheme], the Authorised Share Capital of ₹ 60 million of the Transferor Company was consolidated with the Authorised Share Capital of the Company and accordingly, the Company's Authorised Share Capital stands increased from ₹ 4,940 million to ₹ 5,000 million divided into 500 million equity shares of ₹ 10 each.

5. ALLOTMENT OF SHARES PURSUANT TO THE SCHEME AND LISTING OF SHARES

In terms of the Scheme, 2,199,448 equity shares of Excel Crop Care Limited held by the Company representing its 19.98% share capital were cancelled. On 7th October, 2019, the remaining shareholders of Excel Crop Care Limited holding shares as on 31st August, 2019 ('Record Date') were allotted shares of the Company in the following ratio:

'51 equity shares of the Company of ₹ 10 each fully paid up for every 2 equity shares of Excel Crop Care Limited of ₹ 5 each fully paid up'.

Accordingly, the Company issued and allotted its 224,557,641 shares of ₹ 10 each as fully paid up to the other shareholders of Excel Crop Care Limited.

The Company's shares, representing its entire issued share capital, have been listed on BSE Limited and the National Stock Exchange of India Limited on 27th January, 2020 and trading in the Company's shares has commenced on these stock exchanges.

As provided in the Scheme, the fractional share entitlements, arising on allotment of the Company's shares to the shareholders of Excel Crop Care Limited, were consolidated in favour of an Escrow Account. The Custodians of the Escrow Account have sold these shares during the financial year 2019-20 and the sale proceeds (net of expenses) have been distributed among the beneficiaries in the ratio of their entitlement.

With this allotment of shares, the shareholding of Sumitomo Chemical Company, Limited, Japan, the Holding Company and its Japan based subsidiary, in the Company, stood reduced from 100% to 80.3% as on 31st March, 2020. In June, 2020, the Holding Company sold 9,982,914 shares (representing 2% of the Company's share capital) through 'offer for sale' process through the stock exchanges and thereby reduced their shareholding to 78.3%. The Promoters need to reduce their shareholding in the Company to 75% or less, within one year of Listing.

The shares held by the Promoters in the Company to the extent of about 55.01% of the Company's share capital have been locked-in for a period of one/three years from the date of listing as per SEBI requirements.

In respect of 224,557,641 shares of ₹ 10 each fully paid up allotted to the shareholders of Excel Crop Care Limited, the Company has not been able to file Return of Allotment with the Registrar of Companies as required under the Companies Act, 2013. This is owing to a technical problem in the portal of the Ministry of Corporate Affairs on which the Return of Allotment needs to be filed online. The Company is making efforts to find solution to the problem so that it can file the Return of Allotment. In the meantime, as stipulated by the stock exchanges, 19.99% of the equity share capital held by the Promoters (in addition to 55.01% of the share capital locked-in as per SEBI requirements) have been locked-in and will remain under lock-in till the Company files Return of Allotment with the Registrar of Companies.

6. OPERATIONS

During the year under review, the sales increased from ₹ 21,898.54 million in the previous year to ₹ 23,898.24 million. Domestic sales turnover increased to ₹ 19,231.05 million from ₹ 17,165.23 million in the previous year. Export turnover decreased marginally from ₹ 4,733.31 million in the previous year to ₹ 4,667.19 million in the year under review. After making provision for depreciation, interest and Tax, the Net profit during the year under report amounts to ₹ 2,056.26 million as against ₹ 1,670.02 million in the previous year. The new income tax regime, which allows the Company to opt for lower tax rate while foregoing few tax deductions, has resulted in considerably lower tax expense and corresponding higher post-tax profits for the year.

7. COVID – 19

Global pandemic Covid-19 caused severe impact globally and in India. India announced country-wide strict lockdown since the last week of March 2020 and such measures continue to be in force till date in gradually relaxed form. The Company's operations have been classified as 'essential' and the Company has been permitted to operate under the lockdown guidelines. However, due to the Company's priority towards safety and several practical difficulties faced at local level, operations were impacted initially and resumed gradually over the period. Production in the financial year 2020-21 is expected to be marginally lower due to precautions taken in line with restrictions imposed on account of Covid-19. Presently, most functions including sales & distribution, procurement, supply chain, logistics and corporate functions, continue to be operational duly following safety guidelines, but without any material adverse impact.

8. PROPOSED BAN ON PRODUCTS

Recently, the Government of India published a draft notification for public comments regarding proposed ban of some agrochemical products. The list of the products proposed to be banned includes some of the Company's products (two technical grade products and some other formulated products). The matter is being discussed at various forums such as industry associations and farmers' associations. Such associations and the Company are expected to take necessary actions to defend these products, such as filing suitable explanations and technical justifications with the authorities for favorable technical assessment and if necessary, legal recourse. Based on the management 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.

9. NEW PRODUCTS/IMPROVEMENTS/EXPANSIONS

In the year under review, your Company continued to pursue initiatives to optimise utilization of its manufacturing facilities and also expand manufacturing capacities to meet demand. Your Company expanded manufacturing capacities for its three major products and commercialized one 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 energy conservation and energy cost reduction.

The Company continues to maintain ISO:9001:2015, ISO14001:2015 and OHSAS18001:2007 for the manufacturing sites at Bhavnagar, Gajod and Silvassa for continual improvement in quality, health safety and environment. The Company's Tarapur plant successfully completed migration of OHSAS 18001:2007 to ISO 45001:2018 and integration of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 systems. The Company's Vapi plant holds and maintains ISO:9001:2015 certification. 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.

10. OUTLOOK

The financial year 2019-20 ended with outbreak of Covid-19 pandemic. The pandemic is raging across the country and the world and is likely to remain for several months in the financial year 2020-21. The pandemic has jolted the global economy and threat of deep world-wide recession looms large. Its impact on world economy is yet to be fully understood. Agriculture sector, however, is expected to do well as compared to other segments of economies all over the world. Agrochemicals will continue to retain criticality in the overall context of agriculture. Severe restrictions imposed on economic activity to fight the pandemic have posed critical challenges for the Indian agrochemical industry. But at the same time this also presents unique opportunity to the industry to fine-tune its internal dynamics and grow.

The Indian agrochemicals industry appears to be on a strong wicket due to the evolving dynamics of the world trade and this is expected to continue through 2020. Therefore, despite the uncertainty caused by the pandemic, the future looks promising for the Indian agrochemicals sector.

The Government of India has set a target of a record 298.3 million tonnes of food-grain production in 2020 - 149.92 million tonnes in Kharif and 148.4 million tonnes in Rabi seasons. This represents 2% growth over the previous year. The government also expects an increase in production of non-food-grain crops such as oilseeds and cotton. With the prediction for a decent monsoon in 2020, paddy and cotton acreages in Kharif season are expected to go up sizeably.

The Central Government has disbursed subsidies worth ₹ 180,000 million to farmers under the Prime Minister Kisan Samman Nidhi which has helped improve liquidity for farmers.

The Covid-19 pandemic has, however, thrown up several challenges for the industry on the supply side in terms of availability and cost of various inputs, including labour and transportation. Demand, both in the domestic and international markets, is robust. Indian agrochemical players stand a good chance of becoming global suppliers given their inherent strength in manufacturing especially with backward integration. This would also strengthen 'Make in India' initiative of the Indian Government. The overall outlook for the agrochemical industry remains positive.

Your Company is well prepared to face challenges and take advantage of the opportunities. The Company (post- merger of Excel Crop Care Limited) has a good product range, including a blend of new molecules and generics. The Company, with its farmer connect, excellent manufacturing facilities, competent sales force and wide distribution network is expected to continue to grow at a decent pace.

11. SAFETY, HEALTH AND ENVIRONMENT

The Company continues to play the role of a responsible corporate citizen in the fulfilment of its aims of protecting and enriching the environment and human health and safety. 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. The Company also continues to sustain its SA8000 Certification for Social Accountability in Bhavnagar and Gajod manufacturing sites. 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.

12. EDUCATION, LEARNING AND HUMAN RESOURCES

Learning and development is one of the top priority for the Company. The Company focuses on enhancing 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 endeavours 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.

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.

13. 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.

14. SUBSIDIARIES

As a result of implementation of the Scheme of Amalgamation, Excel Crop Care (Africa) Limited, Tanzania and Excel Crop Care (Europe) NV, Belgium, the subsidiaries of Excel Crop Care Limited have become the Company's 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)

| | 2019-20 | 2018-19 |
|-------------------|----------------|---------|
| Revenue | 2,571 | 2,060 |
| Profit before Tax | 138 | 473 |
| Profit after Tax | 78 | 315 |

Excel Crop Care (Europe) NV, Belgium

(Euros in thousand)

| | 2019-20 | 2018-19 |
|----------------|----------------|---------|
| Operating Loss | 99 | 85 |
| Loss | 101 | 89 |

Excel Crop Care (Australia) Pty Limited, Australia, another subsidiary of Excel Crop Care Limited did not have commercial activities during FY 2019-20 as in the past several years. Excel Crop Care (Australia) Pty Limited has been closed and wound up with effect from 8th May, 2019.

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.

15. 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) Extract of Annual Return:

The extract of the annual return in form MGT-9 are given in **Annexure II**.

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 III**.

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.

Subsequent to the Scheme of Amalgamation becoming effective, the Company has formed Audit Committee.

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 2019-20. At the said meeting, the shareholders have also given approval for the transactions of the Company entered into / proposed to be entered into with the holding company during the Financial Year 2020-21 up to an amount not exceeding 4800 million.

The Company had no transactions during F.Y.2019-20 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

f) Business Risk Management:

Over the years, the Company has evolved and implemented its Business and Enterprise Risk Management Policy.

As a part of its risk management process, the Company has identified and compiled a list of risks which need to be addressed, managed and mitigated. The mitigation measures for such risks are also identified and implemented. The major risk areas relate to forex fluctuation, credit risks mainly relating to exports, regulatory risks, business competition risks and insurance adequacy risks.

On 5th June, 2020, 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.

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 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, instructing it to close manufacturing operations of its Bhavnagar Plant after 15 days from the date of the notice. The notice was caused as GPCB had found waste which was associated to a product which has 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 plan, GPCB has withdrawn its Closure Order for a period of three months thereby granting time to execute the remedial plan. The Company has implemented the action plan which it had submitted to GPCB and has submitted reports of the same to GPCB and based on the same, the Company has requested GPCB to permanently withdraw its Closure Order. In the meantime, the manufacturing operations of the plant are being carried out uninterrupted.

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 IV**. 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

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

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 VI**.

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, Practising Company Secretary (FCS:1403; CP NO.1979), Mumbai, was appointed Secretarial Auditor to conduct secretarial audit for the year ended 31st March, 2020. The Report of the Secretarial Auditor is attached as **Annexure VII**.

The Secretarial Audit Report has pointed to two compliance matters. The matter relating to Return of Allotment is explained in Para 5 of this Report.

As regards appointment of internal auditors, the Transferor and the Transferee companies had different firms as internal auditors. The Company intended to appoint internal auditors of the Transferee Company as the auditors of the combined entity. However, the effective date of amalgamation could be achieved only on 31st August 2019 and immediately thereupon, internal auditors were appointed, who have also undertaken internal audit of operations of the Transferee Company up to 31st August, 2019. Accordingly, this matter is only technical in nature - there is no deficiency in internal control framework of the Company.

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'.

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Akira Harada, Managing Director, resigned with effect from 10th May, 2019. The Board places on record its appreciation of Mr. Harada's contribution to the Company's business and growth.

Mr. Sushil Marfatia, Whole Time Director, was appointed as Managing Director for a period of two years with effect from 10th May, 2019. He stepped down as Managing Director with effect from 1st September, 2019, and was appointed Executive Director for a term of three years.

Mr. Sushil Marfatia's appointment as Executive Director was approved by the members at the nineteenth annual general meeting held on 27th December, 2019.

Mr. Hisayuki Hoshi was appointed as Whole Time Director for a period of two years with effect from 10th May, 2019.

At the extra-ordinary general meeting held on 27th August, 2019, the members appointed Dr. Mukul G. Asher and Mr. B.V. Bhargava as Independent Directors for a term of five years. As these appointments were made prior to allotment of the Company's shares to the shareholders of Excel Crop Care Limited, these appointments were ratified by the members, as a matter of prudence, at the nineteenth annual general meeting.

At the Meeting of the Board of Directors held on 31st August, 2019, Mr. Ninad D. Gupte and Mr. Tadashi Katayama were appointed as Additional Non Executive Non Independent Directors and Mrs. Preeti Mehta was appointed as Additional Independent Director.

At the nineteenth annual general meeting, the members appointed Mr. Ninad D. Gupte and Mr. Tadashi Katayama as Directors whose office is liable to retire by rotation. At this meeting, the members also appointed Mrs. Preeti Mehta as Independent Director for a term of five years up to 30th August, 2024.

The Board appointed Mr. Chetan Shah as Managing Director for a period of three years and Mr. Kiyoshi Takayama as Executive Director – Planning and Coordination Office for a period of one year with effect from 1st September, 2019. Their appointments were approved by the members at the nineteenth annual general meeting.

Mr. Hisayuki Hoshi and Ms. Rasika Kulkarni resigned as Whole Time Directors with effect from 31st August, 2019. The Directors place on record their appreciation for the valuable services of Mr. Hoshi and Ms. Kulkarni during their directorship.

Mr. Keiichi Sakata, Director, resigned from the Board with effect from 31st August, 2019. The Board places on record its deep appreciation of the leadership provided by Mr. Sakata to the Company since its inception and his immense and rich contribution to the growth of the Company's business.

Ms. Rasika Kulkarni resigned as Company Secretary with effect from 31st August, 2019. Mr. Pravin D. Desai was appointed Company Secretary and Compliance Officer of the Company with effect from 1st September, 2019.

Mr. Sushil Marfatia resigned as Chief Financial Officer of the Company with effect from 1st September, 2019. Mr. Anil Nawal was appointed Chief Financial Officer with effect from 1st September, 2019.

Mr. Kiyoshi Takayama resigned as Executive Director – Planning and Coordination Office with effect from 31st December, 2019. The Directors place on record their appreciation for his valuable services as Executive Director – Planning and Coordination Office.

The Board has appointed Mr. Masanori Uzawa, as Additional Non-Executive Non Independent Director at its meeting held on 10th July, 2020.

17. 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.

18. BUSINESS RESPONSIBILITY REPORT

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

19. 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 taken steps to comply with 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.

20. AUDITORS**Statutory Auditors**

At the nineteenth annual general meeting held on 27th December, 2019, the members have appointed M/s. SRBC & CO LLP, Chartered Accountants, as the Auditors of the Company in place of M/s. BSR & Associates LLP, the outgoing Auditors, whose term expired at the conclusion of the said annual general meeting and who were not eligible for re-appointment due to the provisions of the Companies Act, 2013 relating to rotation of Auditors. M/s. SRBC & CO LLP have been appointed Auditors from the conclusion of the said annual general meeting until the conclusion of the 24th annual general meeting of the Company.

Cost Auditors

The Board of Directors has appointed M/s. Kishore Bhatia & Associates as the Cost Auditors for the financial years 2019-20 and 2020-21 to carry out audit of the Company's cost records as prescribed under Section 148 of the Companies Act, 2013. The Cost Audit Report of Mr. Chinmay Joshi, Cost Auditor for the financial year 2018-19, which was required to be filed with the Ministry of Corporate Affairs on or before 31st August, 2019 was filed on 23rd August, 2019 vide SRN: H84605419.

21. 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, 10th July, 2020

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 new energy efficient and environment friendly processes.
- Backward integration of some of the existing molecules to attain self-sufficiency to enhance competitiveness in market.
- To develop new formulations/premix formulations and to scale up the technologies for commercial production.
- Absorption of new technology to improve production efficiency and to reduce fuel and power consumption.
- To upgrade synthetic, analytical laboratories and pilot plant with modern scientific tools in order to cater to newer chemistries

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

The above efforts enable the Company to develop and commercialise new technical and formulated products using efficient and environment friendly processes.

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 | 8.46 |
| (b) Recurring | 117.98 |
| (c) Total | <u>126.44</u> |
| (d) Total R&D expenditure as a percentage of total turnover | <u>0.53%</u> |

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's total foreign exchange earnings in 2019-20 amounted to ₹ 4464.61 million and the amount of foreign exchange used was ₹ 5252.66 million.

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

ANNEXURE - II TO THE REPORT OF THE BOARD OF DIRECTORS

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2020**Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.****I. REGISTRATION & OTHER DETAILS**

| | | |
|-----|--|--|
| i | CIN | U24110MH2000PLC124224 |
| ii | Registration Date | 15th February, 2000 |
| iii | Name of the Company | Sumitomo Chemical India Limited |
| iv | Category/Sub-category of the Company | Company having Share Capital |
| v | Address of the Registered office & contact details | Bldg No.1, Ground Floor, Shant Manor Co-op Housing Society Ltd, Chakravarti Ashok 'X' Road, Kandivli (E), Mumbai- 400101 Tel No. 022-28866666 |
| vi | Whether listed Company | Yes |
| vii | Name, Address and contact details of the Registrars & Transfer Agents, if any. | Link Intime India Pvt Limited C- 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Tel: 022 - 4918 6000 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

| Sr. No. | Name & Description of main products/ services | NIC Code of the Product /service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Manufacture of other Chemical Products | 202 | 91% |

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--|-----------------|--------------------------------|------------------|--------------------|
| 1 | Sumitomo Chemical Company, Limited 27-1, Shinkawa, 2-Chome, Chuo-ku, Tokyo, Japan | Foreign Company | Holding | 80.30% | 2(46) |
| 2 | Excel Crop Care (Africa) Ltd P.O. Box - 38651, Flat No. 1103, 11th floor, Haadi Apartments, Morogoro Road X Libya Street, Citi Centre, Dar Es Salaam, Tanzania | Foreign Company | Subsidiary | 99.94% | 2(87) |
| 3 | Excel Crop Care (Australia) Pty Ltd Level 8, 80 Clarence Street Sydney NSW 2000, Australia (Wound up w.e.f. 8th May, 2019) | Foreign Company | Subsidiary | 100% | 2(87) |
| 4 | Excel Crop Care (Europe) NV Uitbreidingsstraat 84/3, 2600 Antwerpen, Belgium | Foreign Company | Subsidiary | 99% | 2(87) |

SUMITOMO CHEMICAL INDIA LIMITED

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IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % of total Equity)

i. Category-wise Shareholding:

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|------------------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters/Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/Hindu Undivided Family | — | — | — | — | — | — | — | — | — |
| b) Central Government/ State Government(s) | — | — | — | — | — | — | — | — | — |
| c) Financial Institutions/ Banks | — | — | — | — | — | — | — | — | — |
| d) Any Other (Specify) | — | — | — | — | — | — | — | — | — |
| Sub-Total (A)(1): | — | — | — | — | — | — | — | — | — |
| (2) Foreign | | | | | | | | | |
| a) Individuals (Non-Resident Individuals/Foreign Individuals) | — | — | — | — | — | — | — | — | — |
| b) Government | — | — | — | — | — | — | — | — | — |
| c) Institutions | — | — | — | — | — | — | — | — | — |
| d) Foreign Portfolio Investor | — | — | — | — | — | — | — | — | — |
| e) Any Other (Specify) | | | | | | | | | |
| Bodies Corporate (including nominees) | — | 274588095 | 274588095 | 100.00 | 400825870 | — | 400825870 | 80.30 | -19.70 |
| Sub-Total (A)(2) | — | 274588095 | 274588095 | 100.00 | 400825870 | — | 400825870 | 80.30 | -19.70 |
| Total Shareholding of Promoter and Promoter Group(A) = (A)(1) + (A)(2) | — | 274588095 | 274588095 | 100.00 | 400825870 | — | 400825870 | 80.30 | -19.70 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Fund/UTI | — | — | — | — | 4403368 | — | 4403368 | 0.88 | 0.88 |
| b) Venture Capital Funds | — | — | — | — | — | — | — | — | — |
| c) Alternate Investment Funds | — | — | — | — | 111850 | — | 111850 | 0.02 | 0.02 |
| d) Foreign Venture Capital Investors | — | — | — | — | — | — | — | — | — |
| e) Foreign Portfolio Investor | — | — | — | — | 244773 | — | 244773 | 0.05 | 0.05 |
| f) Financial Institutions/ Banks | — | — | — | — | 63112 | 6272 | 69384 | 0.01 | 0.01 |
| g) Insurance Companies | — | — | — | — | 18369460 | — | 18369460 | 3.68 | 3.68 |
| h) Provident Funds/Pension Funds | — | — | — | — | — | — | — | — | — |
| i) Any Other (Specify) | | | | | | | | | |
| Foreign Bank | — | — | — | — | 3162 | 10147 | 13309 | — | — |
| Sub-Total (B)(1): | — | — | — | — | 23195725 | 16419 | 23212144 | 4.65 | 4.65 |

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| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|-------|-------------------|---|----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| [2] Central Government/ State Government(s)/ President of India | — | — | — | — | — | — | — | — | — |
| Sub Total (B)(2) | — | — | — | — | — | — | — | — | — |
| (3) Non-Institutions | | | | | | | | | |
| (a) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital up to ₹ lakh | — | — | — | — | 19453026 | 3093843 | 22546869 | 4.52 | 4.52 |
| ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh | — | — | — | — | 27145852 | 1169900 | 28315752 | 5.67 | 5.67 |
| (b) NBFCs registered with RBI | — | — | — | — | — | — | — | — | — |
| (d) Overseas Depositories(holding DRs) (balancing figure) | — | — | — | — | — | — | — | — | — |
| (e) Any Others (specify) | | | | | | | | | |
| IEPF | — | — | — | — | 1737674 | — | 1737674 | 0.35 | 0.35 |
| Trusts | — | — | — | — | 1400 | 6885 | 8285 | 0.00 | 0.00 |
| Foreign Nationals | — | — | — | — | 4641 | — | 4641 | 0.00 | 0.00 |
| Hindu Undivided Family | — | — | — | — | 1869898 | — | 1869898 | 0.37 | 0.37 |
| Non Resident Indians (Non Repat) | — | — | — | — | 1121915 | 1147 | 1123062 | 0.23 | 0.23 |
| Non Resident Indians (Repat) | — | — | — | — | 465371 | 41437 | 506808 | 0.10 | 0.10 |
| Clearing Member | — | — | — | — | 285678 | — | 285678 | 0.06 | 0.06 |
| Bodies Corporate | — | — | — | — | 18693527 | 15528 | 18709055 | 3.75 | 3.75 |
| Sub Total (B)(3) | — | — | — | — | 70778982 | 4328740 | 75107722 | 15.05 | 15.05 |
| Total Public Shareholding(B) = (B)(1) + (B)(2) + (B)(3) | — | — | — | — | 93974707 | 4345159 | 98319866 | 19.70 | 19.70 |
| Total (A) + (B) | — | — | — | — | 494800577 | 4345159 | 499145736 | 100.00 | 100.00 |
| C. Non Promoter – Non Public | | | | | | | | | — |
| (C1) Shares Underlying DRs | | | | | | | | | — |

SUMITOMO CHEMICAL INDIA LIMITED

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| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------|-----------|-------------------|---|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (1) Custodian/DR Holder | — | — | — | — | — | — | — | — | — |
| (C2) Shares Held By Employee Trust | | | | | | | | | — |
| (2) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | — | — | — | — | — | — | — | — | — |
| Total (A + B + C) | — | 274588095 | 274588095 | 100.00 | 494800577 | 4345159 | 499145736 | 100.00 | — |

ii. Shareholding of Promoters/Promoter Group

| Sr. No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Shareholding during the year |
|-----------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged/encumbered to total shares | |
| A. | Individuals | — | — | — | — | — | — | — |
| B. | Bodies Corporate | | | | | | | |
| 1. | Sumitomo Chemical Company Limited (including nominees) | 274588093 | 99.99 | — | 400825868 | 80.30 | — | -19.69 |
| 2. | SC Environmental Science Co. Limited – Japan (through a nominee) | 2 | 0.01 | — | 2 | 0.01 | — | — |
| | Total | 274588095 | 100.00 | — | 400825870 | 80.30 | — | -19.70 |

As at the end of the year, 37,43,59,032 shares held by Promoters/Promoter Group are under lock-in.

iii. Change in Promoters'/Promoter Group's Shareholding (Specify if there is no change)

| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1. Sumitomo Chemical Company, Limited, JAPAN (including nominees) | | | | |
| a. At the beginning of the year | 274588093 | 99.99% | | |
| b. Changes during the year | | | | |
| 07.10.2019 Allotment | 126237775 | 25.29% | 400825868 | 80.30% |
| c. At the end of the year | | | 400825868 | 80.30% |

SUMITOMO CHEMICAL INDIA LIMITED

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| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 2. SC Environmental Science Company Limited (including nominees) | | | | |
| a. At the beginning of the year | 2 | 0.01% | | |
| b. Changes during the year | No change during the year | | | |
| c. At the end of the year | | | 2 | 0.01% |

iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| LIFE INSURANCE CORPORATION OF INDIA | | | | |
| a. At the beginning of the year | 0 | 0.00% | | |
| b. Changes during the year | | | | |
| 07.10.2019 Allotment | 18369460 | 3.68% | 18369460 | 3.68% |
| c. At the end of the year | | | 18369460 | 3.68% |
| EMERALD COMPANY PRIVATE LIMITED | | | | |
| a. At the beginning of the year | 0 | 0.00% | | |
| b. Changes during the year | | | | |
| 07.10.2019 Allotment | 4496721 | 0.90% | 4496721 | 0.90% |
| c. At the end of the year | | | 4496721 | 0.90% |
| INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS | | | | |
| a. At the beginning of the year | 0 | 0.00% | | |
| b. Changes during the year | | | | |
| 07.10.2019 Allotment | 1557253 | 0.31% | 1557253 | 0.31% |
| 28.02.2020 Transfer | 180421 | 0.04% | 1737674 | 0.35% |
| c. At the end of the year | | | 1737674 | 0.35% |
| AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND | | | | |
| a. At the beginning of the year | 0 | 0.00% | | |
| b. Changes during the year | | | | |
| 31.01.2020 Transfer | 1009556 | 0.20% | 1009556 | 0.20% |
| 07.02.2020 Transfer | 614654 | 0.12% | 1624210 | 0.33% |

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| Name of the Shareholder | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------------------------------------|-----------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 14.02.2020 | Transfer | 118512 | 0.02% | 1742722 | 0.35% |
| 21.02.2020 | Transfer | 284542 | 0.06% | 2027264 | 0.41% |
| 06.03.2020 | Transfer | 504731 | 0.10% | 2531995 | 0.51% |
| 20.03.2020 | Transfer | 314239 | 0.06% | 2846234 | 0.57% |
| 27.03.2020 | Transfer | 1000225 | 0.20% | 3846459 | 0.77% |
| c. At the end of the year | | | | 3846459 | 0.77% |
| CARBON FINANCE LIMITED | | | | | |
| a. At the beginning of the year | | 0 | 0.00% | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 2151333 | 0.43% | 2151333 | 0.43% |
| c. At the end of the year | | | | 2151333 | 0.43% |
| RATNABALI SECURITIES PRIVATE LIMITED | | | | | |
| a. At the beginning of the year | | 0 | 0.00% | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 3956503 | 0.79% | 3956503 | 0.79% |
| 31.01.2020 | Transfer | -854826 | -0.17% | 3101677 | 0.62% |
| 07.02.2020 | Transfer | -18745 | 0.00% | 3082932 | 0.62% |
| 14.02.2020 | Transfer | -436559 | -0.09% | 2646373 | 0.53% |
| 21.02.2020 | Transfer | -90814 | -0.02% | 2555559 | 0.51% |
| 28.02.2020 | Transfer | -888 | 0.00% | 2554671 | 0.51% |
| 06.03.2020 | Transfer | 10000 | 0.00% | 2564671 | 0.51% |
| 13.03.2020 | Transfer | 4314 | 0.00% | 2568985 | 0.51% |
| 20.03.2020 | Transfer | -607443 | -0.12% | 1961542 | 0.39% |
| 27.03.2020 | Transfer | -439699 | -0.09% | 1521843 | 0.30% |
| c. At the end of the year | | | | 1521843 | 0.30% |
| DHUNSERI VENTURES LIMITED | | | | | |
| a. At the beginning of the year | | 0 | 0.00% | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 1335460 | 0.27% | 1335460 | 0.27% |
| 14.02.2020 | Transfer | -290000 | -0.06% | 1045460 | 0.21% |
| 28.02.2020 | Transfer | 24600 | 0.00% | 1070060 | 0.21% |
| 06.03.2020 | Transfer | 50432 | 0.01% | 1120492 | 0.22% |
| 13.03.2020 | Transfer | 158750 | 0.03% | 1279242 | 0.26% |
| 20.03.2020 | Transfer | 23700 | 0.00% | 1302942 | 0.26% |
| c. At the end of the year | | | | 1302942 | 0.26% |

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| Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|--|---|----------------------------------|---|----------------------------------|-------|
| | No. of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company | |
| MOUNT INTRA FINANCE PVT. LTD | | | | | |
| a. At the beginning of the year | 0 | 0.00% | | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 1573885 | 0.32% | 1573885 | 0.32% |
| 31.01.2020 | Transfer | -50000 | -0.01% | 1523885 | 0.31% |
| 07.02.2020 | Transfer | -150000 | -0.03% | 1373885 | 0.28% |
| 14.02.2020 | Transfer | 255000 | 0.05% | 1628885 | 0.33% |
| 21.02.2020 | Transfer | -121949 | -0.02% | 1506936 | 0.30% |
| 28.02.2020 | Transfer | -325340 | -0.07% | 1181596 | 0.24% |
| 06.03.2020 | Transfer | -104158 | -0.02% | 1077438 | 0.22% |
| c. At the end of the year | | | 1077438 | 0.22% | |
| GENESIS ADVERTISING PRIVATE LIMITED | | | | | |
| a. At the beginning of the year | 0 | 0.00% | | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 985626 | 0.20% | 985626 | 0.20% |
| 31.01.2020 | Transfer | -4339 | 0.00% | 981287 | 0.20% |
| 13.03.2020 | Transfer | 10000 | 0.00% | 991287 | 0.20% |
| 20.03.2020 | Transfer | 6500 | 0.00% | 997787 | 0.20% |
| c. At the end of the year | | | 997787 | 0.20% | |
| UAL INDUSTRIES LTD | | | | | |
| a. At the beginning of the year | 0 | 0.00% | | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 406062 | 0.08% | 406062 | 0.08% |
| 31.01.2020 | Transfer | -20000 | 0.00% | 386062 | 0.08% |
| 14.02.2020 | Transfer | -10000 | 0.00% | 376062 | 0.08% |
| 20.03.2020 | Transfer | 325000 | 0.07% | 701062 | 0.14% |
| c. At the end of the year | | | 701062 | 0.14% | |

v. Shareholding of Directors & KMP

| Name(s) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|---------------------------------|---|----------------------------------|---|----------------------------------|-------|
| | No. of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company | |
| Mr. Sushil Marfatia | | | | | |
| a. At the beginning of the year | 0 | 0.00% | | | |
| b. Changes during the year | | | | | |
| 07.10.2019 | Allotment | 3825 | 0.00% | 3825 | 0.00% |
| c. At the end of the year | | | 3825 | 0.00% | |

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| Name(s) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| Mr. Ninad D. Gupte | | | | |
| a. At the beginning of the year | 0 | 0.00% | | |
| b. Changes during the year | | | | |
| 07.10.2019 Allotment | 3060 | 0.00% | 3060 | 0.00% |
| c. At the end of the year | | | 3060 | 0.00% |
| Mr. Pravin D. Desai (Vice President - Legal and Company Secretary) | | | | |
| a. At the beginning of the year | 0 | 0.00% | | |
| b. Changes during the year | | | | |
| 07.10.2019 Allotment | 25 | 0.00% | 25 | 0.00% |
| c. At the end of the year | | | 25 | 0.00% |

The following directors/ key managerial personnel did not hold any shares during the year 2019-20:

Dr. Mukul G. Asher (Director)

Mr. Chetan Shah (Director)

Mr. B. V. Bhargava (Director)

Mr. Hiroyoshi Mukai (Director)

Mr. Tadashi Katayama (Director)

Mrs. Preeti Mehta (Director)

Mr. Anil Nawal (Chief Financial Officer)

V. INDEBTEDNESS

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

(₹ in million)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtness at the beginning of the financial year | | | | |
| i) Principal Amount | — | 197.45 | — | 197.45 |
| ii) Interest due but not paid | — | — | — | — |
| iii) Interest accrued but not due | — | — | — | — |
| Total (i+ii+iii) | — | 197.45 | — | 197.45 |
| Change in Indebtedness during the financial year | | | | |
| Addition | | — | | — |
| Reduction | | 197.45 | | 197.45 |
| Net Change | | 197.45 | | 197.45 |

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| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|----------|-----------------------|
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | — | — | — | — |
| ii) Interest due but not paid | — | — | — | — |
| iii) Interest accrued but not due | — | — | — | — |
| Total (i+ii+iii) | — | — | — | — |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and Key Managerial Personnel:

(₹ in million)

| Sl. No | Particulars of Remuneration | Akira Harada Managing Director (upto 10 th May, 2019) | Chetan Shah Managing Director (from 1 st September, 2019) | Sushil Marfatia Executive Director | Kiyoshi Takayama Executive Director Planning and Co-ordination Office (from 1 st September, 2019 till 31 st December, 2019) | Hisayuki Hoshi Whole-time Director (from 10 th May, 2019 till 31 st August, 2019) | Rasika Kulkarni Director and Company Secretary (upto 31 st August, 2019) | Pravin D Desai (from 1 st September, 2019) | Anil Nawal (from 1 st September, 2019) | Total Amount |
|--------|---|--|--|---------------------------------------|--|---|---|--|--|--------------|
| 1 | Gross salary | | | | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 3.01 | 27.39 | 16.12 | 5.60 | 3.67 | 0.97 | 2.91 | 3.71 | 63.38 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 0.30 | 0.02 | 0.03 | 0.89 | 0.43 | — | 0.01 | 0.02 | 1.70 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | — | — | — | — | — | — | — | — | — |
| 2 | Stock option | — | — | — | — | — | — | — | — | — |
| 3 | Sweat Equity | — | — | — | — | — | — | — | — | — |

SUMITOMO CHEMICAL INDIA LIMITED

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| (₹ in million) | | | | | | | | | | |
|----------------|---|--|--|---------------------------------------|--|---|---|--|--|---------------|
| Sl. No | Particulars of Remuneration | Akira Harada Managing Director (upto 10 th May, 2019) | Chetan Shah Managing Director (from 1 st September, 2019) | Sushil Marfatia Executive Director | Kiyoshi Takayama Executive Director Planning and Co-ordination Office (from 1 st September, 2019 till 31 st December, 2019) | Hisayuki Hoshi Whole-time Director (from 10 th May, 2019 till 31 st August, 2019) | Rasika Kulkarni Director and Company Secretary (upto 31 st August, 2019) | Pravin D Desai (from 1 st September, 2019) | Anil Nawal (from 1 st September, 2019) | Total Amount |
| 4 | Commission | — | — | — | — | — | — | — | — | — |
| | - as % of profit before Tax as per Financial Statements | — | — | — | — | — | — | — | — | — |
| | - others (specify) | — | — | — | — | — | — | — | — | — |
| 5 | Others, please specify (contribution to PF/SA and others) | — | — | 0.47 | — | — | 0.02 | 0.27 | 0.39 | 1.15 |
| | Total (A) | 3.31 | 27.41 | 16.62 | 6.49 | 4.10 | 0.99 | 3.19 | 4.12 | 66.23 |
| | Ceiling as per the Act | 142.47 | 142.47 | 142.47 | 142.47 | 142.47 | 142.47 | NA | NA | 284.94 |

B. Remuneration to other directors:

1 Independent Directors

(₹ in million)

| Sl.No | Particulars of Remuneration | Name of the Director(s) | | | Total Amount |
|-------|--|-------------------------|-------------------|-------------------|--------------|
| | | Dr. Mukul G. Asher | Mr. B.V. Bhargava | Mrs. Preeti Mehta | |
| a) | Fee for attending Board/Committee Meetings | 0.23 | 0.20 | 0.27 | 0.70 |
| b) | Commission | 1.50 | 1.50 | 1.50 | 4.50 |
| c) | Others, please specify | — | — | — | — |
| | Total B(1) | 1.73 | 1.70 | 1.77 | 5.20 |

2 Other Non-Executive Directors

(₹ in million)

| Sl.No | Particulars of Remuneration | Name of the Director(s) | | | | Total Amount |
|-------|--|-------------------------|---------------------|----------------------|--------------------|--------------|
| | | Mr. Keiichi Sakata | Mr. Hiroyoshi Mukai | Mr. Tadashi Katayama | Mr. Ninad D. Gupte | |
| a) | Fee for attending Board/Committee Meetings | — | — | — | 0.17 | 0.17 |
| b) | Commission | — | — | — | — | — |
| c) | Others, please specify | — | — | — | — | — |
| | Total B(2) | — | — | — | 0.17 | 0.17 |

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(₹ in million)

| SI.No | Particulars of Remuneration | Total Amount |
|-------|---------------------------------------|---------------|
| | Total (B)=(B1 + B2) | 5.37 |
| | Total Managerial Remuneration | 71.60 |
| | Overall Ceiling as per the Act | 313.43 |

NOTE: In addition to remuneration as Director, Mr. Ninad D. Gupte has been paid ₹ 5.58 million towards consultation fees.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: As given above

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/ NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | None | | |
| Punishments | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | None | | |
| Punishments | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | None | | |
| Punishments | | | | | |
| Compounding | | | | | |

ANNEXURE - III 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.

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- (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

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 2019-20:

| Sr. No. | Director(s)/KMP(s) | Remuneration (₹ million) | Ratio to Median Remuneration of employees | % increase/ (decrease) in remuneration in 2019-20 over 2018-19 |
|---------|---|--------------------------|---|--|
| 1 | Dr. Mukul G. Asher (from 27th August, 2019) | 1.73 | 3.14 | NA |
| 2 | Mr. Akira Harada (Managing Director up to 10th May, 2019)(Note 1 below) | 3.31 | 6.01 | (-) 84.99 |
| 3 | Mr. Chetan Shah (Managing Director from 1st September, 2019) | 27.41 | 49.80 | NA |
| 4 | Mr. Sushil Marfatia (Executive Director)(Note 2 below) | 16.62 | 30.19 | 42.86 |
| 5 | Mr. Kiyoshi Takayama (Executive Director – Planning and Coordination Office from 1st September, 2019 till 31st December, 2019))(Note 1 below) | 6.49 | 11.80 | NA |
| 6 | Mr. Hisayuki Hoshi (Whole-time Director from 10th May, 2019 till 31st August, 2019) (Notes 1 and 3 below) | 4.10 | 7.44 | NA |

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| Sr. No. | Director(s)/KMP(s) | Remuneration (₹ million) | Ratio to Median Remuneration of employees | % increase/ (decrease) in remuneration in 2019-20 over 2018-19 |
|---------|---|--------------------------|---|--|
| 7 | Mrs. Rasika Kulkarni (Company Secretary and Whole-Time Director up to 31st August, 2019) (Note 3 below) | 0.99 | 1.80 | 2.70 |
| 8 | Mr. Keiichi Sakata (up to 31st August, 2019) | Nil | NA | NA |
| 9 | Mr. Hiroyoshi Mukai | Nil | NA | NA |
| 10 | Mr. B. V. Bhargava (from 27th August, 2019) | 1.70 | 3.09 | NA |
| 11 | Mr. Ninad D. Gupte (from 31st August, 2019) (Note 4 below) | 0.17 | 0.31 | NA |
| 12 | Mr. Tadashi Katayama (from 31st August, 2019) | Nil | NA | NA |
| 13 | Mrs. Preeti Mehta (from 31st August, 2019) | 1.77 | 3.22 | NA |
| 14 | Mr. Pravin D. Desai, Vice President – Legal and Company Secretary (from 1st September, 2019) | 3.19 | 5.80 | NA |
| 15 | Mr. Anil Nawal, Chief Financial Officer (from 1st September, 2019) | 4.12 | 7.48 | NA |

Notes:

1. Mr. Akira Harada, Managing Director, Mr. Hisayuki Hoshi and Mr. Kiyoshi Takayama, being employees of Sumitomo Chemical Company, Limited, Holding Company, whose services were seconded to the Company, were in receipt of salary remuneration from the Holding Company during the financial year in addition to remuneration received from the Company.
 2. Mr. Sushil Marfatia held position of Whole-Time Director, Managing Director and Executive Director during the financial year.
 3. Mr. Hisayuki Hoshi and Mrs. Rasika Kulkarni held position of non-director officials during a part of the year. Their remuneration for such period is not considered in the remuneration above.
 4. Fees as a consultant paid to Mr. Ninad D. Gupte is not considered in the remuneration above.
2. The median remuneration and average remuneration of employees for FY 2019-20 has been computed based on remuneration of the combined strength of employees (including employees of Excel Crop Care Limited which amalgamated with the Company and who became employees of the Company from 1st September, 2019). Whereas, the median remuneration and average remuneration of employees for FY 2018-19 has been computed without considering the employees of Excel Crop Care Limited.
 3. The median remuneration of employees increased by 8.68% in 2019-20 over 2018-19.

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4. The average remuneration of employees (other than Managing Director and Executive Director) increased by 7.46% in 2019-20 over 2018-19.
5. The Annual performance bonus is paid to Mr. Chetan Shah, Managing Director and Mr. Sushil Marfatia, Executive Director in accordance with the terms of their appointment. The 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.
6. 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.
7. The total number of employees on the Company's rolls as on 31st March, 2020 is 1652.

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ANNEXURE - IV 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 | 82.06 (77.54) | 5.17 (4.89) | 101.05 (103.33) | 107.62 (110.17) | 1.40 (1.95) | — (—) | 20.99 (69.55) | -8.07 (-6.90) | — (—) | -8.07 (-6.90) | — (—) | 99.00% 99.00% |
| 2. | Excel Crop Care (Africa) Limited | TZS | 0.03 (0.03) | 5.63 (5.13) | 29.27 (24.22) | 71.24 (51.90) | 36.34 (22.55) | — (—) | 63.89 (36.25) | 5.82 (14.12) | 1.88 (30.16) | 3.94 (16.04) | 1.41 (1.28) | 99.94% 99.94% |
| (Figures in brackets relate to the Previous Year) | | | | | | | | | | | | | | |
| Notes: | | | | | | | | | | | | | | |
| 1. Excel Crop Care (Australia) Pty Limited, a wholly owned subsidiary company in Australia, was wound up on 8th May 2019. | | | | | | | | | | | | | | |
| 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 2020 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 2020, hence Part B is not applicable. | | | | | | | | | | | | | | |
| CHETAN SHAH <i>Managing Director</i> | | | | | | SUSHIL MARFATIA <i>Executive Director</i> | | | | | | | | |
| ANIL NAWAL <i>Chief Financial Officer</i> | | | | | | PRAVIN D. DESAI <i>Company Secretary</i> | | | | | | | | |
| <i>Mumbai</i> 10 th July, 2020 | | | | | | | | | | | | | | |

ANNEXURE - V TO THE REPORT OF THE BOARD OF DIRECTORS

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Overview :-

Our business goes far beyond commerce. The Company puts community before profit and attaches high importance to community development. The Company firmly believes that it is possible to be ethical, socially responsible and profitable entity, all at the same time. The Company's ultimate objective is to create social equity and facilitate prosperity for those at the bottom of the pyramid.

2. Brief outline of the Company's CSR Policy:

The Company's CSR Policy, which is available on the website of Company <https://www.sumichem.co.in>, encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down 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 CSR approach focuses on development of communities in the vicinity of the locations where the Company operates – its plants and other offices - for the benefit of different segments of society, especially the deprived, underprivileged and differently abled persons.

3. Vision

In alignment with the vision of the Company, it will, through its CSR initiatives, continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

4. Major CSR thrust areas

The major CSR thrust areas under the Company's Policy generally are as follows:

- Sanitation including contribution to the Swachh Bharat Abhiyan Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- Conservation of natural resources;
- Promotion, development and protection of traditional arts, culture and handicrafts;
- Animal Welfare;
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled.
- Rural Development Projects;
- Promote healthcare including preventive healthcare;
- Eradicate hunger, poverty and malnutrition;
- Promoting livelihood enhancement projects;
- Promoting gender equality, empowering women, help setting up homes and hostels for women and orphans; old age homes, day care centers, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensure environmental sustainability, ecological balance, protection of flora and fauna, agro forestry, maintaining quality of soil, air and water, including contribution to the clean Ganga Fund set up by the Central Government for rejuvenation of the river Ganga;

- Protect national heritage, setting up of public libraries;
 - Measures for the benefit of armed forces veterans, war widows and their dependents;
 - Promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
 - Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled tribes, other backward classes, minorities and women;
 - Contributions to technology incubators located within academic institutions which are approved by the Central Government;
 - Slum Area Development;
 - Training to farmers for safe and judicious use of agro-chemicals, promoting Integrated Pest Management (IPM) and training farm workers for safe spraying technique.
5. Selection, Monitoring and Evaluation of CSR Activities by setting measurable targets with timeframes and performance management:
- Projects are identified and finalized with definite objectives of meaningful impact on community/society.
 - Prior to the commencement of projects, the Company carries out a baseline study of the villages/communities.
 - The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, population data – below the poverty line and above the poverty line, state of infrastructure, among others.
 - From the data generated, one year plan and a long-term rolling plan are developed for the holistic and integrated development.
 - These plans are, thereafter presented to the CSR Committee to decide about the CSR activities to be undertaken by the Company and the expenditure thereon.
 - All projects are assessed under the agreed strategy, and are monitored at regular intervals, measured against targets and budgets. Wherever necessary, midcourse corrections are effected.
6. The composition of the Corporate Social Responsibility Committee as on 31st March, 2020:
- Mr. Chetan Shah - Chairman
- Mr. Sushil Marfatia –Executive Director
- Mr. Ninad Gupte – Director
- Ms. Preeti Mehta- Director
7. Average net profit of the company for last 3 financial years : ₹ 2,293.23 million
8. Prescribed CSR Expenditure (2% of this amount as in 7 above): ₹ 45.86 million
9. Details of CSR spend during the financial year :
- a) Total amount required to be spent for the year (including short spending of ₹ 0.11 million in FY 2018-19): ₹ 45.97 million
 - b) Total amount spent for the year: ₹ 45.48 million
 - c) Amount unspent, if any: ₹ 0.49 million. The shortfall in spending is due to the unprecedented situation arising out of outbreak of Covid –19 and lockdown imposed all of a sudden in the month of March 2020. This shortfall will be made up and included in the CSR Budget spending in F.Y. 2020-21.

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d) Manner in which the amount spent during the financial year is detailed below :

| Sr. No. | CSR Project or activity identified | Sector in which the project is covered (Schedule VII reference) | Projects or programs, Local area or other, the State and district where projects or programs was undertaken | Amount of Outlay (budget), project or programme wise (₹ million) | Amount spent (₹ million) | Amount spent | |
|---------|--|---|---|--|--------------------------|--------------------|---|
| | | | | | | Direct (₹ million) | Through Implementing Agency (₹ million) |
| 1 | Household sanitation blocks and spreading sanitation awareness, water tank facility for individual sanitation and school toilets, sanitation and safe drinking water availability in schools | Sanitation, drinking water availability -Clause (i) | Bhavnagar District and Vapi in Gujarat; Tarapur and Boisar in Maharashtra and Silvassa in Union Territory of Dadra and Nagar Haveli and Daman and Diu | 1.43 | 1.13 | 0.98 | 0.15 |
| 2 | Animal Vaccination and Fodder distribution, Tree Plantation, Tree guards, Garden makeover, Eco Club activity | Animal welfare, environmental sustainability and security -Clause (iv) | Bhavnagar, Kutch & Vapi Districts in Gujarat | 1.56 | 1.35 | 0.15 | 1.20 |
| 3 | Climate change project and Sujalam Suflam Jal Abhiyan - rain water harvesting structures (pond deeping & renovation) | Natural resource conservation and maintaining quality of soil, air and water -Clause (iv) | Bhavnagar and Kutch Districts in Gujarat | 3.32 | 2.68 | 0.39 | 2.29 |
| 4 | School enrolment, teacher training and support, vocational skills development, youth development, Excel Expression, women skill development, providing learning delight software to schools for smart class & online learning, providing uniforms, blackboards, smart boards, word building kits for blinds, mini science centre, providing laptops, desktops to schools, providing support for building computer labs, laboratory building, support for building smart class rooms, scholarships for brilliant and intelligent students | Education and vocation skills – Clause (ii); Woman empowerment and gender equality – Clause (iii) | Bhavnagar, Kutch and Vapi Districts in Gujarat; Tarapur and Boisar in Palghar District and Goregaon, Mumbai in Maharashtra | 9.29 | 8.34 | 7.59 | 0.75 |
| 5 | Health check-ups and medical aids, medical camps, Eye check-up camps, Himoglobin check-up camps, providing fogging machines to school, providing physiotherapy equipment, providing treatment to patients, providing refrigerator and deepfreezer to blinds, contribution to the Chief Minister's Relief Fund COVID 19 | Promoting Healthcare – Clause (i) | Bhavnagar, Kutch, Vapi and Valsad Districts in Gujarat; Goregaon, Jogeshwari in Mumbai in Maharashtra | 4.55 | 4.30 | 4.30 | – |

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| Sr. No. | CSR Project or activity identified | Sector in which the project is covered (Schedule VII reference) | Projects or programs, Local area or other, the State and district where projects or programs was undertaken | Amount of Outlay (budget), project or programme wise (₹ million) | Amount spent (₹ million) | Amount spent | |
|--------------|--|---|---|--|--------------------------|--------------------|---|
| | | | | | | Direct (₹ million) | Through Implementing Agency (₹ million) |
| 6 | Rural Development – support for building / maintaining community halls, crematorium, gardens, RO water plants, support for drip irrigation | Rural Development projects – Clause (x) | Bhavnagar and Kutch Districts in Gujarat | 3.17 | 3.16 | 1.48 | 1.68 |
| 7 | Other Important Projects - <ul style="list-style-type: none"> – Support for Heart surgeries of children – Annadaan to children in schools – Support for development of traditional art and craft – Development of a village by taking it as a special project – Support for senior citizens – Support for different institutes involved in the various social activities like education, vocational skill development, eradicating poverty and hunger – Providing mosquito nets to flood affected people in Orissa | Eradicating Hunger & Poverty - Clause(i), Promoting Preventive Health Care - Clause(i) Education & Vocational Skills – Clause (ii), Supporting differently abled persons and livelihood projects for senior citizens – Clause (iii), Promotion and Development of traditional art and handicraft – Clause (v), Rural Development – Clause (x) | Mumbai in Maharashtra, Bhavnagar & Kutch in Gujarat, Orissa, Delhi | 23.00 | 24.52 | 24.52 | – |
| Total | | | | 46.32 | 45.48 | 39.41 | 6.07 |

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ANNEXURE - VI 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) | Qualifications | Experience | Date of commencement of employment | Age (Years) | Particulars of last employment |
|---------|----------------------|--|--------------------------------|---|------------|---------------------------------------|----------------|---|
| | | | | | | | | Employer, last post and period for which post held |
| 1. | Kunal Suresh Mittal | Senior Vice President - Planning and Coordination Office | 12.09 | B.Com, Chartered Accountant | 18 years | 15/01/2020 | 37 | Company : KPMG India Designation : Director (12 years) |
| 2. | Chetan Shah | Managing Director | 27.41 | B.Com., Master of Business Administration | 44 years | 01/09/2019 | 65 | Company : Excel Crop Care Limited Designation : Managing Director (3 years) |
| 3. | Hisayuki Hoshi | Manager - Agrosolutions (see Note 5 below) | 19.88 | Bachelor in Applied Bio Chemistry, Master's degree of Environmental Science | 28 years | 04/09/2017 | 52 | Sumitomo Chemical Asia, Designation: Manager for R&D (2 years) |
| 4. | Akira Harada | Managing Director | 3.31 | Master of Science (Agronomy) | 35 Years | 01/03/2015 | 65 | Sumitomo Chemical Company Ltd, Designation : Manager, Crop Protection Div - International (7 Months) |
| 5. | Kiyoshi Takayama | Executive Director - Planning and Co-ordination Office | 6.49 | B.Sc (Analytical Chemistry) | 32 years | 01/09/2019 | 57 | Company : Excel Crop Care Limited Designation : Executive Director (3 years) |
| 6. | Yuya Miyajima | General Manager Planning and Coordination Office | 17.84 | Bachelor in Economics | 18 years | 01/08/2018 | 42 | Sumitomo Chemical Asia, Designation: Manager Planning, Coordination and Logistics (1.3 years) |
| 7. | Sushil C Marfatia | Executive Director | 16.62 | B.Com, Chartered Accountant | 42 years | 07/11/1996 | 69 | New Chemi Industries Pvt Ltd, Designation : CEO Service: 15 years |
| 8. | Kalpesh Patel | Vice President - Sales & Marketing | 14.54 | B.Sc (Agri.) | 31 years | 18/02/2013 | 52 | FMC India, Designation: Marketing Manager (7 years) |
| 9. | Gaganpreet Singh | Vice President - Sales & Marketing | 13.80 | M.Sc (Agri.), MBA | 24 years | 11/05/2011 | 46 | Sinochem Designation: National Sales Manager (1 year) |
| 10. | Pankaj Garara | Vice President - Sales & Marketing | 13.64 | B.Sc (Agri.) | 28 years | 02/05/2011 | 51 | Monsanto India. Designation: Regional Sales Manager (13 years) |
| 11 | Toshiaki Taki | Senior Vice President - Manufacturing Operations | 7.64 | Master of Chemistry | 31 years | 29/09/2019 | 56 | Company : Sumitomo Chemical, Misawa Works Designation : General Manager of Misawa Works (30 years) |

- Notes:
1. Remuneration includes salary, performance bonus, commission, allowances, value of perquisites, Company's contribution to Provident Fund, Superannuation Fund and Company's contribution to 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, 2, 4, 5 and 11 have been in service only for a part of the year.
 5. Mr. Hisayuki Hoshi also held position of Whole Time director during the period 10th May, 2019 to 31st August, 2019.

ANNEXURE - VII TO THE REPORT OF THE BOARD OF DIRECTORS

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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: U24110MH2000PLC124224 (hereinafter called "the Company" and "Transferee Company") for the financial year ended 31st March, 2020. The Transferee Company was unlisted Public Company for the period from 1st April, 2019 to 26th January, 2020 and became Listed entity w.e.f. 27th January, 2020. I have also conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Excel Crop Care Limited having CIN: L74999MH1964PLC012878, a listed entity, for the period from 1st April, 2019 up to 31st August, 2019 (the "Transferor 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.

Pursuant to Order of Hon'ble National Company Law Tribunal dated 27th June 2019; Excel Crop Care Limited ("Transferor Company") had been amalgamated with Sumitomo Chemical India Limited ("Transferee Company") w.e.f. 1st April, 2018 being the Appointed Date. The Transferee and Transferor Company had filed said Order of Hon'ble National Company Law Tribunal with Registrar of Companies, Maharashtra, Mumbai ("ROC") on 31st August, 2019. Further, with effect from 1st September, 2019 the Transferor Company being Listed Entity ceased its existence. The Transferee Company had then applied for listing of its Equity Shares on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and listing permission was granted by BSE and NSE on 27th January, 2020.

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, 2020 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 for the financial year ended 31st March, 2020 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (d) 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 (Share Based Employee Benefits) Regulations, 2014;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

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 that ***the Transferee Company has not filed Form PAS-3 for Allotment of 22,45,57,641 Equity Shares of Rs. 10/-each fully paid up allotted in the Board Meeting dated 7th October, 2019 and had not complied with Section 138 of the Companies Act, 2013 for the period from 1st April, 2019 up to 31st August, 2019.***

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

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

- (1) The Board of Directors of Transferee and Transferor Company at their meeting held on 1st August, 2018 considered and approved the scheme of Amalgamation of Excel Crop Care Limited ("Transferor Company") being Listed on the Bombay Stock Exchange and National Stock Exchange with Sumitomo Chemical India Private Limited ("Transferee Company") and their respective shareholders ("Scheme") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with relevant rules framed thereunder.
- (2) The Transferee and Transferor Company pursuant to the Order dated 31st January, 2019 of the Hon'ble National Company Law Tribunal, Mumbai Bench, sought the approval from the Equity Shareholders of the Company at their meeting held on 30th March, 2019 for the scheme of Amalgamation of Excel Crop Care Limited with Sumitomo Chemical India Private Limited ("Transferee Company") and their respective shareholders ("Scheme") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with relevant rules framed thereunder. The said scheme of Amalgamation was approved by the shareholders with requisite majority.
- (3) The Hon'ble National Company Law Tribunal on 27th June, 2019 passed an order for approving the scheme of Amalgamation.
- (4) Transferee and Transferor Company filed the said Order with Registrar of Companies, Maharashtra, Mumbai ("ROC") in Form INC-28 on 31st August, 2019 and from the said date the Scheme of Amalgamation became effective. The Appointed date of the Amalgamation was 1st April, 2018.
- (5) Transferor Company ceased its existence and the shareholders of Transferor as on 31st August, 2019 being record date were entitled to receive 51 Equity Shares of Transferee Company of face value of Rs. 10/-each fully paid-up for every 2 Equity shares of Transferor Company of face value of Rs. 5/-each fully paid.
- (6) Post Amalgamation the Board of Transferee Company comprised of nine Directors including three Independent Directors (Transferor Company's existing Independent Directors will continue to be Independent Directors at Transferee Company's Board), three Non-Executive Non Independent Directors and three Executive Directors. Dr Mukul Asher, Chairman of Transferor Company Board of Directors, was appointed as Chairman of the Transferee Company's Board. Mr. Chetan Shah, Managing Director of Transferor Company, was appointed as Managing Director of Transferee Company from 1st September, 2019.
- (7) The Board of Directors of Transferee Company at their meeting held on 10th May, 2019; considered and approved filing of application for extension of time for holding Annual General Meeting before the ROC. The ROC vide its order dated 27th August, 2019 granted the extension of time by three months to hold Annual General Meeting. The Annual General Meeting of the Transferee Company was held on 27th December, 2019.
- (8) The Board of Directors of Transferee Company at their meeting held on 7th October, 2019; allotted 22,45,57,641 Equity Shares of Rs. 10/-each fully paid up to the Shareholders of Transferor Company in the ratio of 51 Equity Shares of Transferee Company of face value of Rs. 10/-each fully paid-up for every 2 Equity shares of Transferor Company of face value of Rs. 5/- each fully paid.
- (9) Transferee Company was listed on the Bombay Stock Exchange and National Stock Exchange on 27th January, 2020.

CS Prashant Diwan

Practicing Company Secretary

FCS: 1403 CP: 1979

PR: 530/2017

UDIN: F001403B000439027

Place : Mumbai

Date : 10.07.2020

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: F001403B000439027

Place : Mumbai

Date : 10.07.2020

ANNEXURE - VIII TO THE REPORT OF THE BOARD OF DIRECTORS**Business Responsibility Report 2019-20**

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:** U24110MH2000PLC124224
- 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
- 5. E-mail id (Investor Contact):** investor.relations@sumichem.co.in
- 6. Financial Year reported:** April 1, 2019 to March 31, 2020
- 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:** 80
- 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):** 4991.46 million
- 2. Total Turnover(INR):** 23,898.24 million
- 3. Total profit after taxes (INR):** 2,056.26 million
- 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 1.98% of average profit for previous three years
- 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 V

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

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 |

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

| 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). 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

Principle1

- 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 has not received any stakeholder complaint during the past financial year.

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, waste water treatment plant is installed to process municipal waste water to convert into usable industrial water. Using this system, the Company meets about 80 to 90% of its water requirement for industrial use by recycling municipal waste water.
- b) Several initiatives have been taken to reduce energy consumption so as 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)

800 KL water per day.

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 3 manufacturing units undergoes treatment and valuable chemical ingredients are recovered and recycled. The recovered / recycled chemical ingredients account for about 2 % chemical used by these units.

Principle 3

| Sr. No. | Particular | As on 31st March 2020 |
|----------------|--|------------------------------|
| 1 | Please indicate the total number of employees | 1652 |
| 2 | Please indicate the total number of employees hired on temporary /contractual/casual basis | 3435 |
| 3 | Please indicate the number of permanent women employees | 58 |
| 4 | Please indicate the number of permanent employees with disabilities | 13 |
| 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? | 24% |

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?

| Sr. No. | Particular | % of Employees |
|----------------|--|-----------------------|
| 1 | Permanent Employees | 98% |
| 2 | Permanent women employees | 99% |
| 3 | Casual Temporary / Contractual Employees | 82% |
| 4 | Employees with Disabilities | 85% |

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 pending as on 31st March, 2020.

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 skills, sports, gender equality and rural development, welfare of armed forces veterans and their families and contribution to Prime Minister's Relief Fund, Prime Minister's Care 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 2019-20 the Company has spent ₹ 45.48 million on corporate social responsibility projects.

The details of 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 programmes 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 2019-20, six cases were filed against the Company in Consumer Forums. All the six cases are pending as on 31st March, 2020.

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 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 thirteenth 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. With integration of Excel Crop Care Limited through amalgamation, the Company now has strong portfolio of generics in addition to specialty products and a strong combined marketing network. With this integration, your Company has moved up several notches in the pecking order of the Indian crop protection industry.

R&D for developing new molecules requires high investments in terms of capital and time. Indian players, therefore, tend to build strategic partnerships with global pesticides and nutrition companies. In return, Indian companies offer foothold in the domestic market with their strong distribution network and marketing and sales infrastructure.

Lately, the agrochemicals industry is moving towards safe and environment-friendly chemistries and products and also promoting sustainable agricultural practices. In order to increase quality and quantity of farm produce in a sustainable manner, your Company continues to identify and introduce environment friendly products which support farm eco-systems to enhance yield and improve quality of produce. 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 170 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 annually 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:

Indian agriculture continues to remain the backbone of the Indian economy as it generates employment for almost 50% of the workforce and accounts for about 17% of the country’s GDP. However, less than 50% of cultivated area is irrigated thus making Indian agriculture a highly monsoon dependent. The situation becomes critical as about 15-20% of potential crop production is lost due to pests, weeds and diseases. In the face of rising population putting pressure on food availability and gradual loss of arable land due to urbanisation, enhancement of crop productivity and efficient land utilization gains importance. Pesticides play a vital role in reducing crop losses and enhancing crop productivity.

Horticulture has been growing steadily in the country. In volume terms, horticulture production more or less matches food grain production. Fruits and Vegetables constitute over 90% of horticulture production in India. Horticulture offers growth potential to the industry.

The on-going mergers, acquisitions, joint ventures and strategic partnerships between domestic players and foreign multi-national entities open up a number of avenues for qualitative enhancement of the industry offerings in terms of products and practices.

The domestic business is, however, seasonal in nature with higher dependency on the Kharif season which in turn is dictated by the Indian south-west monsoon. Inefficiencies in supply chain and long credit periods adversely impact working capital management in the industry.

Farming scenario is slowly changing for the better with rising awareness amongst the farmers. Policy initiatives by the government and exposure to new farming techniques bode well for the domestic pesticide market and a steady growth can be expected in the foreseeable future. Government of India has taken several steps towards amelioration of the agrarian problems and for sustainable agricultural development. The governments have made higher fund allocation for agriculture and have 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.

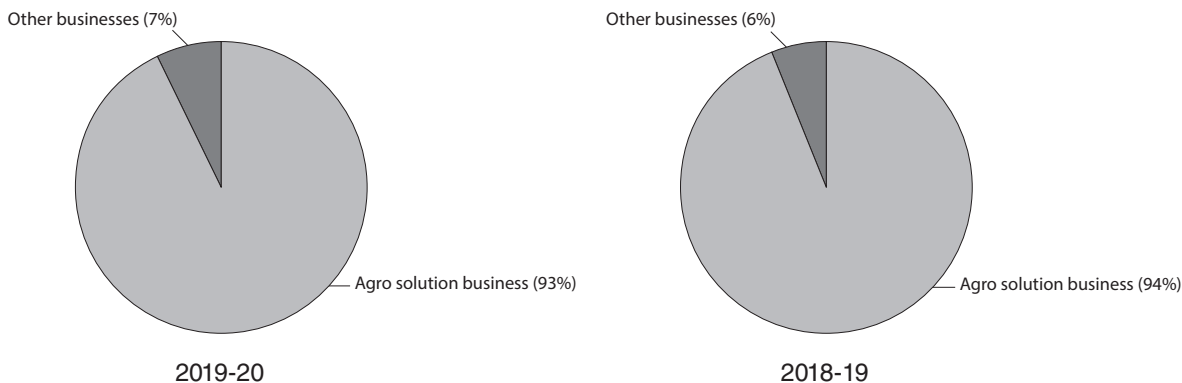
Outbreak of Covid-19 has brought the focus back on agricultural sector. This sector is resilient and is going to be least impacted by the pandemic and will continue to support the workforce, unlike the manufacturing and service sectors which are badly mauled by the Covid-19 outbreak.

3. Segment-wise performance and major changes in ratios:

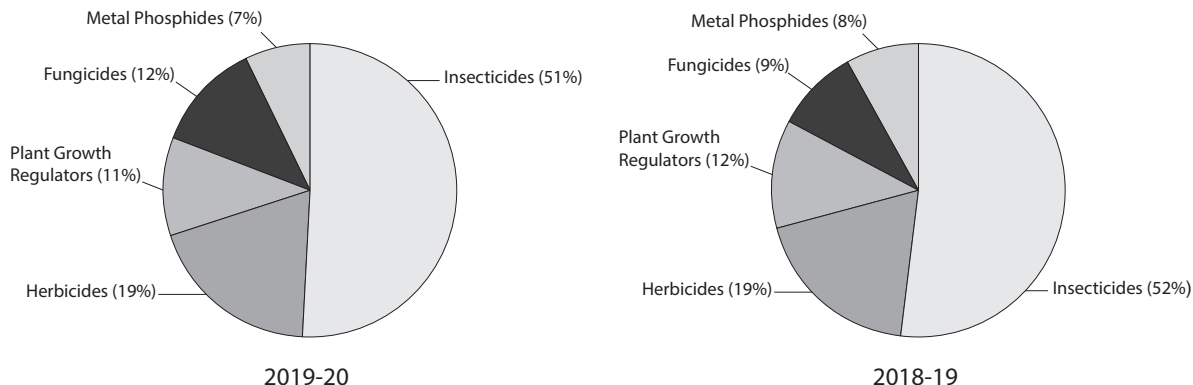
The Company’s domestic sale in 2019-20 increased to ₹ 19,231.05 million from ₹ 17,165.23 million in 2018-19. Exports decreased marginally from ₹ 4,733.31 million in 2018-19 to ₹ 4,667.19 million in 2019-20.

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

Segment wise sales turnover:



Sales break-up of 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 and rising costs of production affect his income. This also impacts his ability and willingness to adopt better products, practices and technologies creating a ripple effect on the industry as a whole.

While the governments have launched several initiatives aimed at improving farmers' well-being, it will take considerable 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. The industry's dependence on China for sourcing critical raw material and intermediates also is an area of concern.

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, introduced in parliament to replace the existing regulatory framework, attempts to address some of these malaises.

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.

Over the past few years, in its endeavour to promoting environmentally safe cultivation practices, local regulatory authorities have restricted/curtailed sale and use of several agrochemical products. The industry has to take these actions in its stride.

Few of the recent regulatory developments are expected to pose serious challenge to the Indian industry.

There is a proposal to bring pesticide products within the purview of 'regulatory price control mechanism'. This measure will be detrimental to the industry.

Recent Central Government notification, proposing ban on 27 pesticide products, poses serious threat to the industry. These are generic products, which are being manufactured and widely used by the country's farmers for decades and form a large part of the domestic business. 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.

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:

The sales for the year under review are ₹ 23,898.24 million as compared to ₹ 21,898.54 million in the previous year. The profit before tax and exceptional items for the year under review is ₹ 2,981.70 million as compared to ₹ 2,649.52 million in the previous year. The exceptional item for expenditure related to amalgamation is ₹ 308.89 million for the year under review as compared to ₹ 69.59 million in the previous year. The profit after tax is ₹ 2,056.26 million in the current year as against profit after tax of ₹ 1,670.02 million in the previous year. Tax expense during the year under review is considerably lower in comparison to the previous year because the Company has opted for lower tax rate by foregoing tax rebates under the new tax regime.

In the financial year 2019-20, Return on Net worth is 17.01% as compared to 16.13% in the financial year 2018-19 - an increase of 5.46%. The ratio has increased in spite of significant increase in net worth in 2019-20. The main reasons for the increase in the ratio are significantly reduced tax expense owing to new 'low-tax regime' and lower increase in fixed overheads as compared to the growth of sales turnover. However, significant increase of ₹ 239.30 million in exceptional expenses related to amalgamation materially reduced impact of these savings.

In the financial year 2019-20, Interest Coverage Ratio is 79.71 as compared to 123.38 in the financial year 2018-19. The fall in ratio is because, in 2019-20, some expenditure relating to leased assets was classified as 'Interest' in terms of INDAS-116. This accounting treatment inflated the amount of interest in the financial year 2019-20 and hence, reduced the Interest Coverage Ratio. However, on a standalone consideration, the Interest Coverage Ratio of 79.71 is extremely healthy and comfortable.

In the financial year 2019-20, Debt-Equity Ratio is 'nil' as compared to 0.02 in the financial year 2018-19. Though, in relative term there is major change in the ratio, in absolute term the ratio itself is insignificant in both the years – the Company does not have material amount of borrowings.

7. Human Resource Development/Industrial Relations:

Your Company introduced several internal HR digital interventions through newly introduced “Darpan – HR Connect” HRIS portal.

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 entity, functional and individual goals for all the management category employees.

Your Company is continuously grooming its employees for taking up higher responsibilities. The Company identifies key talent i.e. employees having high performance and high potential and grooms 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 has risen substantially due to amalgamation of Excel Crop Care Limited and stands at 1652 as on 31st March, 2020.

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.

Subsequent to the amalgamation of Excel Crop Care Limited with the Company, your Company has formally adopted the concept of Corporate Governance as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 involving transparency, empowerment, accountability and integrity with a view to enhance stakeholders' value.

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.

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, 2020, the strength of the Board was eight Directors. The Board comprised of Managing Director, Executive Director and six 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, 2020 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:

| NAME | CATEGORY | NO. OF BOARD MEETINGS ATTENDED DURING 2019-20 | ATTENDANCE AT LAST AGM | NO. OF OTHER DIRECTORSHIP IN COMPANIES INCORPORATED IN INDIA (see Note 1 below) | NO. OF OTHER BOARD COMMITTEE(S) OF COMPANIES OF WHICH HE/SHE IS MEMBER/CHAIRPERSON* |
|--|----------------------------------|--|-------------------------------|--|--|
| Dr. Mukul G. Asher (with effect from 27th August, 2019) Chairman | Independent Non-Executive | 6 | Yes | – | – |
| Mr. Chetan Shah Managing Director (with effect from 1st September, 2019) | Non-Independent Executive | 6 | Yes | 2 | – |
| Mr. Sushil Marfatia Executive Director (see Note 2 below) | Non-Independent Executive | 11 | Yes | – | – |
| Mr. Hiroyoshi Mukai | Non-Independent Non-Executive | 2 | Yes | – | – |

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| NAME | CATEGORY | NO. OF BOARD MEETINGS ATTENDED DURING 2019-20 | ATTENDANCE AT LAST AGM | NO. OF OTHER DIRECTORSHIP IN COMPANIES INCORPORATED IN INDIA (see Note 1 below) | NO. OF OTHER BOARD COMMITTEE(S) OF COMPANIES OF WHICH HE/SHE IS MEMBER/CHAIRPERSON* |
|---|-------------------------------|---|------------------------|---|---|
| Mr. B.V. Bhargava (with effect from 27th August, 2019) | Independent Non-Executive | 7 | Yes | 4 | 3 |
| Mr. Ninad D. Gupte (with effect from 31st August, 2019) | Non-Independent Non-Executive | 7 | Yes | 1 | 2 |
| Mr. Tadashi Katayama (with effect from 31st August, 2019) | Non-Independent Non-Executive | 3 | Yes | – | – |
| Mrs. Preeti Mehta (with effect from 31st August, 2019) | Independent Non-Executive | 8 | Yes | 4 | 8 |

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

Note 1: 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) |

Note 2: During the year, Mr. Sushil Marfatia held position of Whole-time Director up to 9th May, 2019, Managing Director during the period 10th May, 2019 – 31st August, 2019. He was appointed Executive Director with effect from 1st September, 2019.

Particulars of the other Directors, who held Directorship in the Company but ceased to be Directors during the year, are as follows:

| NAME | CATEGORY | NO. OF BOARD MEETINGS ATTENDED DURING THE YEAR | ATTENDANCE AT LAST AGM |
|---|---------------------------|--|------------------------|
| Mr. Akira Harada Managing Director (up to 10th May, 2019) | Non-Independent Executive | 1 | NA |
| Mr. Kiyoshi Takayama Executive Director – Planning and Coordination Office (up to 31st December, 2019) | Non-Independent Executive | 4 | Yes |

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| NAME | CATEGORY | NO. OF BOARD MEETINGS ATTENDED DURING THE YEAR | ATTENDANCE AT LAST AGM |
|---|-----------------------------------|--|------------------------|
| Ms. Rasika Kulkarni Whole Time Director (up to 31st August, 2019) | Non-Independent Executive | 4 | NA |
| Mr. Hisayuki Hoshi Whole Time Director (from 10th May, 2019 to 31st August, 2019) | Non-Independent Executive | 4 | NA |
| Mr. Keiichi Sakata (up to 31st August, 2019) | Non-Independent Non- Executive | 4 | NA |

None of the above Directors held directorship or committee membership in other Indian companies.

Information about other directorship / committee membership of the Directors, who ceased to be Directors during the year, is based on the information furnished by them during their tenure of Directorship.

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

| | |
|---|--|
| Name of the Director | Mr. Ninad D. Gupte |
| Date of Birth | 31.08.1953 |
| Date of Appointment | 31.08.2019 |
| Qualifications | B.SC., PGDBM (XLRI – Jamshedpur) and Diploma in Tax Management from Bajaj Institute of Management |
| Expertise in specific functional areas | Commercial functions, Corporate Management and Indirect Taxes |
| Experience | Over 44 years |
| Other Indian companies in which directorship held | Transpek Industry Limited (Listed) |
| Other companies in which committee membership/ chairmanship held | Chairman of Audit Committee and Nomination & Remuneration Committee of Transpek Industry Limited |
| No. of shares held in the Company as on 31st March, 2020 | 3060 |
| Relationship with other Directors and KMPs | None |
| Number of Board Meetings attended during the year 2019-20 | 7 |
| Remuneration drawn in 2019-20 (Sitting Fees) | ₹ 0.17 million |
| Remuneration and other terms and conditions of appointment | <p>Entitled to sitting fees for attending meetings of the Board / Committees and non-executive directors' commission as approved by the members and the Board of Directors.</p> <p>Mr. Ninad D. Gupte was Joint Managing Director of Excel Crop Care Limited which amalgamated with the Company as on 31st August, 2019 (Appointed Date) and accordingly, he was in receipt of remuneration in the said position up to the Appointed Date.</p> <p>Post amalgamation, Mr. Ninad D. Gupte was appointed consultant for a period of three months from 1st September, 2019 on monthly fees of ₹1.86 million.</p> |

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Particulars of Mr. Masanori Uzawa, whose appointment as Non Independent, Non-Executive Director is sought at the ensuing Annual General Meeting, 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, 2020.

The Company held 11 meetings of its Board of Directors during the year on the following dates:

| | | |
|--------------------|---------------------|---------------------|
| 10th May, 2019 | 1st August, 2019 | 30th August, 2019 |
| 31st August, 2019 | 7th October, 2019 | 14th October, 2019 |
| 21st October, 2019 | 12th December, 2019 | 20th December, 2019 |
| 22nd January, 2020 | 13th February, 2020 | |

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

A Meeting of Independent Directors was scheduled to be held on 27th March, 2019. However, owing to outbreak of Covid-19 and imposition of lockdown, the Meeting was cancelled. The Meeting will be held at an appropriate date during the current financial year.

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

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.

In compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted Audit Committee with effect from 1st September, 2019. The composition of the Audit Committee conforms to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

| Name of Director(s) | Category | No of Meetings held | No. of Meetings attended |
|------------------------------|---|---------------------|--------------------------|
| Mr. B.V. Bhargava, Chairman | Independent, Non-Executive Director | 4 | 3 |
| Dr. Mukul G. Asher, Member | Independent, Non-Executive Director | 4 | 4 |
| Mr. Tadashi Katayama, Member | Non-Independent, Non-Executive Director | 4 | None |
| 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:

| | | |
|---------------------|---------------------|---------------------|
| 14th October, 2019 | 12th December, 2019 | 20th December, 2019 |
| 13th February, 2020 | | |

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.

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In compliance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted Nomination and Remuneration Committee with effect from 1st September, 2019. The composition of the Committee conforms to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the composition of the Nomination and Remuneration Committee of the Company and the attendance by the Members at the Committee Meeting held 14th October, 2019 are as follows:

| Name of Director(s) | No. of Meetings held | No. of Meetings attended |
|--------------------------------|----------------------|--------------------------|
| Mrs. Preeti Mehta, Chairperson | 1 | 1 |
| Dr. Mukul G. Asher, Member | 1 | 1 |
| Mr. B. V. Bhargava, Member | 1 | 1 |
| Mr. Tadashi Katayama, Member | 1 | None |
| Mr. Ninad D. Gupte, Member | 1 | 1 |

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 Directors by way of salary, annual performance bonus (where applicable), 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 Directors.

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 Directors.

Annual performance bonus is paid to the Managing Director and Executive Directors (as per the terms of their 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 2019-20:

(₹ in million)

| Director(s) | Sitting fees for Board/ Committee Meetings | Salaries and other Perquisites | Other Remuneration | Commission | Total for the year |
|---|--|--------------------------------|--------------------|------------|--------------------|
| Dr. Mukul G. Asher (From 27th August, 2019) | 0.23 | – | – | 1.50 | 1.73 |
| Mr. Chetan Shah (from 1st September, 2019) | – | 27.41 | – | – | 27.41 |
| Mr. Sushil Marfatia | – | 16.62 | – | – | 16.62 |
| Mr. Kiyoshi Takayama (from 1st September, 2019 till 31st December, 2019) | – | 6.49 | – | – | 6.49 |

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(₹ in million)

| Director(s) | Sitting fees for Board/ Committee Meetings | Salaries and other Perquisites | Other Remuneration | Commission | Total for the year |
|--|--|--------------------------------|--------------------|------------|--------------------|
| Mr. Akira Harada (up to 10th May, 2019) | – | 3.31 | – | – | 3.31 |
| Mr. Hisayuki Hoshi (from 10th May, 2019 to 31st August, 2019) | – | 4.10 | – | – | 4.10 |
| Mrs. Rasika Kulkarni (up to 31st August, 2019) | – | 0.99 | – | – | 0.99 |
| Mr. Keiichi Sakata (up to 31st August, 2019) | – | – | – | – | – |
| Mr. B.V. Bhargava (from 27th August, 2019) | 0.20 | – | – | 1.50 | 1.70 |
| Mr. Hiroyoshi Mukai | – | – | – | – | – |
| Mr. Ninad D. Gupte (from 31st August, 2019) | 0.17 | – | 5.58 | – | 5.75 |
| Mr. Tadashi Katayama (from 31st August, 2019) | – | – | – | – | – |
| Mrs. Preeti Mehta (from 31st August, 2019) | 0.27 | – | – | 1.50 | 1.77 |

Notes:

1. The employment of Managing Director and Executive Director is contractual for a period of 3 years terminable by either party giving 90 days' notice.
2. Other remuneration to Mr. Ninad D. Gupte represents his fees as a consultant, which was approved by the members of the Company by way of a Special Resolution in the preceding annual general meeting.
3. Mr. Hiroyoshi Mukai and Mr. Tadashi Katayama, have instructed the Company not to pay them sitting fees and Non-Executive Directors' commission.
4. Mr. Hisayuki Hoshi and Ms. Rasika Kulkarni held position of non-director officials during a part of the year. Their remuneration for such period is not considered in the remuneration.
5. There were no other pecuniary relationships or transactions of non-executive directors with the Company except as stated above.

5. Stakeholders Relationship Committee

In compliance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted Stakeholders Relationship Committee with effect from 1st September, 2019 to look into the investors' complaints and to redress them expeditiously.

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Details of the composition of the Stakeholders Relationship Committee of the Company and the attendance by the Members at the Committee Meeting held on 14th October, 2019 are summarised below:

| Name of Director(s) | No. of Meetings held | No. of Meetings attended |
|--|----------------------|--------------------------|
| Dr. Mukul G. Asher, Chairman | 1 | 1 |
| Mr. Chetan Shah, Member | 1 | 1 |
| Mr. Sushil Marfatia, Member | 1 | 1 |
| Mr. Kiyoshi Takayama, Member (up to 31st December, 2019) | 1 | 1 |

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

During the year, 1 complaint was received from an investor, which was resolved during the year, leaving no unresolved complaint at the end of the year.

6. Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee of Directors pursuant to the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder. The composition of the Committee was changed with effect from 1st September, 2019.

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 14th October, 2019 is 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 187 by market capitalization as on 31st March, 2020 on The National Stock Exchange of India Limited. Pursuant to the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements), on 5th June, 2020, the Board has constituted Risk Management Committee comprising the following members:

| Name | Designation |
|-----------------------|--|
| Dr. Mukul G. Asher | Independent Director |
| Mr. Chetan Shah | Managing Director |
| Mr. Sushil Marfatia | Executive Director |
| Mr. Ninad D. Gupte | Director |
| Mrs. Preeti Mehta | Independent Director |
| Mr. V. Gopalakrishnan | Vice President (Supply Chain Management) |
| Mr. Anil Nawal | Chief Financial Officer |
| Mr. Prakash Desai | Vice President (Manufacturing) |

The role of the committee comprises identification of enterprise and business risks (including cyber security related risks), impact assessment, help devising mitigation measures and strategies and monitoring and periodically reviewing risks and risk mitigation measures.

8. General Meetings

Location and time of the last three Annual General Meetings:

| Year | Location | Day/Date | Time | No. of Special Resolutions |
|-------------|---|--------------------------------|-------------|-----------------------------------|
| 2016-17 | Moti Mahal, 7th floor, 195, Jamshedji Tata Road, Churchgate, Mumbai 400020 | Saturday, 30th September, 2017 | 11.00 A.M. | Nil |
| 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 |

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 10th September, 2020, 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 is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, with regard to corporate governance. 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

- **Policy on Related Party Transactions**

The Company's policy on dealing with related party transactions is disclosed on its website 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

- **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

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

During 2019-20, the Company transferred a sum of ₹ 0.32 million, being unclaimed/unpaid dividend pertaining to Excel Crop Care Limited, which has amalgamated with the Company, relating to the financial year 2011-12, 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 2019-20, the Company transferred shares as mentioned below to Investor Education and Protection Fund:

| | |
|---|-----------|
| In respect of shares on which dividend was not claimed/paid for seven consecutive years, pursuant to the provisions of the Companies Act, 2013 and rules thereunder | 1,80,421 |
| Shares allotted pursuant to the Scheme of Amalgamation | 15,57,253 |

- **Dividend Distribution Policy**

The Company's Dividend Distribution Policy is disclosed on its website 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 Standads**

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

10. Means of Communication

- As a policy, the Company has decided to publish extracts of unaudited quarterly and summary of audited annual results in an English newspaper having nationwide circulation and a Marathi newspaper with wide circulation in Mumbai, where the Company's Registered Office is situated. Summary of audited annual results for the year FY 2019-20 have, however, not been published in newspapers pursuant to the relaxation granted by SEBI.
- The Advertisement about listing of the Company's shares on BSE Limited and National Stock Exchange of India Limited was published on 23rd January, 2020, in Business Standard (English – all editions in India), Business Standard (Hindi – all editions in India) and Mumbai Lakshdeep (Marathi – Mumbai edition) pursuant to the requirements of relevant SEBI regulations.
- The audited annual results, press releases, Investor Presentations and other major events/developments concerning the Company are posted on the Company's website: 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 and www.nseindia.com
- Management Discussion and Analysis forms part of the Annual Report.

11. General Shareholder Information

• **Annual General Meeting:**

The Twentieth Annual General Meeting of the Members will be held on Thursday, the 10th September, 2020 at 2.30 pm. 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 the MCA Circular dated May 5, 2020 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, subject to approval by members in the annual general meeting** : Thursday, 3rd September, 2020

• **Listing on Stock Exchanges (Listing and trading from 27th January, 2020)** : (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 2020-21 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. 2019-20 i.e. from 27th January, 2020 (date of listing) till 31st March, 2020:**

On BSE: 5,324,352

On NSE: 20,895,356

• **Market Price Data:**

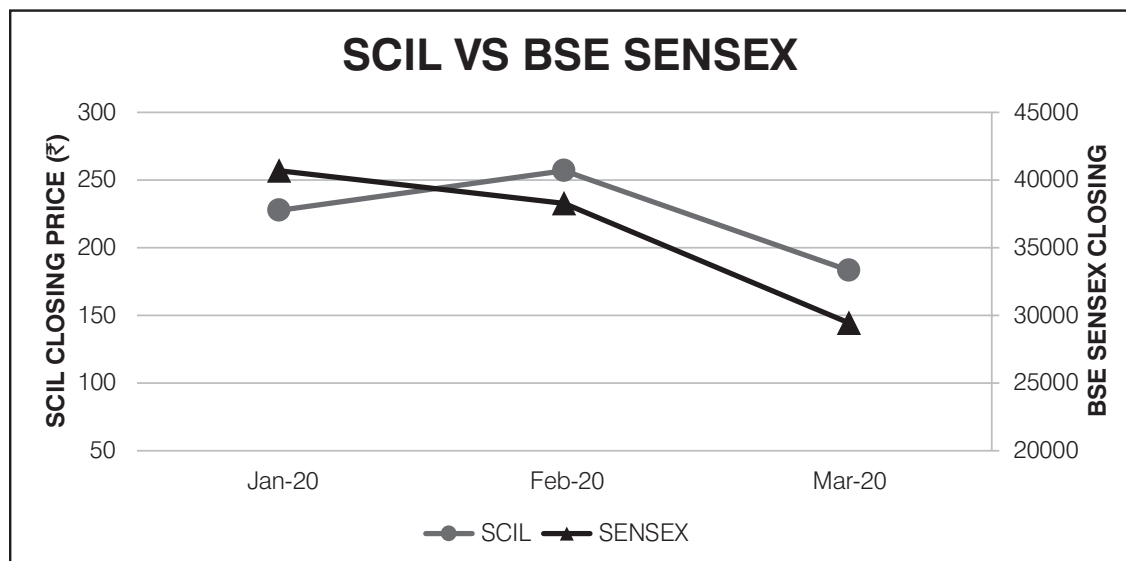
| | BSE | | NSE | |
|-----------------------------------|--------|--------|--------|--------|
| | High | Low | High | Low |
| Jan-20 (27.01.2020 to 31.01.2020) | 242.40 | 191.00 | 239.95 | 191.15 |
| Feb-20 | 281.70 | 225.00 | 281.90 | 221.00 |
| Mar-20 | 265.90 | 152.50 | 265.90 | 151.05 |

SUMITOMO CHEMICAL INDIA LIMITED

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- Share Price Movements:**

Share Price Movement for the period 27th January, 2020 to 31st March, 2020 of Sumitomo Chemical India Limited (SCIL) vs BSE Sensex.



Market Capitalisation and Price-Earnings Ratio:

| | | As on 31st March, 2020 |
|----|--------------------------------------|------------------------|
| a. | Closing Price (BSE) (₹) | 183.45 |
| b. | Market Capitalisation (₹ in million) | 91,568.30 |
| c. | Price-Earnings Ratio | 44.53 |

- 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** at their office at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 (Tel.: 49186000).

- Distribution of Shareholdings as on 31st March, 2020:**

| RANGE | NO. OF SHAREHOLDERS | PERCENTAGE | NO. OF SHARES | PERCENTAGE |
|--------------|---------------------|---------------|---------------------|---------------|
| 1-500 | 15,117 | 62.17 | 19,05,932 | 0.38 |
| 501-1000 | 1,944 | 7.99 | 14,26,018 | 0.29 |
| 1001-2000 | 2,175 | 8.94 | 31,37,960 | 0.63 |
| 2001-3000 | 1,361 | 5.60 | 34,50,732 | 0.69 |
| 3001-4000 | 574 | 2.36 | 20,21,533 | 0.40 |
| 4001-5000 | 386 | 1.59 | 17,24,939 | 0.35 |
| 5001-10000 | 1,612 | 6.63 | 1,07,43,021 | 2.15 |
| Above 10000 | 1,148 | 4.72 | 47,47,35,601 | 95.11 |
| Total | 24,317 | 100.00 | 49,91,45,736 | 100.00 |

SUMITOMO CHEMICAL INDIA LIMITED

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- **Categories of Shareholders as on 31st March, 2020:**

| Category | No. of Shareholders | Voting Strength % | No. of Shares |
|---|---------------------|-------------------|---------------------|
| Promoter and Promoter Group | 7 | 80.30 | 40,08,25,870 |
| Life Insurance Corporation of India | 1 | 3.68 | 1,83,69,460 |
| Indian Banks and Mutual Funds | 14 | 0.90 | 44,72,752 |
| Domestic Companies | 310 | 3.75 | 1,87,09,055 |
| Clearing Member | 132 | 0.06 | 2,85,678 |
| Foreign Banks and Foreign Portfolio Investors | 13 | 0.06 | 3,14,157 |
| Non Resident Indians | 474 | 0.33 | 16,29,870 |
| IEPF | 1 | 0.35 | 17,37,674 |
| Resident Individuals, Hindu Undivided Families and Trusts | 22,658 | 10.57 | 5,28,01,220 |
| Total (Consolidated on the basis of PAN) | 23,610 | 100.00 | 49,91,45,736 |

- **Dematerialisation of Shares and Liquidity:**

99.13% of the Company's share capital is held in dematerialised form as on 31st March, 2020. 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 |
|--|---------------------|----------------------|
| *Shares credited to Unclaimed Shares Suspense Account during the year upon allotment on 7th October, 2019 against the shares lying in the Unclaimed Shares Suspense Account of Excel Crop Care Limited, which amalgamated with the Company | 55 | 2,95,941 |
| Number of Shareholders whose shares were transferred to Investor Education and Protection Fund during the year subsequent to allotment as stated above | 6 | 13,335 |
| Aggregate Number of Shareholders and the outstanding shares in the Suspense Account lying as on 31st March, 2020 | 49 | 2,82,606 |

* The Company has allotted 2,95,941 shares in respect of the shares held in Excel Crop Care Limited Unclaimed Shares Suspense Account as on 31st August, 2019 – the Record Date.

No claims were received during the year for transfer of shares from the Suspense Account

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

SUMITOMO CHEMICAL INDIA LIMITED

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- **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, expertise and experience are mentioned against the respective skills, competence and experience:

| Nature of skill, competence and experience | Names of the Directors |
|---|--|
| Industry experience/knowledge | Mr. Chetan Shah, Mr. Sushil Marfatia, Mr. Tadashi Katayama, Mr. Hiroyoshi Mukai and Mr. Ninad D. Gupte |
| Sector knowledge/experience | Mr. Chetan Shah, Mr. Sushil Marfatia, Mr. Tadashi Katayama, Mr. Hiroyoshi Mukai and Mr. Ninad D. Gupte |
| 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**

During the F.Y. 2019-20, CRISIL Limited assigned 'CRISIL AA/ Stable' as Long Term Rating 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 the entities in the network firm/network entity of which the statutory auditors are a part, are as follows:

(₹ in million)

| Type of Service | F.Y. 2019-20 | F.Y. 2018-19 |
|--|--------------|--------------|
| Audit Fees (including fees for limited reviews) | 6.42 | 7.18 |
| Tax Audit Fees | – | 0.50 |
| Fees for taxation matters | 0.68 | 0.24 |
| Fees for other matters (including consultation for amalgamation) | 51.85 | 32.84 |
| Reimbursement of out-of-pocket expenses | 0.63 | 0.41 |
| Total | 59.58 | 41.17 |

- **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.

- **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.

SUMITOMO CHEMICAL INDIA LIMITED

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- **Plant Locations**

- 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, Thane – 401 506, Maharashtra.

- **Address for Correspondence:**

| Corporate Office: | Registered Office: |
|---|--|
| 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.: 49186000)

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

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, 10th July, 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

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: U24110MH2000PLC124224

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 - U24110MH2000PLC124224)** ('the Company') as stipulated under Regulations 17 to 27, clauses (b) to (i) 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, 2020.

The compliance with the terms and conditions contained in the 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, 2020.

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.

Saraf and Associates

(Practising Company Secretaries)

K.G.Saraf

Proprietor

FCS 1596 : CP 642

Place : Mumbai

Date : 10.07.2020

FRN : S1988MH004801

UDIN: F001596B000436635

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

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: U24110MH2000PLC124224

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 : U24110MH2000PLC124224** 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 Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment in Company* |
|---------|----------------------------|----------|---------------------------------|
| 1. | Bhupendranath Bhargava | 00001823 | 27 th August 2019 |
| 2. | Ninad Dwarkanath Gupte | 00027523 | 31 st August 2019 |
| 3. | Mukul Govindji Asher | 00047673 | 27 th August 2019 |
| 4. | Chetan Shantilal Shah | 00488127 | 01 st September 2019 |
| 5. | Preeti Gautam Mehta | 00727923 | 31 st August 2019 |
| 6. | Sushil Champaklal Marfatia | 07618601 | 07 th October 2016 |
| 7. | Tadashi Katayama | 07628973 | 31 st August 2019 |
| 8. | Hiroyoshi Mukai | 07835814 | 06 th June 2017 |

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

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on 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.

Saraf and Associates

(Practising Company Secretaries)

K.G.Saraf

Proprietor

FCS 1596 : CP 642

Place : Mumbai

Date : 02.06.2020

FRN : S1988MH004801

UDIN: F001596B000309486

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, 2020, the Statement of Profit and Loss, including 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, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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, 2020. 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.

| Key audit matters | How our audit addressed the key audit matter |
|---|--|
| Revenue Recognition – Estimation of discounts, incentives, rebates and sales return <i>(as described in Note 2.3(m) of the standalone Ind AS financial statements)</i> | |
| <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"> 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 Company's internal controls over discounts, incentives and rebates and sales return; c) Obtained calculations for discounts, incentives and rebates accruals under applicable schemes. 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 and compared actuals with accruals; and f) Assessed the adequacy of the disclosures as per the applicable accounting standards. |

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>Estimation of allowances for inventory valuation (as described in Note 2.3 (e) of the standalone Ind AS financial statements)</p> | |
| <p>Inventories represent significant portion of total assets as at March 31, 2020 with carrying value of ₹ 5,870.06 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> <ul style="list-style-type: none"> a) Understood and evaluated the process relating to determination of net realizable value of inventories and identification of slow-moving, expired or obsolete inventories; b) Evaluated the design and tested operating effectiveness of internal controls over inventory valuation; c) 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. d) 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 e) Assessed the appropriateness of disclosures in the financial statements in accordance with the applicable accounting standards. |

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 Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 system 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, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company, included in these standalone Ind AS financial statements, have been extracted from the audited standalone Ind AS financial statements of the Company for the year ended 31st March, 2019 which were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 14th October, 2019.

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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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;

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 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;
- (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 43 to the standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 15 and 24 to the standalone Ind AS financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 20037924AAAADG9446

Mumbai
5th June, 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE

- (i) In respect of its Property, plant and equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
 - All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on verification during the year.
 - According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to 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 Companies Act, 2013. 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 Companies Act 2013 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 Companies Act, 2013 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, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Nature of the Statute | Nature of the dues | Amount | Period to which amount related | Forum at which dispute is pending |
|-----------------------------|---|-------------|--------------------------------|--|
| Income Tax Act 1961 | Disallowance of capital subsidy and expenses | 4,11,220 | AY 2004-05 | ITAT, Mumbai |
| | Disallowance of royalty expenses | 9,26,382 | AY 2004-05 | Mumbai High Court |
| | Transfer Pricing and disallowance of certain expenses | 1,38,67,594 | AY 2011-12 | ITAT, Mumbai |
| | Transfer Pricing and disallowance of certain expenses | 3,11,05,690 | AY 2012-13 | ITAT, Mumbai |
| | Disallowance of certain expenses | 1,75,56,929 | AY 2017-18 | CIT (Appeal), Mumbai |
| Central Sales Tax Act, 1956 | Non submission of F Form | 1,92,806 | FY 1998-99 | Sales Tax Officer, Thane |
| Sales Tax (VAT) | Non submission of F Form | 3,04,794 | FY 2002-03 | Deputy Commissioner, Ahmedabad |
| The Finance Act, 1994 | Service tax on Royalty | 12,57,000 | April 2002 to March 2004 | Superintendent of Central Excise, Mumbai |

SUMITOMO CHEMICAL INDIA LIMITED

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| Nature of the Statute | Nature of the dues | Amount | Period to which amount related | Forum at which dispute is pending |
|---------------------------------------|---|-----------|------------------------------------|---|
| The Central excise Act, 1944 | Disallowance of availment of Service Tax Credit | 43,75,989 | March 2015 to Sept 2015 | Commissioner, Central Excise, Thane |
| | Disallowance of availment of Service Tax Credit | 17,30,852 | October 2015 to Sept 2016 | Commissioner, Central Excise, Thane |
| | Disallowance of availment of Service Tax Credit | 30,37,651 | October 2016 to June 2017 | Assistant Commissioner, Division-IV, CGST and Central Excise, Palghar Commissionerate |
| | Denial of Cenvat Credit taken | 7,34,238 | August 2007 to July 2008 | Order in Original passed by Additional Commissioner of Central Excise |
| Central Goods & Service Tax Act, 2017 | Eway Bill with wrong vehicle No | 7,14,096 | July 2019 | Appeal to Appellate Authority, Haryana against Order of ETO, Fatehabad |
| Service Tax Rules | Service tax demand | 52,69,750 | FY 2005-06 & FY 2012-13 to 2015-16 | Additional / Joint Commissioner (Bhavnagar), Assisstance Commissioner (Silvassa), Joint Commissioner (Gandhidham) |
| Custom Act | Custom duty demand | 65,13,849 | FY 2012-13 | Joint Commissioner of Customs |
| Bihar Vat Act, 2005 | VAT liability | 20,91,706 | FY 2007-08, 2011-12 & 2012-13 | Deputy Commissioner of Commercial Taxes, Patna |

- (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, 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, 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 Companies Act, 2013.
- (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, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable Indian 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) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to 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
Firm Registration No. 324982E/E300003

per Jayesh Gandhi
Partner
Membership No.: 037924
UDIN: 20037924AAAADG9446

Mumbai
5th June, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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")**

We have audited the internal financial controls over financial reporting of Sumitomo Chemical India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 20037924AAAADG9446

Mumbai
5th June, 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

STANDALONE BALANCE SHEET AS AT 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | Notes | As at 31 March, 2020 | As at 31 March, 2019 |
|--|-------|-------------------------|-------------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 3 | 2,827.93 | 2,770.49 |
| (b) Capital work-in-progress | 3 | 64.97 | 31.86 |
| (c) Right-of-use assets | 4 | 349.01 | — |
| (d) Other Intangible assets | 5 | 17.03 | 21.35 |
| (e) Intangible assets under development | | 37.72 | 48.72 |
| (f) Investment in subsidiaries | 6 | 7.61 | 7.61 |
| (g) Financial Assets | | | |
| (i) Investments | 7 | 1.26 | 1.41 |
| (ii) Loans | 8 | 53.38 | 75.75 |
| (h) Deferred tax assets (net) | 35 C | 10.91 | — |
| (i) Non-current tax assets (Net) | | 197.40 | 184.05 |
| (j) Other non-current assets | 9 | 40.60 | 43.90 |
| Total non-current assets | | 3,607.82 | 3,185.14 |
| (2) Current Assets | | | |
| (a) Inventories | 10 | 5,870.06 | 6,800.38 |
| (b) Financial Assets | | | |
| (i) Investments | 11 | 859.87 | — |
| (ii) Trade receivables | 12 | 8,478.33 | 6,689.40 |
| (iii) Cash and cash equivalents | 13a | 818.21 | 392.89 |
| (iv) Bank balances other than cash and cash equivalents mentioned in (iii) above | 13b | 8.97 | 8.86 |
| (v) Loans | 14 | 79.01 | 51.01 |
| (vi) Other financial assets | 15 | 217.86 | 156.60 |
| (c) Other current assets | 16 | 985.34 | 1,178.37 |
| Total Current Assets | | 17,317.65 | 15,277.51 |
| TOTAL ASSETS | | 20,925.47 | 18,462.65 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 17a | 4,991.46 | 2,745.88 |
| (b) Shares pending issuance | 17b | — | 2,245.58 |
| (c) Other equity | 18 | 7,095.50 | 5,361.65 |
| Total Equity | | 12,086.96 | 10,353.11 |
| (2) Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| – Lease liabilities | 19 | 194.00 | — |
| (b) Provisions | 20 | 251.37 | 156.42 |
| (c) Deferred tax liabilities (net) | 35 C | — | 145.92 |
| Total Non-current liabilities | | 445.37 | 302.34 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21 | — | 197.45 |
| (ii) Lease liabilities | 22 | 161.81 | — |
| (iii) Trade payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | 23 | 180.31 | 195.10 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 23 | 4,725.10 | 4,609.44 |
| (iv) Other financial liabilities | 24 | 2,354.43 | 1,791.76 |
| (b) Other current liabilities | 25 | 800.80 | 870.26 |
| (c) Provisions | 26 | 96.64 | 24.51 |
| (d) Current Tax liabilities | | 74.05 | 118.68 |
| Total Current liabilities | | 8,393.14 | 7,807.20 |
| Total Liabilities | | 8,838.51 | 8,109.54 |
| TOTAL EQUITY AND LIABILITIES | | 20,925.47 | 18,462.65 |
| Significant accounting policies | 2 | | |
| The accompanying notes 1 to 49 are an integral part of these Standalone 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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah

Managing Director

DIN: 00488127

Mr. Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 5 June 2020

Mr. Sushil Marfatia

Executive Director

DIN: 07618601

Mr. Pravin D. Desai

Vice President (Legal) & Company Secretary

Place: Mumbai

Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | Notes | For the year ended 31 March, 2020 | For the year ended 31 March, 2019 |
|---|----------|--------------------------------------|--------------------------------------|
| REVENUE | | | |
| I. Revenue from Operations | 27 | 24,233.61 | 22,230.23 |
| II. Other income | 28 | 108.37 | 76.13 |
| III. Total Income (I + II) | | 24,341.98 | 22,306.36 |
| IV. Expenses | | | |
| Cost of materials consumed | 29 | 12,871.15 | 13,287.14 |
| Purchase of stock-in-trade | | 1,901.57 | 2,283.31 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 30 | 1,295.44 | (1,020.41) |
| Employee benefits expense | 31 | 1,781.11 | 1,572.92 |
| Finance costs | 32 | 55.13 | 36.50 |
| Depreciation and amortisation expense | 3, 4 & 5 | 409.23 | 277.91 |
| Other expenses | 33 | 3,046.65 | 3,219.47 |
| Total Expenses (IV) | | 21,360.28 | 19,656.84 |
| V. Profit before Exceptional Items and Tax (III - IV) | | 2,981.70 | 2,649.52 |
| Exceptional Items | 34 | 308.89 | 69.59 |
| VI. Profit before Tax: | | 2,672.81 | 2,579.93 |
| VII. Tax expense: | | | |
| 1. Current Tax | 35 A | 786.39 | 940.28 |
| 2. Adjustment of tax relating to earlier years | | (33.24) | 2.98 |
| 3. Deferred Tax credit | | (136.60) | (33.35) |
| Total Tax Expenses (VII) | | 616.55 | 909.91 |
| VIII. Profit for the Year (VI - VII) | | 2,056.26 | 1,670.02 |
| IX. Other comprehensive income | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of defined benefit liability | | (80.43) | 2.23 |
| (ii) Income tax related to items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit liability | 35 A | 20.24 | 1.47 |
| Total other comprehensive income for the year (IX) | | (60.19) | 3.70 |
| X. Total comprehensive income for the year (VIII + IX) | | 1,996.07 | 1,673.72 |
| XI. Earnings per equity share (Face value of ₹ 10 each) | | | |
| Basic and diluted earnings per share | 36 | 4.12 | 3.35 |
| Significant accounting policies | 2 | | |

The accompanying notes 1 to 49 are an integral part of these Standalone 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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127
Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai
Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601
Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai
Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

(a) Equity share capital

| | | |
|---|------|-----------------|
| | Note | |
| As at 31 March, 2018 | 17a | 2,745.88 |
| Changes in equity share capital during the year | | — |
| As at 31 March, 2019 | 17a | 2,745.88 |
| Changes in equity share capital during the year | | 2,245.58 |
| As at 31 March, 2020 | 17a | 4,991.46 |

(b) Share Pending Issuance

| | | |
|-------------------------------|------|-----------------|
| | Note | |
| As at 31 March, 2018 | 17b | 2,245.58 |
| Changes during the year | | — |
| As at 31 March, 2019 | 17b | 2,245.58 |
| Shares issued during the year | | 2,245.58 |
| As at 31 March, 2020 | 17b | — |

(c) Other equity

| Particulars | Reserves & Surplus | | | Total Other equity |
|--|--------------------|--------------------|-------------------|--------------------|
| | General Reserve | Securities Premium | Retained earnings | |
| Balance as at 1 April 2018 | (282.19) | 2,350.60 | 2,334.57 | 4,402.98 |
| Profit for the year | — | — | 1,670.02 | 1,670.02 |
| Other comprehensive income for the year (net of tax) | — | — | 3.70 | 3.70 |
| Total comprehensive income for the year | — | — | 1,673.72 | 1,673.72 |
| Dividends | — | — | (590.53) | (590.53) |
| Dividend Distribution Tax (DDT) | — | — | (124.52) | (124.52) |
| Transfer to General Reserve | 800.00 | — | (800.00) | — |
| Balance as at 31 March 2019 | 517.81 | 2,350.60 | 2,493.24 | 5,361.65 |
| Profit for the period | — | — | 2,056.26 | 2,056.26 |
| Other comprehensive income for the year (net of tax) | — | — | (60.19) | (60.19) |
| Total comprehensive income for the year | — | — | 1,996.07 | 1,996.07 |
| Transfer to General Reserve | 3,250.00 | — | (3,250.00) | — |
| Dividend on equity shares for the year | — | — | (215.28) | (215.28) |
| Dividend Distribution Tax (DDT) | — | — | (46.94) | (46.94) |
| Balance as at 31 March 2020 | 3,767.81 | 2,350.60 | 977.09 | 7,095.50 |

Refer note 18 B for nature and purpose of reserves

The accompanying notes 1 to 49 are an integral part of these Standalone 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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127

Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai
Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601

Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai
Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | For the year ended 31 March, 2020 | For the year ended 31 March, 2019 |
|--|--------------------------------------|--------------------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 2,672.81 | 2,579.93 |
| Adjustments for: | | |
| Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets. | 409.23 | 277.91 |
| Bad debts written off | 15.86 | 12.04 |
| Expected credit loss for trade receivables | 69.27 | 71.18 |
| Profit on sale / disposal of property, plant and equipment | (0.70) | (1.38) |
| Property, plant and equipment written off | 0.27 | 0.61 |
| Loss / (Profit) on sale of Investment | (15.46) | 8.15 |
| Excess Provisions in respect of earlier years written back (net) | (4.94) | (4.35) |
| Interest income | (39.20) | (37.26) |
| Mark to market of FVTPL investment | 0.10 | 0.02 |
| Dividend income | (5.24) | (3.59) |
| Interest expenses | 55.13 | 36.50 |
| Unrealised exchange differences (net) | (38.08) | 30.95 |
| Operating cash flow before working capital changes | 3,119.05 | 2,970.71 |
| Working capital adjustments | | |
| (Increase) in Trade receivables | (1,784.91) | (301.90) |
| Decrease / (Increase) in Inventories | 930.32 | (1,829.83) |
| Decrease / (Increase) in Other non-current assets and current assets | 195.07 | (273.38) |
| Decrease / (Increase) in Other non-current financial assets and current financial assets | (57.16) | 12.20 |
| Decrease / (Increase) in Long term & short term Loans | 21.35 | (14.51) |
| (Decrease) / Increase in Trade payables | 5.81 | (324.80) |
| Increase in Long term and short term provisions | 86.65 | 44.45 |
| Increase in Other non-current liabilities and current financial liabilities | 580.65 | 1,159.74 |
| (Decrease) / Increase in Other non-current and other current Liabilities | (69.46) | 174.68 |
| Cash generated from operating activities | 3,027.37 | 1,617.36 |
| Income taxes paid (net) | (811.12) | (869.00) |
| Net cash flows generated from operating activities (A) | 2,216.25 | 748.36 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment, intangible assets and right-of-use assets. | (379.84) | (396.01) |
| Proceeds from sale of property, plant and equipment right-of-use assets. | 2.98 | 6.10 |
| Purchase of investments | (4,622.37) | (1,580.00) |
| Proceeds from sale of investments | 3,778.01 | 1,580.15 |
| Movement in bank balances not considered as cash and cash equivalents (net) | (0.11) | (1.07) |
| Loans given to employees | (0.24) | — |
| Interest received | 39.20 | 36.81 |
| Dividend received | 5.24 | 3.59 |
| Loan given | — | (0.21) |
| Net cash flows used in investing activities (B) | (1,177.13) | (350.64) |

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | For the year ended 31 March, 2020 | For the year ended 31 March, 2019 |
|---|--------------------------------------|--------------------------------------|
| C. Cash flow from financing activities | | |
| Repayment of short term borrowings | (197.45) | 95.99 |
| Payment of Lease liability | (137.21) | — |
| Interest and other borrowing cost paid | (17.03) | (36.50) |
| Dividend paid | (215.17) | (589.46) |
| Tax on distributed profits | (46.94) | (124.52) |
| Net cash flows used in financing activities (C) | (613.80) | (654.49) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 425.32 | (256.77) |
| Cash and cash equivalents at the beginning of the period | 392.89 | 649.66 |
| Cash and cash equivalents at the end of the period (Refer note 13a) | 818.21 | 392.89 |

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 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 |
| | 197.45 | (334.66) | 493.02 | 355.81 |

| Particulars | For the year ended 31 March 2018 | Cash flows Additions / (Repayments) | Non-Cash Changes | For the year ended 31 March 2019 |
|---|--|---|---------------------|--|
| Short-term borrowings | 101.46 | 95.99 | — | 197.45 |
| Lease Liabilities (including short term maturity) | — | — | — | — |
| | 101.46 | 95.99 | — | 197.45 |

Significant accounting policies 2

The accompanying notes 1 to 49 are an integral part of these Standalone 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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127

Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai
Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601

Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai
Date: 5 June 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

1 CORPORATE INFORMATION

Sumitomo Chemical India Limited ('SCIL' or 'the Company') was incorporated originally on February 15, 2000 and converted from Private Limited to Public Limited w.e.f. 24th 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 financial statements are presented in millions of Indian rupees rounded off to two decimal places, except per share information, unless otherwise stated.

The standalone financial statements of the Company were approved for issue in accordance with the resolution of the Board of Directors on 05 June 2020.

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 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 42)

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 or 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:

| 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 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

Assets costing less than INR 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 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 Labour 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 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 was 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 2020.

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 and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 GST.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 authorised 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 Leases

The Company has adopted Ind AS 116 'Leases' using modified retrospective approach with no restatement of comparative information, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease on application date. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of lease with similar characteristics.

s 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 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, judgements and assumptions

The preparation of these standalone 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 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 judgements 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. (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. (Note 2.3(n))

iv. Impairment of Financial and Non Financial Asset:

Impairment of financial and Non- Financial assets (Note 2.3(n) for Financial assets and (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 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 IndAs 116 (Refer 2.3(r))

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 2.3(f))

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Note-3 Property, plant and equipment

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 period | Deduction during the period | 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 |

Capital work-in-progress

Capital work-in-progress as at 31 March 2020 is ₹ 64.97 million (31 March 2019: ₹ 31.86 million)

For the year ended 31 March 2019

| BLOCK OF ASSET | Gross Block | | | Accumulated Depreciation | | | | Net Block | | |
|--------------------------|--------------------|-----------|-----------|--------------------------|--------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|
| | As at 1 April 2018 | Additions | Disposals | As at 31 March 2019 | As at 1 April 2018 | Charge for the year | Deduction during the year | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Land - Freehold | 117.62 | — | — | 117.62 | — | — | — | — | 117.62 | 117.62 |
| Leasehold land | 163.41 | — | — | 163.41 | 4.92 | 2.46 | — | 7.38 | 156.03 | 158.49 |
| Factory road | 3.17 | — | — | 3.17 | 1.08 | 0.54 | — | 1.62 | 1.55 | 2.09 |
| Buildings | 618.87 | 59.91 | — | 678.78 | 46.89 | 41.96 | — | 88.85 | 589.93 | 571.98 |
| Plant & Machinery | 1,843.55 | 259.90 | 10.05 | 2,093.40 | 227.90 | 165.64 | 5.63 | 387.91 | 1,705.49 | 1,615.65 |
| Furniture and fixtures | 48.49 | 6.35 | 0.17 | 54.67 | 13.73 | 9.06 | 0.05 | 22.74 | 31.93 | 34.76 |
| Vehicles | 64.78 | 18.47 | 4.55 | 78.70 | 11.87 | 13.12 | 3.35 | 21.64 | 57.06 | 52.91 |
| Office equipments | 45.41 | 16.93 | 0.60 | 61.74 | 14.05 | 8.86 | 0.39 | 22.52 | 39.22 | 31.36 |
| Leasehold improvements | 8.46 | — | — | 8.46 | 5.56 | 1.45 | — | 7.01 | 1.45 | 2.90 |
| Electrical installations | 55.54 | 15.86 | — | 71.40 | 14.69 | 8.96 | — | 23.65 | 47.75 | 40.85 |
| Laboratory equipments | 24.65 | 5.51 | (1.31) | 31.47 | 5.39 | 2.93 | (0.69) | 9.01 | 22.46 | 19.26 |
| | 2,993.95 | 382.93 | 14.06 | 3,362.82 | 346.08 | 254.98 | 8.73 | 592.33 | 2,770.49 | 2,647.87 |

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 43B.

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Note-4 Right-of-use assets

| 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 period | Deduction during the period | 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

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 period | Deduction during the period | 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 |

For the year ended 31 March 2019

| Particulars | Gross Block | | | Accumulated Amortisation | | | | Net Block | | |
|-------------------------------------|-----------------------|-----------|-----------|---------------------------|-----------------------|------------------------|---------------------------------|---------------------------|---------------------------|---------------------------|
| | As at 1 April 2018 | Additions | Disposals | As at 31 March 2019 | As at 1 April 2018 | Charge for the year | Deduction during the year | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Data registration expenses | 44.40 | 22.49 | — | 66.89 | 32.32 | 16.60 | — | 48.92 | 17.97 | 12.08 |
| Software / License and Registration | 9.83 | 2.47 | — | 12.30 | 5.74 | 3.18 | — | 8.92 | 3.38 | 4.09 |
| Technical Know-how | 9.45 | — | — | 9.45 | 6.30 | 3.15 | — | 9.45 | — | 3.15 |
| | 63.68 | 24.96 | — | 88.64 | 44.36 | 22.93 | — | 67.29 | 21.35 | 19.32 |

Note-6 Investments in subsidiaries

| | Numbers | | Amount | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| Unquoted and Fully Paid up | | | | |
| Carried at Cost | | | | |
| Investments in Equity Instruments | | | | |
| Excel Crop Care (Europe) N.V. Face Value of Euro 630 each | 99 | 99 | 2.50 | 2.50 |
| Excel Crop Care (Africa) Limited Face value of Tanzanian Schillings 1,00,000 each | 1,699 | 1,699 | 5.11 | 5.11 |
| Total | | | 7.61 | 7.61 |
| Aggregate amount of quoted investments | | | — | — |
| Aggregate Market value of quoted investments | | | — | — |
| Aggregate amount of unquoted investments | | | 7.61 | 7.61 |
| Aggregate amount of impairment in value of investments | | | — | — |

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(Currency: Indian Rupees in million)

Note-7 Non-current investments

| | Numbers | | Amount | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| A. Investments at Fair value through Profit or loss | | | | |
| Investments in Equity Instruments | | | | |
| Investments in Other entities (Quoted) | | | | |
| Tata Steel Limited Face Value of ₹ 10 each fully paid-up | 393 | 393 | 0.11 | 0.21 |
| Investments in Other entities (Unquoted) | | | | |
| Investment in co-operative societies | 9,132 | 9,132 | 1.12 | 1.17 |
| B. Investments stated at Amortised cost | | | | |
| Investments in Government securities (Unquoted) | | | | |
| National Saving Certificates Face Value ₹ 0.03 million | | | 0.03 | 0.03 |
| Total | | | 1.26 | 1.41 |
| Aggregate Market Value of Quoted Investments | | | 0.11 | 0.21 |
| Aggregate amount of Quoted Investments | | | 0.11 | 0.21 |
| Aggregate amount of Unquoted Investments | | | 1.15 | 1.20 |
| Aggregate amount of impairment in value of investments | | | — | — |

Note-8 Non-current Loans

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Security deposits | 45.27 | 66.62 |
| Security deposits - credit impaired | 2.71 | 2.71 |
| Less: Provision for doubtful deposit | (2.71) | (2.71) |
| Loans to employees | 8.11 | 9.13 |
| Total | 53.38 | 75.75 |

Note-9 Other non-current assets

| | As at 31 March 2020 | As at 31 March 2019 |
|------------------|------------------------|------------------------|
| Capital advances | 39.91 | 41.17 |
| Prepaid expenses | 0.69 | 2.73 |
| Total | 40.60 | 43.90 |

Note-10 Inventories

| | As at 31 March 2020 | As at 31 March 2019 |
|------------------------------------|------------------------|------------------------|
| Raw Materials | 2,255.62 | 1,888.79 |
| Work-in-progress | 288.20 | 331.37 |
| Finished Goods | 2,775.43 | 3,964.69 |
| Stock-in-Trade | 231.52 | 294.51 |
| Containers and Packing Materials | 284.19 | 295.72 |
| Stores and Spares (including Fuel) | 35.10 | 25.30 |
| Total | 5,870.06 | 6,800.38 |

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Note-11 Current investments

Investment carried at fair value through Profit and Loss account

| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| | Quantity | | Amount | |
| Investment in Mutual Fund (Quoted) | | | | |
| HDFC Ultra Short Term Fund - Reg - Growth | 22,516,511 | — | 252.31 | — |
| Aditya Birla Sun Life Liquid Fund Reg - Growth | 200,495 | — | 80.36 | — |
| Aditya Birla Sun Life Liquid Fund | 349,281 | — | 111.62 | — |
| HDFC Liquid Fund Post IPO | 31,256 | — | 121.39 | — |
| ICICI Prudential Mutual Fund | 450,340 | — | 131.72 | — |
| Kotak M Fund Over Night | 56,245 | — | 60.30 | — |
| UTI Liquid Fund Cash Plan | 31,560 | — | 102.17 | — |
| Aggregate carrying value of quoted Investment | | | 859.87 | — |
| Aggregate market value of quoted Investment | | | 859.87 | — |

Note-12 Trade receivables

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Trade Receivables – unsecured considered good | 8,478.33 | 6,689.40 |
| Trade Receivables – credit impaired | 435.90 | 366.65 |
| | 8,914.23 | 7,056.05 |
| Less: Allowance for expected credit loss | 435.90 | 366.65 |
| | 8,478.33 | 6,689.40 |

Notes:

There are no outstanding trade receivables which resulted into significant increase in credit risk apart from receivables which are impaired and provided. Refer note 40 for information about credit risk and market risk of trade receivables.

Note-13a Cash and cash equivalents

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Balance with banks : | | |
| In current account | 705.60 | 188.53 |
| In deposit accounts (with original maturity of less than three months) | 111.80 | 201.50 |
| Cash on hand | 0.81 | 0.50 |
| Cheques on hand | — | 2.36 |
| Total | 818.21 | 392.89 |

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

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Deposits with maturity more than 3 months but less than 12 months | 0.08 | 0.08 |
| In unpaid dividend accounts earmarked with banks* | 8.89 | 8.78 |
| Total | 8.97 | 8.86 |

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

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Note-14 Current Loans

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Security deposits | | |
| Considered good - Unsecured | 50.53 | 23.40 |
| Loans to employees | | |
| Considered good - Unsecured | 21.89 | 20.63 |
| Loans to employees - credit impaired | 0.43 | 0.43 |
| Less: Provision for doubtful loans | (0.43) | (0.43) |
| Earnest money deposit | 4.33 | 4.91 |
| Others | 2.26 | 2.07 |
| Total | 79.01 | 51.01 |

Note-15 Other current financial assets

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Export incentive receivable | 155.59 | 122.62 |
| Derivatives - foreign exchange forward contracts | 60.14 | 29.30 |
| Others | 2.13 | 4.68 |
| Total | 217.86 | 156.60 |

Note-16 Other current assets

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Balances with government authorities | 793.20 | 915.82 |
| Prepaid expenses | 58.44 | 62.44 |
| Contract Asset (Right to receive inventory) | 23.93 | 24.59 |
| Others (advances other than capital advances) | 109.77 | 175.52 |
| Total | 985.34 | 1,178.37 |

Note-17a Equity share capital

| | Number of shares | Amount | Number of shares | Amount |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2019 |
| Authorised: | | | | |
| Equity shares of ₹ 10 each | 500,000,000 | 5,000.00 | 300,000,000 | 3,000.00 |
| | 500,000,000 | 5,000.00 | 300,000,000 | 3,000.00 |
| Issued, subscribed and paid-up: | | | | |
| Equity shares of ₹ 10 each, fully paid-up (Refer note 47) | 499,145,736 | 4,991.46 | 274,588,095 | 2,745.88 |
| | 499,145,736 | 4,991.46 | 274,588,095 | 2,745.88 |

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

| | As at 31 March 2020 | | As at 31 March 2019 | |
|--------------------------------------|---------------------|-----------------|---------------------|----------|
| Equity shares | Number | Amount | Number | Amount |
| At the commencement of the year | 274,588,095 | 2,745.88 | 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 | 274,588,095 | 2,745.88 |

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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 2020 | | As at 31 March 2019 | |
|--|-----------------|---------------------|--------|---------------------|--------|
| | | No. of Shares | % | No. of Shares | % |
| Sumitomo Chemical Company Limited, Japan | Holding Company | 400,825,868 | 80.30% | 274,588,093 | 99.99% |

c) Particulars of shares held by holding company and associates

| Name of shareholder | Relationship | As at 31 March 2020 | | As at 31 March 2019 | |
|---|-------------------|---------------------|---------------|---------------------|---------|
| | | No. of Shares | % | No. of Shares | % |
| Sumitomo Chemical Company Limited, Japan* | Holding Company | 400,825,868 | 80.30% | 274,588,093 | 99.99% |
| SC Environmental Science Co. Ltd, Japan** | Fellow Subsidiary | 2 | 0.01% | 2 | 0.01% |
| | | 400,825,870 | 80.31% | 274,588,095 | 100.00% |

* Including 5 shares held through its nominees.

** 31.03.2020 held through a nominee (31.03.2019 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 Authorised Share Capital of ₹ 60 million of ECCL has been consolidated with the Authorised Share Capital of the Company and the Authorised Share Capital of the Company stands increased to ₹ 5,000 million. (refer note 47).

f) Dividend on Equity Share declared and paid during the period 01 April 2019 to 31 March 2020

| | 01 April 2019 to 31 March 2020 | 01 April 2018 to 31 March 2019 |
|---|---|---|
| Interim dividend paid on 499,145,376 shares @ ₹ 0.20 per share (2018-19: ₹ 1.87 per share) on equity shares of ₹ 10 each | 99.83 | 513.48 |
| Dividend distribution tax on interim dividend above | 20.52 | 105.55 |
| Final dividend paid on 274,588,095 shares @ ₹ 0.22 per share (2018-19: ₹ Nil) on equity shares of ₹ 10 each | 60.41 | — |
| Dividend distribution tax on final dividend above | 12.42 | — |
| Interim dividend paid on 11,005,630 shares @ ₹ 6.25 per share (2018-19: 8,806,182 shares @ ₹ 8.75) on equity shares of ₹ 5 each | 55.04 | 77.05 |
| Dividend distribution tax on interim dividend above | 14.00 | 18.97 |
| Total | 262.22 | 715.05 |
| | 01 April 2019 to 31 March 2020 | 01 April 2018 to 31 March 2019 |
| Dividend on equity shares not recognised as liability | | |
| Proposed Final dividend on 499,145,376 shares @ ₹ 0.55 per share (2019-20: ₹ 0.22 per share) on equity shares of ₹ 10 each | 274.53 | 60.41 |
| Dividend distribution tax on final dividend | — | 12.42 |
| | 274.53 | 72.83 |

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Note-17b Shares pending issuance

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Share Pending Issuance (Refer note 47) | — | 2,245.58 |
| Total | — | 2,245.58 |

Note-18 Other Equity

A Summary of Other Equity Balance

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| General reserve | | |
| Balance at the beginning of the year | 517.81 | (282.19) |
| Add: Amount transferred from Retained earnings | 3,250.00 | 800.00 |
| Balance at the end of the period | 3,767.81 | 517.81 |
| Securities premium | 2,350.60 | 2,350.60 |
| Retained earnings | | |
| Balance at the beginning of the period | 2,493.24 | 2,334.57 |
| Additions during the period: | | |
| Profit for the period | 2,056.26 | 1,670.02 |
| Other comprehensive income for the period, net of tax | (60.19) | 3.70 |
| Reductions during the period: | | |
| Dividends | (160.24) | (590.53) |
| Dividend Distribution Tax on dividend | (33.06) | (124.52) |
| Interim dividend | (55.04) | — |
| Dividend Distribution Tax on Interim Dividend | (13.88) | — |
| Transfer to General Reserve | (3,250.00) | (800.00) |
| Net surplus of retained earnings | 977.09 | 2,493.24 |
| Balance at the end of the period | 7,095.50 | 5,361.65 |

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. Share pending issuance

Share pending issuance represents shares to be issued for merger of Excel Crop Care Limited. (Refer note 47).

4. 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 2020 | As at 31 March 2019 |
|-------------------------------|------------------------|------------------------|
| Liability towards lease asset | 194.00 | — |
| Total | 194.00 | — |

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| Note-20 Non-current Provisions | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|--------------------------------|
| Provision for Employee Benefits | | |
| Compensated absences | 212.65 | 146.86 |
| Gratuity (Refer note 42) | 38.72 | 9.56 |
| Total | 251.37 | 156.42 |
| Note-21 Borrowings | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Loans repayable on demand | | |
| From banks: | | |
| On working capital demand loan (unsecured) | — | 110.00 |
| On overdraft account (unsecured) | — | 87.45 |
| Total | — | 197.45 |
| Note-22 Current lease liabilities | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Liability towards lease asset | 161.81 | — |
| Total | 161.81 | — |
| Note-23 Trade payables | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Due to micro enterprises and small enterprises | 180.31 | 195.10 |
| Due to others | 4,725.10 | 4,609.44 |
| Total | 4,905.41 | 4,804.54 |
| Note-24 Other current financial liabilities | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Salary, wages and bonus payable | 264.48 | 314.46 |
| Security and trade deposits | 285.12 | 259.21 |
| Unclaimed dividend | 8.89 | 8.78 |
| Derivative financial liabilities - forward contracts | 31.35 | 49.57 |
| Provision for Discount and Scheme | 1,764.59 | 1,159.74 |
| Total | 2,354.43 | 1,791.76 |
| Note-25 Other current liabilities | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Contract liabilities (advance received from customers) | 443.07 | 536.31 |
| Statutory dues (including provident fund, tax deducted at source and others) | 345.81 | 310.10 |
| Other payables | 11.92 | 23.85 |
| Total | 800.80 | 870.26 |

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(Currency: Indian Rupees in million)

| Note-26 Current provisions | As at 31 March 2020 | As at 31 March 2019 |
|--|---|---|
| Provision for employee benefits | | |
| Gratuity (Refer note 42) | 80.15 | — |
| Compensated absences | 16.49 | 24.51 |
| Total | 96.64 | 24.51 |
| Note-27 Revenue from operations | | |
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| A. Sales of products | 23,898.24 | 21,898.54 |
| B. Sale of services | 1.55 | 0.83 |
| C. Other operating revenue | | |
| a) Export incentives | 267.30 | 288.37 |
| b) Commission income | 5.20 | 0.98 |
| c) Excess Provisions in respect of earlier years written back (net) | 4.94 | 4.35 |
| d) Miscellaneous receipts | 56.38 | 37.15 |
| | 333.82 | 330.85 |
| Total | 24,233.61 | 22,230.23 |
| a. Revenue information | | |
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Revenue by product categories | | |
| <u>Agro Chemicals</u> | 22,321.39 | 20,573.68 |
| Domestic | 17,654.20 | 15,840.37 |
| Export | 4,667.19 | 4,733.31 |
| <u>Others</u> | 1,576.85 | 1,324.86 |
| Domestic | 308.13 | 311.03 |
| High Seas Sales | 1,268.72 | 1,013.83 |
| Total | 23,898.24 | 21,898.54 |
| 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 2020 | For the year ended 31 March 2019 |
| Revenue as per contracted price | 26,971.11 | 24,687.39 |
| Rebates/Discounts | 2,762.26 | 2,369.02 |
| Sales returns | 310.61 | 419.83 |
| Revenue from contract with customers | 23,898.24 | 21,898.54 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

c. Contract balances

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Trade receivables (Note 12) | 8,478.33 | 6,689.40 |
| Contract assets (Note 16) | 23.93 | 24.59 |
| Contract liabilities (Note 25) | 443.07 | 536.31 |

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 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Contract assets | | |
| Opening Balance | 24.59 | — |
| Less : Revenue recognized during the year from balance at the beginning of the year | (24.59) | — |
| Add : Contract assets created for right to receive inventory on estimated sales return. | 23.93 | 24.59 |
| Closing Balance | <u>23.93</u> | <u>24.59</u> |
| Contract liabilities | | |
| Opening Balance | 536.31 | 524.43 |
| Add : Advance received during the year not recognized as revenue | 443.07 | 536.31 |
| Less : Revenue recognized during the year | (536.31) | (524.43) |
| Closing Balance | <u>443.07</u> | <u>536.31</u> |

Note-28 Other Income

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest income | | |
| On national savings certificates and bank deposit carried at amortised cost | — | 3.22 |
| On interest income on security deposits | 25.41 | 30.09 |
| On income tax refund | 13.79 | 3.95 |
| Dividend income | | |
| On investment in subsidiaries | 1.30 | 2.67 |
| On mutual fund investments | 3.94 | 0.92 |
| Other non operating income | | |
| Rent received | 0.11 | 4.25 |
| Net profit on sale of Investments | 15.46 | — |
| Net profit on sale of property, plant & equipment | 0.70 | 1.38 |
| Miscellaneous income | 47.66 | 29.65 |
| Total | <u>108.37</u> | <u>76.13</u> |

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(Currency: Indian Rupees in million)

| Note-29 Cost of materials consumed | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|---|-------------------------------------|
| Raw materials consumed | | |
| Opening Inventory | 1,888.79 | 2,182.45 |
| Add: Purchases (Net) | 11,849.88 | 11,293.81 |
| | 13,738.67 | 13,476.26 |
| Less: Closing Inventory | 2,255.62 | 1,888.79 |
| | 11,483.05 | 11,587.47 |
| Containers and packing materials consumed | | |
| Opening Inventory | 295.72 | 278.67 |
| Add: Purchases (Net) | 1,376.57 | 1,716.72 |
| | 1,672.29 | 1,995.39 |
| Less: Closing Inventory | 284.19 | 295.72 |
| | 1,388.10 | 1,699.66 |
| Total cost of materials consumed | 12,871.15 | 13,287.14 |
| Note-30 Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Opening Inventories: | | |
| Work-in-progress | 331.37 | 453.04 |
| Finished goods | 3,964.71 | 2,706.06 |
| Stock-in-Trade | 294.51 | 411.08 |
| Less: Closing Inventories: | | |
| Work-in-progress (Refer note 10) | 288.20 | 331.37 |
| Finished goods (Refer note 10) | 2,775.43 | 3,964.71 |
| Stock-in-Trade (Refer note 10) | 231.52 | 294.51 |
| Changes In Inventories: | | |
| Work-in-progress | 43.17 | 121.67 |
| Finished goods | 1,189.28 | (1,258.65) |
| Stock-in-Trade | 62.99 | 116.57 |
| Total | 1,295.44 | (1,020.41) |

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(Currency: Indian Rupees in million)

Note-31 Employee benefits expense

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus etc. | 1,563.49 | 1,373.44 |
| Contribution to provident and other funds (refer note 42) | 91.64 | 83.93 |
| Gratuity expense (refer note 42) | 33.90 | 24.09 |
| Staff welfare expenses | 92.08 | 91.46 |
| | <u>1,781.11</u> | <u>1,572.92</u> |

Note-32 Finance costs

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Interest on leased liabilities | 38.10 | 21.77 |
| Others | 17.03 | 14.73 |
| | <u>55.13</u> | <u>36.50</u> |

Note-33 Other expenses

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Processing / Sub-contracting charges | 36.36 | 34.87 |
| Contract and labour charges | 266.24 | 281.07 |
| Carriage and freight | 578.69 | 572.31 |
| Power and fuel | 275.02 | 262.56 |
| Stores and spares consumed | 62.28 | 64.17 |
| Repairs and Maintenance | | |
| Buildings | 6.41 | 8.42 |
| Plant and Equipment | 160.55 | 183.24 |
| Others | 43.39 | 49.10 |
| Rent | 63.52 | 157.93 |
| Rates and taxes | 18.72 | 30.08 |
| Insurance | 43.90 | 26.48 |
| Travelling and conveyance | 242.23 | 342.11 |
| Sales promotion and advertisement | 404.54 | 450.14 |
| Donations | 1.69 | 1.21 |
| Commission | 83.13 | 103.84 |
| Corporate social responsibility (refer note 46) | 45.47 | 40.97 |
| Expected credit loss for trade receivables | 69.27 | 71.18 |
| Bad debts written off | 15.86 | 12.04 |
| Directors sitting fees | 1.20 | 7.20 |
| Property, Plant and Equipment written off | 0.27 | 0.61 |
| Exchange difference (net) | 44.57 | 56.72 |
| Research and development | 6.65 | 6.24 |
| Product testing expenses | 32.19 | 27.27 |
| Communication expenses | 13.72 | 17.73 |

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| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Legal and professional fees | 152.19 | 99.68 |
| Bank charges | 15.40 | 10.95 |
| Payment to auditors* | 10.67 | 11.54 |
| Security charges | 20.74 | 26.54 |
| Loss on sale of investment in subsidiary | — | 8.15 |
| Miscellaneous expenses | 331.78 | 255.12 |
| Total | 3,046.65 | 3,219.47 |

Note:

Auditors remuneration (Net of taxes where applicable)

| | | |
|---|--------------|--------------|
| Statutory audit fees | 6.42 | 7.18 |
| Tax Audit Fees | — | 0.50 |
| Others | | |
| Fees for other audit related services | 3.62 | 3.45 |
| Reimbursement of out-of-pocket expenses | 0.63 | 0.41 |
| | 10.67 | 11.54 |

* Includes ₹ 6.29 mio paid to erstwhile auditors.

Note-34 Exceptional Items

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Merger related cost (refer note 47) | 308.89 | 69.59 |
| | 308.89 | 69.59 |

Note: These expenses includes mainly Stamp duty expenses and professional fees

Note-35 Income taxes

A. The major components of Income tax expenses for the period is as under:

(i) Income tax recognized in the Statement of Profit and Loss:

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Current income tax | | |
| In respect of current period | 786.39 | 940.28 |
| Adjustment of tax related to earlier years | (33.24) | 2.98 |
| Deferred tax Charge/ (credit) | | |
| Origination and reversal of temporary difference | (136.60) | (33.35) |
| Income tax expense recognized in the Statement of Profit and Loss | 616.55 | 909.91 |

(ii) Deferred Tax related to items recognised in other comprehensive income

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| On remeasurements of the defined benefit plans | 20.24 | 1.47 |
| | 20.24 | 1.47 |

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

B. Reconciliation of effective tax rate

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Profit before tax | 2,672.81 | 2,579.93 |
| Statutory Income Tax Rate | 25.168% | 34.944% |
| Expected Income tax Expenses | 672.69 | 901.53 |
| Tax effect of | | |
| Weighted deduction on research and development expenses | — | 16.84 |
| Tax effect on non-deductible expenses | (9.67) | (15.53) |
| Deduction under section 80IA & 80JJAA | 0.41 | 9.35 |
| Effect of Income that is exempted from tax | 0.99 | 0.80 |
| Interest on tax expense not deductible for tax purposes | (0.81) | (4.41) |
| Impact of change in rate | 40.82 | — |
| Education cess claimed as deductible expenses | 7.61 | — |
| Others | (16.45) | (12.45) |
| Tax expense as per profit or loss | 649.79 | 906.93 |
| Adjustment in respect of current income tax of previous year | (33.24) | 2.98 |
| Total Income Tax Expense | 616.55 | 909.91 |

The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the purpose of this standalone financial statements. Accordingly, the Company has recognized Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The full impact of this change has been recognized in the Statement of Profit & Loss for the year ended 31 March 2020.

C. The major components of deferred tax (liabilities) / assets arising on account of temporary differences are as follows:

| Movement during the period 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) | 21.55 | — | (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 | — |
| Deferred tax liabilities (net) | (145.92) | 136.60 | 20.24 | 10.91 | 392.94 | (382.03) |

| Movement during the period 01 April 2018 to 31 March 2019 | Net deferred tax asset/ (liability) 1 April 2018 | Recognised in profit or loss | Recognised in OCI | Net deferred tax asset/(liability) 31 March 2019 | Deferred tax asset | Deferred tax liability |
|--|--|---------------------------------|----------------------|--|-----------------------|---------------------------|
| Depreciation | (391.44) | (12.13) | — | (403.57) | — | (403.57) |
| Provision for doubtful debts and advances | 102.29 | 25.07 | — | 127.36 | 127.36 | — |
| Fair value gain/(loss) on investments | 0.07 | (0.08) | — | (0.01) | (0.01) | — |
| Expenses allowable for tax purposes when paid | 85.63 | 3.85 | 1.47 | 90.95 | 90.95 | — |
| Amortisation of expenses u/s 35 DD | — | 8.39 | — | 8.39 | 8.39 | — |
| Other temporary differences | 22.71 | 8.25 | — | 30.96 | 30.96 | — |
| Deferred tax liabilities (net) | (180.74) | 33.35 | 1.47 | (145.92) | 257.65 | (403.57) |

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 2020.

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(Currency: Indian Rupees in million)

Note-36 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 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Earnings per share has been computed as under: | | |
| Profit attributable to owners of the Company for basic earnings (A) | 2,056.26 | 1,670.02 |
| 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 | 274,588,095 | 274,588,095 |
| Equity shares to be issued pursuant to scheme of amalgamation (refer note 47) | — | 224,557,641 |
| Equity shares issued pursuant to scheme of amalgamation (refer note 47) | 224,557,641 | — |
| Number of equity shares outstanding at the end of the year (B) | 499,145,736 | 499,145,736 |
| Basic and diluted earnings per share (Face value of ₹ 10 Each) | 4.12 | 3.35 |

Note-37 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-38 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 8th 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
(Previously Known as Valent Biosciences Corporation)

Sumitomo Chemical Asia Pte Limited - Singapore (Previously known as Sumitomo Chemical (Asia Pacific) Pte Limited - Singapore)

Mycorrhizal Applications, LLC - USA

(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)

Prannath Arora (Executive Director) (resigned on 1 April 2019)

Hisayuki Hoshi (Whole time Director) (10 May 2019 to 31 August 2019)

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ii) Non Executive Directors

Dr. Mukul G. Asher

Preeti Mehta

B. V. Bhargava

Dipesh K Shroff (resigned w.e.f. 31 August 2019)

Tadashi Katayama

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

Disclosures of Material transactions between the Company and the Related parties and the status of outstanding balances as at 31 March 2020

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Sale of Goods (Net of rebate and discount) | | |
| Sumitomo Chemical Company Limited | 775.13 | 934.19 |
| Sumitomo Chemical Asia Pte Limited | 1.87 | — |
| Excel Crop Care (Europe) N.V. | 15.13 | 45.65 |
| Excel Crop Care (Africa) Limited | 55.94 | 6.70 |
| Sale of Services | | |
| Sumitomo Chemical Company Limited | 1.55 | 0.83 |
| Purchase of Goods | | |
| Sumitomo Chemical Company Limited | 2,378.02 | 2,182.23 |
| Valent BioSciences LLC | 484.01 | 479.95 |
| Mycorrhizal Applications, LLC | 42.67 | 72.47 |
| Purchase of Services | | |
| Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil) | 9.49 | 9.25 |
| Kanga & Company | 0.49 | 6.59 |
| Commission Income | | |
| Sumitomo Chemical Company Limited | 2.62 | 0.98 |
| Miscellaneous Income - Technical Service | | |
| Sumitomo Chemical Company, Limited | 16.58 | 24.08 |
| Mycorrhizal Applications, LLC | — | 0.69 |
| Reimbursement of expenses (net) | | |
| Sumitomo Chemical Company Limited | 57.84 | 5.72 |
| Valent BioSciences LLC | (7.58) | (8.82) |
| Sumitomo Chemical Asia Pte Limited | 15.66 | 2.56 |
| Mycorrhizal Applications, LLC | (5.09) | (3.48) |
| Excel Crop Care (Africa) Limited | 0.23 | — |
| Commission Expense | | |
| Excel Crop Care (Africa) Limited | 18.31 | 26.03 |
| Contribution to Funds | | |
| Sumitomo Chemical India Gratuity Trust | 4.56 | 1.79 |
| Excel Crop Care Superannuation Trust | 5.73 | 15.88 |

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(Currency: Indian Rupees in million)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Advances paid | | |
| Excel Crop Care Gratuity Trust | 8.67 | 14.16 |
| Dividend Received | | |
| Excel Crop Care (Africa) Limited | 1.30 | 2.67 |
| Dividend paid | | |
| Sumitomo Chemical Company Limited, Japan | 171.52 | 556.80 |
| Remuneration | | |
| Chetan Shah | 43.96 | 35.50 |
| Ninad D Gupte | 19.34 | 31.75 |
| Prannath Arora | — | 29.99 |
| Akira Harada | 3.31 | 22.04 |
| Sushil Marfatia | 22.99 | 11.63 |
| Kiyoshi Takayama | 13.70 | 15.15 |
| Hisayuki Hoshi | 6.18 | — |
| Anil Nawal | 9.09 | 8.13 |
| Pravin D Desai | 7.07 | 6.14 |
| Rasika Kulkarni | 1.21 | 0.96 |
| Retainership fees | | |
| Ninad Gupte | 6.58 | — |
| Dividend paid | 0.01 | — |
| Sitting Fees | | |
| Ninad D Gupte | 0.17 | — |
| Payments to Non-Executive Directors (including sitting fees) | 6.16 | 13.20 |

Outstanding as at 31 March 2020:

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Trade Receivables | | |
| Sumitomo Chemical Company Limited | 27.89 | 179.54 |
| Valent BioSciences LLC | 2.49 | 2.00 |
| Sumitomo Chemical Asia Pte Limited | — | 0.49 |
| Excel Crop Care (Africa) Limited | 30.72 | 20.41 |
| Excel Crop Care (Europe) N.V. | — | 9.98 |
| Trade Payables | | |
| Sumitomo Chemical Company Limited | 1,239.30 | 1,035.57 |
| Valent BioSciences LLC | 122.67 | 133.57 |
| Mycorrhizal Applications, LLC | — | 15.39 |
| Sumitomo Chemical Asia Pte Limited | 9.35 | 0.71 |
| Excel Crop Care (Africa) Limited | 30.63 | 14.39 |
| Commission payable to directors | 28.63 | 24.97 |

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 31st March, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018-19: 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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Note-39 Leases

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. The Company has applied Ind AS 116 'Leases' (Ind AS 116) with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at 1st April, 2019.

As a lessee, the Company previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Company. Under Ind AS 116, the Company recognizes the right-of-use assets and lease liabilities. The accounting policies applicable to the Company as a lessor in the comparative period is not different from Ind AS 116.

At the 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.

On adoption of Ind AS 116, the Company has recognized 'right-of-use' assets amounting to ₹ 465.72 million (including reclassification of prepaid rent from other assets amounting to ₹ 10.80 million) and lease liabilities amounting to ₹ 454.92 million as at 1st April, 2019. The adoption of the standard has an impact of increase in total expense by ₹ 14.95 million on the consolidated financial results for the year ended 31st March, 2020. There is no impact of adoption of Ind AS 116 to the retained earnings as at 1st April, 2019.

Transition to Ind AS 116

The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease.

The Company has used the following practical expedients when applying Ind AS 116 to leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with the value equals to or lower than ₹ 56.34 million.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.

The lease liabilities as at 31st March, 2019 can be reconciled to the operating lease commitments as of 1st April, 2019, as follows:

| Particulars | For the year ended March 31, 2020 ₹ Mio |
|---|--|
| Operating lease commitments as at 31st March, 2019 | 616.66 |
| Less: Commitments relating to short-term leases | 55.59 |
| Less: Commitments relating to leases of low-value assets | 0.75 |
| Net operating lease commitments | 560.32 |
| Weighted average incremental borrowing rate as at 1st April, 2019 | 10% |
| Discounted operating lease commitments as at 1st April, 2019 | 454.92 |
| Add: Lease payments relating to renewal periods not included in operating lease | — |
| Lease liabilities as at 1st April, 2019 | 454.92 |

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Amount recognised in the Statement of Profit and Loss

| Particulars | Classified Under | For the year ended March 31, 2020 ₹ Mio |
|-------------------------------------|---------------------------------------|---|
| Depreciation of Right-of-use assets | Depreciation and amortisation expense | 116.72 |
| Interest Expenses on lease Assets | Finance costs | 38.10 |
| Interest Income on lease Assets | Other Income | (2.71) |

Amount recognised in the Statement of Cash Flows

| Particulars | For the year ended March 31, 2020 ₹ Mio |
|-------------------------------|---|
| Total cash out flow of leases | 137.21 |

Note-40 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 2020 | Carrying amount/Fair Value | | | | Fair value Hierarchy | | | |
|---|----------------------------|--------|----------------|-----------|----------------------|---------|---------|--------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current | | | | | | | | |
| 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 | — | — | — | — |
| Current | | | | | | | | |
| 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 |
| Financial liabilities | | | | | | | | |
| Non-current | | | | | | | | |
| Liability towards lease asset | — | — | 194.00 | 194.00 | — | — | — | — |
| Current | | | | | | | | |
| 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 |

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| As at 31 March 2019 | Carrying amount | | | | Fair value | | | |
|---|-----------------|--------|----------------|----------|------------|---------|---------|-------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current | | | | | | | | |
| Investments | | | | | | | | |
| Equity Instruments in Tata Steel Limited | 0.21 | — | — | 0.21 | 0.21 | — | — | 0.21 |
| Equity instrument in Co-operative Societies | 1.17 | — | — | 1.17 | — | 1.17 | — | 1.17 |
| Government Securities | — | — | 0.03 | 0.03 | — | — | — | — |
| Loans | — | — | 75.75 | 75.75 | — | — | — | — |
| Current | | | | | | | | |
| Trade receivables | — | — | 6,689.40 | 6,689.40 | — | — | — | — |
| Cash and cash equivalents | — | — | 392.89 | 392.89 | — | — | — | — |
| Other bank balances | — | — | 8.86 | 8.86 | — | — | — | — |
| Loans | — | — | 51.01 | 51.01 | — | — | — | — |
| Derivative Assets | 29.30 | — | — | 29.30 | — | 29.30 | — | 29.30 |
| Export incentives receivable | — | — | 122.62 | 122.62 | — | — | — | — |
| Other financial assets | — | — | 4.68 | 4.68 | — | — | — | — |
| | 30.68 | — | 7,345.24 | 7,375.92 | 0.21 | 30.47 | — | 30.68 |
| Financial liabilities | | | | | | | | |
| Current | | | | | | | | |
| Borrowings | — | — | 197.45 | 197.45 | — | — | — | — |
| Trade payables | — | — | 4,804.54 | 4,804.54 | — | — | — | — |
| Derivative liabilities | 49.57 | — | — | 49.57 | — | 49.57 | — | 49.57 |
| Other financial liabilities | — | — | 1,742.19 | 1,742.19 | — | — | — | — |
| | 49.57 | — | 6,744.18 | 6,793.75 | — | 49.57 | — | 49.57 |

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 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 |

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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 INR) as at 31 March 2020 | | |
|--|--|-----------------------------|------------------------|
| | Estimated total gross carrying amount at default | ECL- simplified approach | Net carrying amount |
| Not due & Due < 181 days | 7,962.48 | 54.89 | 7,907.59 |
| Past due | | | |
| 181 Days to 1 Year | 389.45 | 19.03 | 370.42 |
| > 1 Year to 2 Year | 262.87 | 77.40 | 185.47 |
| > 2 Year to 3 Year | 111.56 | 96.71 | 14.85 |
| Above 3 Year | 187.87 | 187.87 | — |
| | 8,914.23 | 435.90 | 8,478.33 |

Expected credit loss assessment for customers as at 31 March 2020

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.

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 April 1, 2018 | 295.47 |
| Impairment loss recognised / (reversed) | 71.18 |
| Amounts written off | — |
| Balance as at 31 March 2019 | 366.65 |
| Impairment loss recognised / (reversed) | 69.25 |
| Amounts written off | — |
| Balance as at 31 March 2020 | 435.90 |

The impairment loss at March 31, 2020 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.

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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.

| Particulars | Carrying amount | Total | Contractual cash flows | | |
|---|-----------------|-----------------|------------------------|---------------|-------------------|
| | | | Upto 1 year | 1-5 years | More than 5 years |
| 31 March 2020 | | | | | |
| Non-derivative financial liabilities | | | | | |
| 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 | — | — |
| Derivative financial liabilities | | | | | |
| Current liabilities | | | | | |
| 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> |

| Particulars | Carrying amount | Total | Contractual cash flows | | |
|---|-----------------|-----------------|------------------------|-----------|-------------------|
| | | | Upto 1 year | 1-5 years | More than 5 years |
| 31 March 2019 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Borrowings - current | 197.45 | 197.45 | 197.45 | — | — |
| Trade Payables | 4,804.54 | 4,804.54 | 4,804.54 | — | — |
| Other Financial Liabilities | 1,742.19 | 1,742.19 | 1,742.19 | — | — |
| Derivative financial liabilities | | | | | |
| Current liabilities | | | | | |
| Forward Exchange Contracts | 49.57 | 49.57 | 49.57 | — | — |
| | <u>6,793.75</u> | <u>6,793.75</u> | <u>6,793.75</u> | <u>—</u> | <u>—</u> |

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. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies.

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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 2020 and 31 March 2019 are as below:

| | 31 March 2020 USD | 31 March 2020 EURO | 31 March 2020 Others |
|--|----------------------|-----------------------|-------------------------|
| Financial assets | | | |
| 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> |
| Financial liabilities | | | |
| 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) | — | — |
| | | | |
| | 31 March 2019 USD | 31 March 2019 EURO | 31 March 2019 Others |
| Financial assets | | | |
| Cash and cash equivalents | 0.19 | — | 1.18 |
| Trade and other receivables | 1,416.89 | 22.08 | — |
| | <u>1,417.08</u> | <u>22.08</u> | <u>1.18</u> |
| Financial liabilities | | | |
| Trade and other payables | 1,507.13 | — | 13.06 |
| | <u>1,507.13</u> | <u>—</u> | <u>13.06</u> |
| Net statement of financial position exposure | (90.05) | 22.08 | (11.88) |
| Forward exchange contracts - Sell | 1,391.92 | 21.98 | — |
| Forward exchange contracts - Buy | (1,174.62) | — | — |

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 |
| 31 March 2020 | | |
| 1% movement | | |
| USD | 9.46 | (9.46) |
| EUR | (1.40) | 1.40 |
| Others | 0.53 | (0.53) |
| | <u>8.59</u> | <u>(8.59)</u> |
| | | |
| | | |
| 31 March 2019 | | |
| 1% movement | | |
| USD | (1.27) | 1.27 |
| EUR | (0.44) | 0.44 |
| Others | 0.12 | (0.12) |
| | <u>(1.59)</u> | <u>1.59</u> |

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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 borrowings and investments are all in fixed rate instruments.

Exposure to interest rate risk

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

| | Estimated total gross carrying amount at default | Net carrying amount |
|---|---|------------------------|
| Fixed rate loan | | |
| Financial liabilities - measured at amortised cost | | |
| Short term borrowings | — | 197.45 |
| | — | 197.45 |

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-41 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-42 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 31 'Employee Benefits Expense':

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Provident Fund and Family Pension Fund | 60.29 | 54.60 |
| Superannuation Fund | 19.04 | 16.71 |
| ESIC | 3.52 | 4.52 |
| Other funds | 8.79 | 8.10 |
| | <u>91.64</u> | <u>83.93</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 2020. 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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| | 31 March 2020 | 31 March 2019 |
|--------------------------------|---------------|---------------|
| Defined benefit obligation | 467.43 | 340.32 |
| Fair value of plan assets | 348.56 | 330.76 |
| Net defined benefit obligation | <u>118.87</u> | <u>9.56</u> |

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 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Opening balance | 340.32 | 312.06 | 330.76 | 319.17 | 9.56 | (7.11) |
| Included in profit or loss: | | | | | | |
| Current service cost | 28.98 | 25.87 | — | — | 28.98 | 25.87 |
| Past service cost | 5.12 | — | — | — | 5.12 | — |
| Interest cost (income) | 24.14 | 22.33 | 24.34 | 24.11 | (0.20) | (1.78) |
| Sub-total included in Statement of Profit and Loss | | | | | <u>33.90</u> | 24.09 |
| | 398.56 | 360.26 | 355.10 | 343.28 | 43.46 | 16.98 |
| Included in OCI | | | | | | |
| Remeasurement loss/(gain): | | | | | | |
| Actuarial loss/(gain) arising from: | | | | | | |
| Financial assumptions | 42.80 | 4.68 | — | — | 42.80 | 4.68 |
| Experience adjustment | 35.82 | (9.31) | — | — | 35.82 | (9.31) |
| Return on plan assets excluding interest income | — | — | (1.81) | (2.40) | 1.81 | 2.40 |
| Sub-total included in OCI | | | | | <u>80.43</u> | (2.23) |
| | 477.18 | 355.63 | 353.29 | 340.88 | 123.89 | 14.74 |
| Other | | | | | | |
| Contributions paid by the employer | — | — | 5.02 | 5.19 | (5.02) | (5.19) |
| Benefits paid | (9.75) | (15.31) | (9.75) | (15.31) | — | — |
| Closing balance | 467.43 | 340.32 | 348.56 | 330.76 | 118.87 | 9.56 |

The components of defined benefit plan cost are as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Recognised in Profit or Loss | | |
| Current service cost | 28.98 | 25.87 |
| Net interest cost | (0.20) | 0.64 |
| Past service cost | 5.12 | — |
| Expected return on plan assets | — | (2.41) |
| Total | <u>33.90</u> | <u>24.10</u> |
| Recognised in Other Comprehensive Income | | |
| Remeasurement of net defined benefit liability/(asset) | <u>80.43</u> | <u>(2.23)</u> |

ii. Plan assets

Plan assets comprise the following

| | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Insurer Managed Funds (Life Insurance Corporation of India) | <u>100%</u> | <u>100%</u> |

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iii. Actuarial assumptions

The following were the key actuarial assumptions at the reporting date (expressed as weighted averages).

| | 31 March 2020 | 31 March 2019 |
|----------------------|---|--|
| Discount rate | 6.80% | 7.05%-7.35% |
| Future salary growth | 10% for the next 1 year & 9.75% thereafter | 8%-10% for the next 1 year & 8%-9.75% thereafter |
| Mortality rate | Indian Assured Lives Mortality (2006-08) 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 2020 | | 31 March 2019 | |
|---------------------------------------|----------------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.50% movement) | 113.09 | 89.74 | 60.87 | 35.61 |
| Future salary growth (0.50% movement) | 90.20 | 112.78 | 35.44 | 61.16 |

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 31 March 2020 were as follows

| Particulars | 31 March 2020 | 31 March 2019 |
|--------------------|----------------------|---------------|
| Up to 1 year | 27.10 | 31.22 |
| Between 1-2 years | 35.36 | 21.67 |
| Between 2-6 years | 89.95 | 67.88 |
| 6 to 10+ years | 194.39 | 167.76 |

The average duration of the defined benefit plan obligation at the end of the reporting period is upto 14 years (31 March 2019: 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 2020 based on actuarial valuation using the projected accrued benefit method is ₹ 75.00 millions. (31 March 2019: ₹ 34.67 millions) In the coming financial year it is expected to remain in the similar range.

Note-43 Contingent liabilities and Commitments

(A) (I) Contingent liabilities

| | As at 31 March 2020 | As at 31 March 2019 |
|---|----------------------------|---------------------|
| a. Claims against The Company not acknowledged as debts | 153.02 | 152.71 |
| b. Demand raised by authorities against which The Company has filed an appeal | | |
| i) Income Tax | 77.08 | 80.40 |
| ii) Excise duty | 0.73 | 0.73 |
| iii) Service tax | 15.67 | 16.11 |
| iv) Customs Duty | 2.30 | 6.51 |
| v) VAT / Sales Tax | 2.59 | 2.59 |
| vi) GST | 0.79 | — |

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 judgements/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.

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NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

(II) Gujarat Pollution Control Board matter

On 21st June, 2019, Gujarat Pollution Control Board ("GPCB") issued a notice to Excel Crop Care Limited (ECCL), which has amalgamated with the Company, instructing it to close manufacturing operations of its Bhavnagar Plant. The notice was caused because GPCB had found, in a plot of land adjacent to the manufacturing site, waste which was associated to a product which has 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 plan submitted, GPCB has temporarily withdrawn its Closure Order. The Company has implemented the remedial measures as agreed and has approached GPCB for revocation of the Closure Order on permanent basis. In the meantime, the manufacturing operations of the Bhavnagar plant are being carried on uninterrupted.

(B) Capital Commitments

| | As at 31 March 2020 | As at 31 March 2019 |
|---|--------------------------------|------------------------|
| Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances) | 86.67 | 42.88 |

Note-44 Total outstanding dues of micro enterprises and small enterprises (as per the intimation received from vendors)

| | As at 31 March 2020 | As at 31 March 2019 |
|--|--------------------------------|------------------------|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| Principal | 179.90 | 195.04 |
| Interest | 1.57 | 0.06 |
| 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 | 1,480.78 | 724.53 |
| 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 | 10.22 | 2.16 |
| The amount of interest accrued and remaining unpaid at the end of each accounting period | | |
| 2018-19 | — | 11.77 |
| 2019-20 | 11.40 | — |
| 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 | 11.40 | 13.81 |

Note-45 Research and Development Expenditure

| | As at 31 March 2020 | As at 31 March 2019 |
|---|--------------------------------|------------------------|
| (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 | 97.89 | 95.37 |
| (ii) Depreciation and Amortisation of expenses | 20.09 | 22.70 |
| | 117.98 | 118.07 |
| (b) Capital Expenditure incurred during the year on Research and Development | 8.46 | 31.77 |

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"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31 2020, 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, 2020, 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, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| Revenue Recognition – Estimation of discounts, incentives, rebates and sales return <i>(as described in Note 2.3(m) of the consolidated Ind AS financial statements)</i> | |
| <p>Revenue is measured net of discounts, incentives, rebates and sales return.</p> <p>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.</p> <p>Given the significant judgment 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"> 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 and rebates accruals under applicable schemes. 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 and compared actuals with accruals; and f) Assessed the adequacy of the disclosures as per the applicable accounting standards. |

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| Key audit matters | How our audit addressed the key audit matter |
|--|--|
| Estimation of allowances for inventory valuation <i>(as described in Note 2.3 (e) of the consolidated Ind AS financial statements)</i> | |
| <p>Inventories represent significant portion of total assets as at March 31, 2020 with carrying value of Rs. 5,880.04 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> <p>a) Understood and evaluated the process relating to determination of net realizable value of inventories and identification of slow-moving, expired or obsolete inventories;</p> <p>b) Evaluated the design and tested operating effectiveness of internal controls over inventory valuation;</p> <p>c) 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.</p> <p>d) 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</p> <p>e) Assessed the appropriateness of disclosures in the financial statements in accordance with the applicable accounting standards.</p> |

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. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of Rs 178.86 million as at March 31, 2020, and total revenues of Rs 102.56 million and net cash outflows of Rs 5.79 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.

- (b) The comparative financial information of the Company, included in these consolidated Ind AS financial statements, have been extracted from the audited consolidated Ind AS financial statements of the Company for the year ended 31st March, 2019 which were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 14th October, 2019.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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 Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company, is disqualified as on March 31, 2020 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 and based on the consideration of reports of other statutory auditors of the subsidiaries the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, to their 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 42 to the consolidated Ind AS financial statements;
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 14 and 23 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group ;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, during the year ended March 31, 2020.

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

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 20037924AAAADH6613

Mumbai
5th June, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED 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 financial statements of Sumitomo Chemical India Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting with reference to consolidated financial statements of the Holding Company, as of that date.

Management's Responsibility for Internal Financial Controls

The respective 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. 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 company's internal financial controls over financial reporting with reference to these consolidated 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation 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 Over Financial Reporting With Reference to these Consolidated Financial Statements

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

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

Opinion

In our opinion, the Holding Company have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2020, 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.

For SRBC & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Jayesh Gandhi
Partner

Membership Number: 037924
UDIN: 20037924AAAADH6613

Mumbai
5th June, 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | Notes | As at 31 March 2020 | As at 31 March 2019 |
|---|-------|------------------------|------------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,828.77 | 2,771.65 |
| (b) Capital work-in-progress | 3 | 64.97 | 31.86 |
| (c) Right-of-use assets | 4 | 349.01 | — |
| (d) Other intangible assets | 5 | 17.03 | 21.35 |
| (e) Intangible assets under development | | 37.72 | 48.72 |
| (f) Financial assets | | | |
| (i) Investments | 6 | 1.26 | 1.41 |
| (ii) Loans | 7 | 53.38 | 75.75 |
| (g) Deferred tax assets (net) | 34 C | 10.91 | — |
| (h) Non-current tax assets (net) | | 201.92 | 188.18 |
| (i) Other non-current assets | 8 | 40.60 | 43.90 |
| Total non-current assets | | 3,605.57 | 3,182.82 |
| (2) Current Assets | | | |
| (a) Inventories | 9 | 5,880.04 | 6,805.83 |
| (b) Financial assets | | | |
| (i) Investments | 10 | 859.87 | — |
| (ii) Trade receivables | 11 | 8,497.71 | 6,710.13 |
| (iii) Cash and cash equivalents | 12a | 926.14 | 504.64 |
| (iv) Bank balances other than cash and cash equivalents mentioned in (iii) above | 12b | 8.97 | 8.86 |
| (v) Loans | 13 | 79.32 | 51.04 |
| (vi) Other financial assets | 14 | 217.86 | 157.98 |
| (c) Other current assets | 15 | 986.13 | 1,178.37 |
| Total current assets | | 17,456.04 | 15,416.85 |
| TOTAL ASSETS | | 21,061.61 | 18,599.67 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 16a | 4,991.46 | 2,745.88 |
| (b) Shares pending issuance | 16b | — | 2,245.58 |
| (c) Other equity | 17 | 7,226.07 | 5,492.50 |
| Total Equity | | 12,217.53 | 10,483.96 |
| (2) Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| — Lease liabilities | 18 | 194.00 | — |
| (b) Provisions | 19 | 251.37 | 156.42 |
| (c) Deferred tax liabilities (net) | 34 C | — | 145.92 |
| Total Non-current liabilities | | 445.37 | 302.34 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | — | 197.45 |
| (ii) Lease liabilities | 21 | 161.81 | — |
| (iii) Trade payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | 22 | 180.31 | 195.10 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 22 | 4,729.16 | 4,612.72 |
| (iv) Other financial liabilities | 23 | 2,354.43 | 1,791.76 |
| (b) Other current liabilities | 24 | 802.18 | 872.10 |
| (c) Provisions | 25 | 96.64 | 24.51 |
| (d) Current tax liabilities | | 74.18 | 119.73 |
| Total Current Liabilities | | 8,398.71 | 7,813.37 |
| Total Liabilities | | 8,844.08 | 8,115.71 |
| TOTAL EQUITY AND LIABILITIES | | 21,061.61 | 18,599.67 |
| Significant accounting policies | 2 | | |
| The accompanying notes 1 to 49 are an integral part of these Consolidated 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: 5 June 2020

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

CIN: U24110MH2000PLC124224

Mr. Chetan Shah

Managing Director

DIN: 00488127

Mr. Anil Nawal

Chief Financial Officer

Place: Mumbai

Date: 5 June 2020

Mr. Sushil Marfatia

Executive Director

DIN: 07618601

Mr. Pravin D. Desai

Vice President (Legal) & Company Secretary

Place: Mumbai

Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | Notes | For the year ended 31 March, 2020 | For the year ended 31 March, 2019 |
|--|----------|--------------------------------------|--------------------------------------|
| REVENUE | | | |
| I. Revenue from Operations | 26 | 24,247.49 | 22,284.20 |
| II. Other income | 27 | 107.08 | 75.59 |
| III. Total Income (I+II) | | 24,354.57 | 22,359.79 |
| IV. Expenses | | | |
| Cost of materials consumed | 28 | 12,871.14 | 13,287.15 |
| Purchase of stock-in-trade | | 1,911.15 | 2,286.24 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 29 | 1,293.43 | (984.83) |
| Employee benefits expense | 30 | 1,792.61 | 1,583.95 |
| Finance costs | 31 | 55.13 | 36.50 |
| Depreciation and amortisation expense | 3, 4 & 5 | 409.70 | 278.04 |
| Other expenses | 32 | 3,047.31 | 3,204.72 |
| Total Expenses (IV) | | 21,380.47 | 19,691.77 |
| V. Profit before Exceptional Items and Tax | | 2,974.10 | 2,668.02 |
| Exceptional Items | 33 | 308.89 | 69.59 |
| VI. Profit before Tax | | 2,665.21 | 2,598.43 |
| VII. Tax expense: | | | |
| 1. Current Tax | | 788.10 | 945.96 |
| 2. Adjustment of tax relating to earlier years | 34 | (33.24) | 27.86 |
| 3. Deferred Tax credit | | (136.60) | (33.35) |
| Total Tax Expenses (VII) | | 618.26 | 940.47 |
| VIII. Profit for the Year (VI-VII) | | 2,046.95 | 1,657.96 |
| IX. Other comprehensive income | | | |
| A. Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of defined benefit liability | | (80.43) | 2.23 |
| Income tax related to items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit liability | | 20.24 | 1.47 |
| | | (60.19) | 3.70 |
| B. Items that will be reclassified to Profit or Loss | | | |
| Exchange difference arising on translation of foreign operations | | 9.10 | (2.69) |
| Total other comprehensive income for the year (IX) | | (51.09) | 1.01 |
| X. Total comprehensive income for the year (VIII + IX) | | 1,995.86 | 1,658.97 |
| XI. Earnings per equity share (Face value of ₹ 10 each) | | | |
| Basic and diluted earnings per share | 33 | 4.10 | 3.32 |
| Significant accounting policies | 2 | | |

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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127

Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai

Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601

Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai

Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

(a) Equity share capital

| | Note | Amount |
|---|------|-----------------|
| As at 31 March, 2018 | 16a | 2,745.88 |
| Changes in equity share capital during the year | | — |
| As at 31 March, 2019 | 16a | 2,745.88 |
| As at 1 April, 2019 | | 2,745.88 |
| Changes in equity share capital during the year | | 2,245.58 |
| As at 31 March 2020 | 16a | 4,991.46 |

(b) Share Pending Issuance

| | Note | Amount |
|-------------------------------|------|-----------------|
| As at 31 March, 2018 | 16b | 2,245.58 |
| Changes during the year | | — |
| As at 31 March, 2019 | 16b | 2,245.58 |
| Shares issued during the year | | 2,245.58 |
| As at 31 March 2020 | 16b | — |

(c) Other equity

| Particulars | Reserves & Surplus | | | Other comprehensive income | Total Other equity |
|--|--------------------|--------------------|-------------------|--------------------------------------|--------------------|
| | General Reserve | Securities Premium | Retained earnings | Foreign Currency Translation reserve | |
| Balance as at 1 April 2018 | (281.86) | 2,350.60 | 2,455.44 | 24.40 | 4,548.58 |
| Profit for the year | — | — | 1,657.96 | — | 1,657.96 |
| Other comprehensive income for the year (net of tax) | — | — | 3.70 | (2.69) | 1.01 |
| Total comprehensive income for the year | — | — | 1,661.66 | (2.69) | 1,658.97 |
| Dividend on equity shares for the year | — | — | (590.53) | — | (590.53) |
| Dividend Distribution Tax (DDT) | — | — | (124.52) | — | (124.52) |
| Transfer to General Reserve | 800.00 | — | (800.00) | — | — |
| Balance as at 31 March 2019 | 518.14 | 2,350.60 | 2,602.05 | 21.71 | 5,492.50 |
| Profit for the period | — | — | 2,046.95 | — | 2,046.95 |
| Other comprehensive income for the year (net of tax) | — | — | (60.19) | 9.10 | (51.09) |
| Total comprehensive income for the year | — | — | 1,986.76 | 9.10 | 1,995.86 |
| Transfer to General Reserve | 3,250.00 | — | (3,250.00) | — | — |
| Dividend on equity shares | — | — | (215.35) | — | (215.35) |
| Dividend Distribution Tax (DDT) | — | — | (46.94) | — | (46.94) |
| Balance at 31 March 2020 | 3,768.14 | 2,350.60 | 1,076.52 | 30.81 | 7,226.07 |

Refer note 17 B for nature and purpose of reserves

The accompanying notes 1 to 49 are an integral part of these Consolidated 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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127

Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai
Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601

Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai
Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 2,665.21 | 2,598.43 |
| Adjustments for: | | |
| Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets. | 409.70 | 278.04 |
| Bad debts written off | 15.86 | 12.04 |
| Expected credit loss for trade receivables | 69.27 | 72.54 |
| Excess Provisions in respect of earlier years written back (net) | (4.95) | (4.44) |
| Profit on sale / disposal of property, plant and equipment | (0.70) | (2.17) |
| Profit on sale of Investment | (15.46) | — |
| Property, plant and equipment written off | 0.27 | 1.40 |
| Interest income | (39.20) | (37.26) |
| Mark to market of FVTPL investment | 0.10 | 0.02 |
| Dividend income | (3.95) | (0.92) |
| Interest expenses | 55.13 | 36.50 |
| Unrealised exchange differences (net) | (28.98) | 27.61 |
| Operating cash flow before working capital changes | 3,122.30 | 2,981.79 |
| Working capital adjustments | | |
| (Increase) in Trade receivables | (1,783.56) | (315.30) |
| Decrease / (Increase) in Inventories | 925.79 | (1,794.24) |
| Decrease / (Increase) in Other non-current assets and current assets | 194.28 | (276.02) |
| Decrease / (Increase) in Other non-current financial assets and current financial assets | (56.02) | 12.20 |
| Decrease / (Increase) in Long term & short term Loans | 21.35 | (11.66) |
| (Decrease) / Increase in Trade payables | 6.60 | (318.28) |
| Increase in Long term and short term provisions | 86.65 | 44.45 |
| Increase in Other non-current liabilities and current financial liabilities | 580.65 | 1,159.74 |
| (Decrease) / Increase in Other non-current and other current Liabilities | (69.92) | 176.23 |
| Cash generated from operating activities | 3,028.12 | 1,658.91 |
| Income taxes paid (net) | (814.14) | (881.28) |
| Net cash flows generated from operating activities (A) | 2,213.98 | 777.63 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment, and intangible assets | (379.99) | (397.34) |
| Proceeds from Sale of property, plant and equipment | 2.98 | 6.93 |
| Purchase of investments | (4,622.37) | (1,580.16) |
| Proceeds from sale of investments | 3,778.01 | 1,580.15 |
| Loans given to employees | (0.28) | — |
| Movement in bank balances not considered as cash and cash equivalents (net) | (0.11) | (1.07) |
| Interest received | 39.20 | 36.81 |
| Dividend received | 3.95 | 0.92 |
| Loan given | — | (0.21) |
| Net cash flows used in investing activities (B) | (1,178.61) | (353.97) |

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| C. Cash flow from financing activities | | |
| Repayments of short-term borrowings (net) | (197.45) | 95.99 |
| Payment of Lease liability | (137.21) | — |
| Interest and other borrowing cost paid | (17.03) | (36.50) |
| Dividend paid | (215.24) | (589.46) |
| Tax on distributed profits | (46.94) | (124.51) |
| Net cash flows used in financing activities (C) | (613.87) | (654.48) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 421.50 | (230.82) |
| Cash and cash equivalents at the beginning of the year | 504.64 | 735.46 |
| Cash and cash equivalents at the end of the period (Refer note 12a) | 926.14 | 504.64 |

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 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 |
| | 197.45 | (334.66) | 493.02 | 355.81 |

| Particulars | For the year ended 31 March 2018 | Cash flows Additions / (Repayments) | Non-Cash Changes | For the year ended 31 March 2019 |
|---|--|---|---------------------|--|
| Short-term borrowings | 101.46 | 95.99 | — | 197.45 |
| Lease Liabilities (including short term maturity) | — | — | — | — |
| | 101.46 | 95.99 | — | 197.45 |

Significant accounting policies

2

The accompanying notes 1 to 49 are an integral part of these Consolidated 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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127

Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai
Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601

Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai
Date: 5 June 2020

SUMITOMO CHEMICAL INDIA LIMITED

CIN: U24110MH2000PLC124224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

1 CORPORATE INFORMATION

Sumitomo Chemical India Limited ('SCIL' or 'the Company') was incorporated originally on February 15, 2000 and converted from Private Limited to Public Limited w.e.f. 24th 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 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 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 financial statements for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 05 June 2020.

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 2020 | As at 31 March 2019 |
|----------------------------------|--------------------------|---------------------|---------------------|
| Excel Crop Care (Europe) NV | Belgium | 100% | 100% |
| Excel Crop Care (Africa) Limited | Tanzania | 99.94% | 100% |

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

Entities controlled by the Group are consolidated from the date control commences until the date control ceases.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. 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 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 INR 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

- ii) Work-in-progress and finished goods: Cost includes direct materials and labour 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 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 was 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 2020.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 GST.

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(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 and 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

r Leases

The Group has adopted Ind AS 116 'Leases' using modified retrospective approach with no restatement of comparative information, with the date of initial application on 1 April 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease on application date. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of lease with similar characteristics.

s 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, judgements and assumptions

The preparation of these consolidated 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 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 judgements 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. (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. (Note 2.3 (n))

iv. Impairment of Financial and Non Financial Asset:

Impairment of financial and Non-financial assets (Note 2.3(n) for Financial assets and 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 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 IndAs 116. (Refer 2.3(r))

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 2.3(f))

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency: Indian Rupees in million)

Note-3 Property, plant and equipment

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 period | Deduction during the period | 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 |

Capital work-in-progress

Capital work-in-progress as at 31 March 2020 is ₹ 64.97 million (31 March 2019: ₹ 31.86 million)

For the year ended 31 March 2019

| BLOCK OF ASSET | Gross Block | | | Accumulated Depreciation | | | | Net Block | | |
|--------------------------|--------------------|---------------|--------------|--------------------------|--------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|
| | As at 1 April 2018 | Additions | Disposals | As at 31 March 2019 | As at 1 April 2018 | Charge for the year | Deduction during the year | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Land - Freehold | 117.62 | — | — | 117.62 | — | — | — | — | 117.62 | 117.62 |
| Leasehold land | 163.41 | — | — | 163.41 | 4.92 | 2.46 | — | 7.38 | 156.03 | 158.49 |
| Factory road | 3.17 | — | — | 3.17 | 1.08 | 0.54 | — | 1.62 | 1.55 | 2.09 |
| Buildings | 618.87 | 59.91 | — | 678.78 | 46.89 | 41.96 | — | 88.85 | 589.93 | 571.98 |
| Plant & Machinery | 1,843.55 | 259.90 | 10.05 | 2,093.40 | 227.90 | 165.64 | 5.63 | 387.91 | 1,705.49 | 1,615.65 |
| Furniture and fixtures | 48.49 | 6.35 | 0.17 | 54.67 | 13.73 | 9.06 | 0.05 | 22.74 | 31.93 | 34.76 |
| Vehicles | 64.78 | 19.80 | 5.28 | 79.30 | 11.87 | 13.25 | 4.04 | 21.08 | 58.22 | 52.91 |
| Office equipments | 45.41 | 16.93 | 0.60 | 61.74 | 14.05 | 8.86 | 0.39 | 22.52 | 39.22 | 31.36 |
| Leasehold improvements | 8.46 | — | — | 8.46 | 5.56 | 1.45 | — | 7.01 | 1.45 | 2.90 |
| Electrical installations | 55.54 | 15.86 | — | 71.40 | 14.69 | 8.96 | — | 23.65 | 47.75 | 40.85 |
| Laboratory equipments | 24.65 | 5.51 | (1.31) | 31.47 | 5.39 | 2.93 | (0.69) | 9.01 | 22.46 | 19.26 |
| | 2,993.95 | 384.26 | 14.79 | 3,363.42 | 346.08 | 255.11 | 9.42 | 591.77 | 2,771.65 | 2,647.87 |

Notes:

- Buildings include ₹ 0.002 million (31 March 2019 : ₹ 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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Note-4 Right-of-use assets

| 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 period | 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

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 period | 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 |

For the year ended 31 March 2019

| PARTICULARS | Gross Block | | | Accumulated Amortisation | | | | Net Block | | |
|-------------------------------------|-----------------------|-----------|-----------|---------------------------|-----------------------|------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|
| | As at 1 April 2018 | Additions | Disposals | As at 31 March 2019 | As at 1 April 2018 | Charge for the year | Deduction during the period | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| Data registration expenses | 44.40 | 22.49 | — | 66.89 | 32.32 | 16.60 | — | 48.92 | 17.97 | 12.08 |
| Software / License and Registration | 9.83 | 2.47 | — | 12.30 | 5.74 | 3.18 | — | 8.92 | 3.38 | 4.09 |
| Technical Know-how | 9.45 | — | — | 9.45 | 6.30 | 3.15 | — | 9.45 | — | 3.15 |
| | 63.68 | 24.96 | — | 88.64 | 44.36 | 22.93 | — | 67.29 | 21.35 | 19.32 |

Note-6 Non-current Investments

| | Numbers | | Amount | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
| A Investments at Fair value through Profit or loss | | | | |
| Investments in Equity Instruments | | | | |
| Investments in Other entities (Quoted) | | | | |
| Tata Steel Limited Face Value of ₹ 10 each fully paid-up | 393 | 393 | 0.11 | 0.21 |
| Tata Steel Limited Face Value of ₹ 10 each partly paid-up | 27 | 27 | — | — |
| Investments in Other entities (Unquoted) | | | | |
| Investment in co-operative societies | 9132 | 9132 | 1.12 | 1.17 |
| B Investments stated at Amortised cost | | | | |
| Investments in Government securities (Unquoted) | | | | |
| National Saving Certificates Face Value ₹ 0.03 million | | | 0.03 | 0.03 |
| Total | | | 1.26 | 1.41 |
| Aggregate Market Value of Quoted Investments | | | 0.11 | 0.21 |
| Aggregate amount of Quoted Investments | | | 0.11 | 0.21 |
| Aggregate amount of Unquoted Investments | | | 1.15 | 1.20 |
| Aggregate amount of impairment in value of investments | | | — | — |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

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Note-7 Non-current loans

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Security deposits | 45.27 | 66.62 |
| Security deposits - credit impaired | 2.71 | 2.71 |
| Less: Provision for doubtful deposit | (2.71) | (2.71) |
| Loans to employees | 8.11 | 9.13 |
| Total | 53.38 | 75.75 |

Note-8 Other non-current assets

| | As at 31 March 2020 | As at 31 March 2019 |
|------------------|------------------------|------------------------|
| Capital advances | 39.91 | 41.17 |
| Prepaid expenses | 0.69 | 2.73 |
| Total | 40.60 | 43.90 |

Note-9 Inventories

| | As at 31 March 2020 | As at 31 March 2019 |
|------------------------------------|------------------------|------------------------|
| Raw Materials | 2,255.62 | 1,888.79 |
| Work-in-progress | 288.20 | 331.37 |
| Finished Goods | 2,775.43 | 3,964.69 |
| Stock-in-Trade | 241.50 | 299.96 |
| Containers and Packing Materials | 284.19 | 295.72 |
| Stores and Spares (including Fuel) | 35.10 | 25.30 |
| Total | 5,880.04 | 6,805.83 |

Note-10 Current Investments

| Investment carried at fair value through Profit and Loss account | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| | Quantity | | Amount | |
| Investment in Mutual Fund (Quoted) | | | | |
| HDFC Ultra Short Term Fund - Reg - Growth | 22,516,511 | — | 252.31 | — |
| Aditya Birla Sun Life Liquid Fund Reg - Growth | 200,495 | — | 80.36 | — |
| Aditya Birla Sun Life Liquid Fund | 349,281 | — | 111.62 | — |
| HDFC Liquid Fund Post IPO | 31,256 | — | 121.39 | — |
| ICICI Prudential Mutual Fund | 450,340 | — | 131.72 | — |
| Kotak M Fund Over Night | 56,245 | — | 60.30 | — |
| UTI Liquid Fund Cash Plan | 31,560 | — | 102.17 | — |
| Agreegate carrying value of quoted Investment | | | 859.87 | — |
| Agreegate market value of quoted Investment | | | 859.87 | — |

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(Currency: Indian Rupees in million)

Note-11 Trade receivables

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Trade Receivables – unsecured considered good | 8,497.71 | 6,710.13 |
| Trade Receivables – credit impaired | 437.42 | 368.04 |
| | <u>8,935.13</u> | <u>7,078.17</u> |
| Less: Allowance for expected credit loss | 437.42 | 368.04 |
| | <u><u>8,497.71</u></u> | <u><u>6,710.13</u></u> |

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 39 for information about credit risk and market risk of trade receivables.

Note-12a Cash and cash equivalents

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Balance with banks : | | |
| In current account | 813.53 | 300.28 |
| In deposit accounts (with original maturity of less than three months) | 111.80 | 201.50 |
| Cash on hand | 0.81 | 0.50 |
| Cheques on hand | — | 2.36 |
| Total | <u><u>926.14</u></u> | <u><u>504.64</u></u> |

Note-12b Bank balances other than cash and cash equivalents

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Deposits with maturity more than 3 months but less than 12 months | 0.08 | 0.08 |
| In unpaid dividend accounts earmarked with banks* | 8.89 | 8.78 |
| Total | <u><u>8.97</u></u> | <u><u>8.86</u></u> |

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

Note-13 Current loans

| | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| Security deposits | | |
| Considered good – Unsecured | 50.80 | 23.40 |
| Loans to employees | | |
| Considered good – Unsecured | 21.93 | 20.63 |
| Loans to employees – credit impaired | 0.43 | 0.43 |
| Less: Provision for doubtful loans | (0.43) | (0.43) |
| Earnest money deposit | 4.33 | 4.91 |
| Others | 2.26 | 2.10 |
| Total | <u><u>79.32</u></u> | <u><u>51.04</u></u> |

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Note-14 Other current financial assets

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Export incentive receivable | 155.59 | 122.62 |
| Derivatives – foreign exchange forward contracts | 60.14 | 29.30 |
| Others | 2.13 | 6.06 |
| Total | 217.86 | 157.98 |

Note-15 Other current assets

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Balances with government authorities | 793.57 | 915.82 |
| Prepaid expenses | 58.86 | 62.44 |
| Contract asset | 23.93 | 24.59 |
| Others (advances other than capital advances) | 109.77 | 175.52 |
| Total | 986.13 | 1,178.37 |

Note-16a Equity share capital

| | Number of shares As at 31 March 2020 | Amount As at 31 March 2020 | Number of shares As at 31 March 2019 | Amount As at 31 March 2019 |
|---|--|-------------------------------------|--|-------------------------------------|
| Authorised: | | | | |
| Equity shares of ₹ 10 each | 500,000,000 | 5,000.00 | 300,000,000 | 3,000.00 |
| | 500,000,000 | 5,000.00 | 300,000,000 | 3,000.00 |
| Issued, subscribed and paid-up: | | | | |
| Equity shares of ₹ 10 each, fully paid-up (Refer note 46) | 499,145,736 | 4,991.46 | 274,588,095 | 2,745.88 |
| | 499,145,736 | 4,991.46 | 274,588,095 | 2,745.88 |

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

| | As at 31 March 2020 | | As at 31 March 2019 | |
|--------------------------------------|---------------------|-----------------|---------------------|----------|
| Equity shares | Number | Amount | Number | Amount |
| At the commencement of the year | 274,588,095 | 2,745.88 | 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 | 274,588,095 | 2,745.88 |

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

| Name of shareholder | Relationship | As at 31 March 2020 | | As at 31 March 2019 | |
|--|-----------------|---------------------|--------|---------------------|--------|
| | | No. of Shares | % | No. of Shares | % |
| Sumitomo Chemical Company Limited, Japan | Holding Company | 400,825,868 | 80.30% | 274,588,093 | 99.99% |

c) Particulars of shares held by holding company and fellow subsidiary

| Name of shareholder | Relationship | As at 31 March 2020 | | As at 31 March 2019 | |
|---|-------------------|---------------------|---------------|---------------------|---------|
| | | No. of Shares | % | No. of Shares | % |
| Sumitomo Chemical Company Limited, Japan* | Holding Company | 400,825,868 | 80.30% | 274,588,093 | 99.99% |
| SC Environmental Science Co. Ltd, Japan** | Fellow Subsidiary | 2 | 0.01% | 2 | 0.01% |
| | | 400,825,870 | 80.31% | 274,588,095 | 100.00% |

* Including 5 shares held through its nominees.

** 31.03.2020 held through a nominee (31.03.2019 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 2019 to 31 March 2020

| | 01 April 2019 to 31 March 2020 | 01 April 2018 to 31 March 2019 |
|---|-----------------------------------|-----------------------------------|
| Interim dividend paid on 499,145,376 shares @ ₹ 0.20 per share (2018-19: ₹ 1.87 per share) on equity shares of ₹ 10 each | 99.83 | 513.48 |
| Dividend distribution tax on interim dividend above | 20.52 | 105.55 |
| Final dividend paid on 274,588,095 shares @ ₹ 0.22 per share (2018-19: ₹ Nil) on equity shares of ₹ 10 each | 60.41 | — |
| Dividend distribution tax on final dividend above | 12.42 | — |
| Interim dividend paid on 11,005,630 shares @ ₹ 6.25 per share (2018-19: 8,806,182 shares @ ₹ 8.75) on equity shares of ₹ 5 each | 55.04 | 77.05 |
| Dividend distribution tax on interim dividend above | 14.00 | 18.97 |
| | <u>262.22</u> | <u>715.05</u> |

Dividend on equity shares not recognised as liability

| | 01 April 2019 to 31 March 2020 | 01 April 2018 to 31 March 2019 |
|--|-----------------------------------|-----------------------------------|
| Proposed Final dividend on 499,145,376 shares @ ₹ 0.55 per share (2019-20: ₹ 0.22 per share) on equity shares of ₹ 10 each | 274.53 | 60.41 |
| Dividend distribution tax on final dividend | — | 12.42 |
| | <u>274.53</u> | <u>72.83</u> |

Note-16b Shares pending issuance

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Share Pending Issuance (Refer note 46) | — | 2,245.58 |
| Total | <u>—</u> | <u>2,245.58</u> |

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Note-17 Other equity

A. Summary of Other equity balance

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| General reserve | | |
| Balance at the beginning of the year | 518.14 | (281.86) |
| Add: Amount transferred from Retained earnings | 3,250.00 | 800.00 |
| Balance at the end of the year | 3,768.14 | 518.14 |
| Securities premium | 2,350.60 | 2,350.60 |
| Foreign Currency Translation Reserve | | |
| Balance as per last financial statements | 21.71 | 24.40 |
| Add / (Less) : Exchange difference during the year on account of net investments in Non-integral foreign operations | 9.10 | (2.69) |
| Closing balance | 30.81 | 21.71 |
| Retained earnings | | |
| Balance at the beginning of the period | 2,602.05 | 2,455.44 |
| Additions during the year: | | |
| Profit for the period | 2,046.95 | 1,657.96 |
| Other comprehensive income for the period, net of tax | (60.19) | 3.70 |
| Reductions during the year: | | |
| Dividends | (160.31) | (590.53) |
| Income Tax on dividend | (33.06) | (124.52) |
| Interim dividend | (55.04) | — |
| Tax on Interim Dividend | (13.88) | — |
| Transfer to General Reserve | (3,250.00) | (800.00) |
| Net surplus of retained earnings | 1,076.52 | 2,602.05 |
| Balance at the end of the period | 7,226.07 | 5,492.50 |

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 46).

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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| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| Note-18 Non-current lease liabilities | | |
| Liability towards lease asset | 194.00 | — |
| | <u>194.00</u> | <u>—</u> |
| Note-19 Non-current provisions | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Provision for employee benefits | | |
| Compensated absences | 212.65 | 146.86 |
| Gratuity (Refer note 41) | 38.72 | 9.56 |
| Total | <u>251.37</u> | <u>156.42</u> |
| Note-20 Borrowings | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Loans repayable on demand | | |
| From banks: | | |
| On working capital demand loan (unsecured) | — | 110.00 |
| On overdraft account (unsecured) | — | 87.45 |
| Total | <u>—</u> | <u>197.45</u> |
| Note-21 Current lease liabilities | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Liability towards lease asset | 161.81 | — |
| Total | <u>161.81</u> | <u>—</u> |
| Note-22 Trade payables | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Due to micro enterprises and small enterprises | 180.31 | 195.10 |
| Due to others | 4,729.16 | 4,612.72 |
| Total | <u>4,909.47</u> | <u>4,807.82</u> |
| Note-23 Other current financial liabilities | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Salary, wages and bonus payable | 264.48 | 314.46 |
| Security and trade deposits | 285.12 | 259.21 |
| Unclaimed dividend | 8.89 | 8.78 |
| Derivative financial liabilities - forward contracts | 31.35 | 49.57 |
| Provision for Discount and Scheme | 1,764.59 | 1,159.74 |
| Total | <u>2,354.43</u> | <u>1,791.76</u> |

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(Currency: Indian Rupees in million)

| | | |
|---|---|-------------------------------------|
| Note-24 Other current liabilities | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Contract liabilities (advance received from customers) | 443.77 | 539.08 |
| Statutory dues (including provident fund, tax deducted at source and others) | 345.83 | 310.10 |
| Other payables | 12.58 | 22.92 |
| Total | 802.18 | 872.10 |
| Note-25 Current provisions | | |
| | As at 31 March 2020 | As at 31 March 2019 |
| Provision for employee benefits | | |
| Compensated absences | 16.49 | 24.51 |
| Gratuity (Refer note 41) | 80.15 | — |
| Total | 96.64 | 24.51 |
| Note-26 Revenue from operations | | |
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| A. Sale of products | 23,912.05 | 21,952.43 |
| B. Sale of services | 1.55 | 0.83 |
| C. Other operating revenue | | |
| a) Export incentives | 267.30 | 288.37 |
| b) Commission income | 5.26 | 0.98 |
| c) Excess Provisions in respect of earlier years written back (net) | 4.95 | 4.44 |
| d) Miscellaneous receipts | 56.38 | 37.15 |
| | 333.89 | 330.94 |
| Total | 24,247.49 | 22,284.20 |
| a. Revenue information | | |
| Revenue by product categories | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| <u>Agro Chemicals</u> | 22,335.20 | 20,627.57 |
| Domestic | 17,654.20 | 15,840.37 |
| Export | 4,681.00 | 4,787.20 |
| <u>Others</u> | 1,576.85 | 1,324.86 |
| Domestic | 308.13 | 311.03 |
| High Seas Sales | 1,268.72 | 1,013.83 |
| Total | 23,912.05 | 21,952.43 |
| 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 2020 | For the year ended 31 March 2019 |
| Revenue as per contracted price | 26,984.92 | 24,741.28 |
| Rebates/Discounts | 2,762.26 | 2,369.02 |
| Sales returns | 310.61 | 419.83 |
| Revenue from contract with customers | 23,912.05 | 21,952.43 |

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c. Contract Balances

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Trade receivables (Note 11) | 8,497.71 | 6,710.13 |
| Contract assets (Note 15) | 23.93 | 24.59 |
| Contract liabilities (Note 24) | 443.77 | 539.08 |

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 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <u>Contract assets</u> | | |
| Opening Balance | 24.59 | — |
| Less : Revenue recognized during the year from balance at the beginning of the year | (24.59) | — |
| Add : Contract assets created for right to receive inventory on estimated sales return. | 23.93 | 24.59 |
| Closing Balance | <u>23.93</u> | <u>24.59</u> |
| <u>Contract liabilities</u> | | |
| Opening Balance | 539.08 | 524.43 |
| Add : Advance received during the year not recognized as revenue | 443.77 | 539.08 |
| Less : Revenue recognized during the year | (539.08) | (524.43) |
| Closing Balance | <u>443.77</u> | <u>539.08</u> |

Note-27 Other Income

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest income | | |
| On national savings certificates and bank deposit carried at amortised cost | — | 3.22 |
| On interest income on security deposits | 25.41 | 30.09 |
| On income tax refund | 13.79 | 3.95 |
| Dividend income | | |
| On quoted equity instruments measured at Fair value through Profit & loss | 0.01 | — |
| On mutual fund investments | 3.94 | 0.92 |
| Other non operating income | | |
| Rent received | 0.11 | 4.25 |
| Net profit on sale of Investments | 15.46 | — |
| Net profit on sale of property, plant & equipment | 0.70 | 2.17 |
| Miscellaneous income | 47.66 | 30.99 |
| Total | <u>107.08</u> | <u>75.59</u> |

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| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Note-28 Cost of materials consumed | | |
| Raw materials consumed | | |
| Opening Inventory | 1,888.78 | 2,182.45 |
| Add: Purchases (Net) | 11,849.88 | 11,293.81 |
| | <u>13,738.66</u> | <u>13,476.26</u> |
| Less: Closing Inventory | 2,255.62 | 1,888.78 |
| | <u>11,483.04</u> | <u>11,587.48</u> |
| Containers and packing materials consumed | | |
| Opening Inventory | 295.72 | 278.67 |
| Add: Purchases (Net) | 1,376.57 | 1,716.72 |
| | <u>1,672.29</u> | <u>1,995.39</u> |
| Less: Closing Inventory | 284.19 | 295.72 |
| | <u>1,388.10</u> | <u>1,699.67</u> |
| Total cost of materials consumed | <u>12,871.14</u> | <u>13,287.15</u> |
| Note-29 Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Opening Inventories : | | |
| Work-in-progress | 331.37 | 453.04 |
| Finished goods | 3,964.69 | 2,706.06 |
| Stock-in-Trade | 301.95 | 452.11 |
| Less: Closing Inventories: | | |
| Work-in-progress (Refer note 9) | 288.20 | 331.37 |
| Finished goods (Refer note 9) | 2,775.43 | 3,964.71 |
| Stock-in-Trade (Refer note 9) | 240.95 | 299.96 |
| Changes In Inventories: | | |
| Work-in-progress | 43.17 | 121.67 |
| Finished goods | 1,189.26 | (1,258.65) |
| Stock-in-Trade | 61.00 | 152.15 |
| Total | <u>1,293.43</u> | <u>(984.83)</u> |
| Note-30 Employee benefits expense | | |
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Salaries, wages and bonus etc. | 1,573.79 | 1,383.18 |
| Contribution to provident and other funds (Refer note 41) | 92.76 | 84.84 |
| Gratuity expense (Refer note 41) | 33.90 | 24.09 |
| Staff welfare expenses | 92.16 | 91.84 |
| Total | <u>1,792.61</u> | <u>1,583.95</u> |

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Note-31 Finance costs

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Interest on leased liabilities | 38.10 | 21.77 |
| Others | 17.03 | 14.73 |
| Total | 55.13 | 36.50 |

Note-32 Other expenses

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Other expenses | | |
| Processing / Sub-contracting charges | 36.36 | 34.87 |
| Contract and labour charges | 266.24 | 281.07 |
| Carriage and freight | 579.07 | 573.46 |
| Power and fuel | 275.05 | 260.28 |
| Stores and spares consumed | 62.28 | 64.17 |
| Repairs and maintenance | | |
| Buildings | 6.41 | 8.42 |
| Plant and equipment | 160.55 | 183.24 |
| Others | 43.39 | 49.10 |
| Rent | 65.37 | 159.67 |
| Rates and taxes | 18.81 | 29.58 |
| Insurance | 45.48 | 28.26 |
| Travelling and conveyance | 242.59 | 248.64 |
| Sales promotion and advertisement | 407.55 | 436.33 |
| Donations | 1.69 | 1.21 |
| Commission | 64.89 | 77.81 |
| Corporate social responsibility (Refer note 45) | 45.47 | 40.97 |
| Expected credit loss for trade receivables | 69.27 | 72.54 |
| Bad debts written off | 15.86 | 12.04 |
| Directors sitting fees | 1.20 | 1.20 |
| Property, plant and equipment written off | 0.27 | 1.40 |
| Exchange difference (net) | 46.58 | 56.46 |
| Research and development | 6.65 | 0.61 |
| Product testing expenses | 32.19 | 15.82 |
| Communication expenses | 13.73 | 10.41 |
| Legal and professional fees | 157.57 | 22.34 |
| Bank charges | 15.73 | 0.66 |
| Payment to auditors | 10.67 | 11.54 |
| Security charges | 20.74 | 6.32 |
| Miscellaneous expenses | 335.65 | 516.29 |
| Total | 3,047.31 | 3,204.72 |

Note-33 Exceptional Items

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Merger related cost (refer note 46) | 308.89 | 69.59 |
| Total | 308.89 | 69.59 |

Note: These expenses includes mainly Stamp duty expenses and professional fees

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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 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Current income tax | | |
| In respect of current year | 788.10 | 945.96 |
| Adjustment of tax related to earlier years | (33.24) | 27.86 |
| Deferred tax Charge/ (credit) | | |
| Origination and reversal of temporary difference | (136.60) | (33.35) |
| Income tax expense recognized in the Statement of Profit and Loss | 618.26 | 940.47 |

(ii) Deferred Tax related to items recognised in other comprehensive income

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| On remeasurements of the defined benefit plans | 20.24 | 1.47 |
| | 20.24 | 1.47 |

B. Reconciliation of effective tax rate

| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Profit before tax | 2,665.21 | 2,598.43 |
| Statutory Income Tax Rate | 25.168% | 34.944% |
| Expected Income tax Expenses | 670.78 | 908.00 |
| Tax effect of: | | |
| Weighted deduction on research and development expenses | — | 16.84 |
| Tax effect on non-deductible expenses | (9.67) | (15.53) |
| Deduction under section 80JJAA | 0.41 | 9.35 |
| Effect of Income that is exempted from tax | 0.99 | 0.80 |
| Interest on tax expense not deductible for tax purposes | (0.81) | (4.41) |
| Impact of change in rate | 40.82 | — |
| Education cess claimed as deductible expenses | 7.61 | — |
| Difference in tax rate (lower / higher) due to different jurisdiction | (3.62) | 0.84 |
| Others | (16.45) | (12.50) |
| Tax expense as per profit or loss | 651.50 | 912.61 |
| Adjustment in respect of current income tax of previous year | (33.24) | 27.86 |
| Total Income Tax Expense | 618.26 | 940.47 |

The Group elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the purpose of this consolidated financial statements. Accordingly, the Group has recognized Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The full impact of this change has been recognized in the Statement of Profit & Loss for the year ended 31 March 2020.

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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 period 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 | — |
| Deferred tax liabilities (net) | (145.92) | 136.60 | 20.24 | 10.91 | 392.94 | (382.03) |

| Movement during the period 01 April 2018 to 31 March 2019 | Net deferred tax asset/(liability) 1 April 2018 | Recognised in profit or loss | Recognised in OCI | Net deferred tax asset/(liability) 31 March 2019 | Deferred tax asset | Deferred tax liability |
|--|---|---------------------------------|----------------------|--|-----------------------|---------------------------|
| Depreciation | (391.44) | (12.13) | — | (403.57) | — | (403.57) |
| Provision for doubtful debts and advances | 102.29 | 25.07 | — | 127.36 | 127.36 | — |
| Fair value gain/(loss) on investments | 0.07 | (0.08) | — | (0.01) | — | (0.01) |
| Expenses allowable for tax purposes when paid | 85.63 | 3.85 | 1.47 | 90.95 | 90.95 | — |
| Amortisation of expenses u/s 35 DD | — | 8.39 | — | 8.39 | 8.39 | — |
| Other temporary differences | 22.71 | 8.25 | — | 30.96 | 30.96 | — |
| Deferred tax liabilities (net) | (180.74) | 33.35 | 1.47 | (145.92) | 257.66 | (403.58) |

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.

The Group elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognized Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The full impact of this change has been recognized in the Statement of Profit & Loss for the period ended 31 March 2020.

Note-35 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.

| | Period ended 31 March 2020 | Period ended 31 March 2019 |
|---|-------------------------------|-------------------------------|
| Earnings per share has been computed as under: | | |
| Profit attributable to owners of the Group for basic earnings (A) | 2,046.95 | 1,657.96 |
| 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 | 274,588,095 | 274,588,095 |
| Equity shares to be issued pursuant to scheme of amalgamation (Refer note 46) | — | 224,557,641 |
| Equity shares issued pursuant to scheme of amalgamation (Refer note 46) | 224,557,641 | — |
| Number of equity shares outstanding at the end of the year (B) | 499,145,736 | 499,145,736 |
| Basic and diluted earnings per share (Face value of ₹ 10 each) | 4.10 | 3.32 |

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Note-36 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-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 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:**

Valent BioSciences LLC - USA (Previously Known as Valent Biosciences Corporation)

Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil)

Sumitomo Chemical Asia Pte Limited - Singapore (Previously known as Sumitomo Chemical (Asia Pacific) Pte Limited - Singapore)

Mycorrhizal Applications, LLC - USA

(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)

Prannath Arora (Executive Director) (resigned on 1 April 2019)

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 2020

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Sale of Goods (Net of rebate and discount) | | |
| Sumitomo Chemical Company Limited | 775.13 | 934.19 |
| Sumitomo Chemical Asia Pte Limited | 1.87 | — |
| Sale of Services | | |
| Sumitomo Chemical Company Limited | 1.55 | 0.83 |
| Purchase of Goods | | |
| Sumitomo Chemical Company Limited | 2,378.02 | 2,182.23 |
| Valent BioSciences LLC | 484.01 | 479.95 |
| Mycorrhizal Applications, LLC | 42.67 | 72.47 |
| Purchase of Services | | |
| Sumitomo Chemical Do Brazil Representacoes Ltda (Brazil) | 9.49 | 9.25 |
| Kanga & Company | 0.49 | 6.59 |
| Commission Income | | |
| Sumitomo Chemical Company Limited | 2.62 | 0.98 |
| Miscellaneous Income - Technical Service | | |
| Sumitomo Chemical Company Limited | 16.58 | 24.08 |
| Mycorrhizal Applications, LLC | — | 0.69 |
| Reimbursement of expenses (net) | | |
| Sumitomo Chemical Company Limited | 57.84 | 5.72 |
| Valent BioSciences LLC | (7.58) | (8.82) |
| Sumitomo Chemical Asia Pte Limited | 15.66 | 2.56 |
| Mycorrhizal Applications, LLC | (5.09) | (3.48) |
| Contribution to Funds | | |
| Excel Crop Care Superannuation Trust | 5.73 | 15.88 |
| Sumitomo Chemical India Gratuity Trust | 4.56 | — |
| Advances paid | | |
| Excel Crop Care Gratuity Trust | 8.67 | 1.79 |
| Dividend paid | | |
| Sumitomo Chemical Company Limited, Japan | 171.52 | 556.80 |
| Ninad D Gupte and his relative | 0.01 | — |
| Remuneration | | |
| Chetan Shah | 43.96 | 35.50 |
| Ninad D Gupte | 19.34 | 31.75 |
| Prannath Arora | — | 29.99 |
| Akira Harada | 3.31 | 22.04 |
| Sushil Marfatia | 22.99 | 11.63 |
| Kiyoshi Takayama | 13.70 | 15.15 |
| Hisayuki Hoshi | 6.18 | — |
| Anil Nawal | 9.09 | 8.13 |
| Pravin D Desai | 7.07 | 6.14 |
| Rasika Kulkarni | 1.21 | 0.96 |

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| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Retainership fees | | |
| Ninad Gupte | 6.58 | — |
| Dividend paid | 0.01 | — |
| Sitting Fees | | |
| Ninad D Gupte | 0.17 | — |
| Payments to Non-Executive Directors (including sitting fees) | 6.16 | 13.20 |
| Outstanding as at 31 March 2020: | | |
| Trade Receivables | | |
| Sumitomo Chemical Company Limited | 27.89 | 179.54 |
| Valent BioSciences LLC | 2.49 | 2.00 |
| Sumitomo Chemical Asia Pte Limited | — | 0.49 |
| Trade Payables | | |
| Sumitomo Chemical Company Limited | 1,239.30 | 1,088.80 |
| Valent BioSciences LLC | 122.67 | 142.74 |
| Mycorrhizal Applications, LLC | — | 39.27 |
| Sumitomo Chemical Asia Pte Limited | 9.35 | — |
| Commission payable to directors | 28.63 | 24.97 |
| Terms and conditions of transactions with related parties | | |
| <p>All Related Party Transactions entered during the period were in ordinary course of the business and are on arm's length basis.</p> <p>For the period ended 31 March, 2020, 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.</p> <p>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.</p> | | |
| Note-38 Leases | | |
| <p>Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. The Company has applied Ind AS 116 'Leases' (Ind AS 116) with a date of initial application of 1st April, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at 1st April, 2019.</p> <p>As a lessee, the Company previously classified leases as operating or finance lease based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to the ownership of the underlying asset of the Company. Under Ind AS 116, the Company recognizes the right-of-use assets and lease liabilities. The accounting policies applicable to the Company as a lessor in the comparative period is not different from Ind AS 116.</p> <p>At the 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.</p> | | |
| i) Right-of-Use Assets | | |
| <p>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:</p> | | |
| 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.

On adoption of Ind AS 116, the Company has recognized 'right-of-use' assets amounting to ₹ 465.72 million (including reclassification of prepaid rent from other assets amounting to ₹ 10.80 million) and lease liabilities amounting to ₹ 454.92 million as at 1st April, 2019. The adoption of the standard has an impact of increase in total expense by ₹ 14.95 million on the consolidated financial results for the year ended 31st March, 2020. There is no impact of adoption of Ind AS 116 to the retained earnings as at 1st April, 2019.

Transition to Ind AS 116

The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease.

The Company has used the following practical expedients when applying Ind AS 116 to leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with the value equals to or lower than ₹ 56.34 million.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.

The lease liabilities as at 31st March, 2020 can be reconciled to the operating lease commitments as of 1st April, 2019, as follows:

| Particulars | For the year ended March 31, 2020 ₹ Mio |
|---|--|
| Operating lease commitments as at 31st March, 2019 | 616.66 |
| Less: Commitments relating to short-term leases | 55.59 |
| Less: Commitments relating to leases of low-value assets | 0.75 |
| Net operating lease commitments | 560.32 |
| Weighted average incremental borrowing rate as at 1st April, 2019 | 10% |
| Discounted operating lease commitments as at 1st April, 2019 | 454.92 |
| Add: Lease payments relating to renewal periods not included in operating lease | — |
| Lease liabilities as at 1st April, 2019 | 454.92 |

Amount recognised in the Statement of Profit and Loss

| Particulars | Classified Under | For the year ended March 31, 2020 ₹ Mio |
|-------------------------------------|---------------------------------------|--|
| Depreciation of Right-of-use assets | Depreciation and amortisation expense | 116.72 |
| Interest Expenses on lease Assets | Finance costs | 38.10 |
| Interest Income on lease Assets | Other Income | (2.71) |

Amount recognised in the Statement of Cash Flows

| Particulars | For the year ended March 31, 2020 ₹ Mio |
|-------------------------------|--|
| Total cash out flow of leases | 137.21 |

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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 2020 | Carrying amount/ Fair Value | | | | Fair value Hierarchy | | | |
|---|-----------------------------|----------|-----------------|------------------|----------------------|--------------|----------|---------------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current | | | | | | | | |
| 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 | — | — | — | — |
| Current | | | | | | | | |
| 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 | — | — | — | — |
| | 921.24 | — | 9,723.27 | 10,644.51 | 859.98 | 61.26 | — | 921.24 |
| Financial liabilities | | | | | | | | |
| Non-current | | | | | | | | |
| Liability towards lease asset | — | — | 194.00 | 194.00 | — | — | — | — |
| Current | | | | | | | | |
| 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 | — | — | — | — |
| | — | — | 7,619.71 | 7,619.71 | — | 31.35 | — | 31.35 |

| As at 31 March 2019 | Carrying amount | | | | Fair value | | | |
|---|-----------------|----------|-----------------|-----------------|-------------|--------------|----------|--------------|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Non-current | | | | | | | | |
| Investments | | | | | | | | |
| Equity Instruments in Tata Steel Limited | 0.21 | — | — | 0.21 | 0.21 | — | — | 0.21 |
| Equity instrument in Co-operative societies | 1.17 | — | — | 1.17 | — | 1.17 | — | 1.17 |
| Government Securities | — | — | 0.03 | 0.03 | — | — | — | — |
| Loans | — | — | 75.75 | 75.75 | — | — | — | — |
| Current | | | | | | | | |
| Trade receivables | — | — | 6,710.13 | 6,710.13 | — | — | — | — |
| Cash and cash equivalents | — | — | 504.64 | 504.64 | — | — | — | — |
| Other bank balances | — | — | 8.86 | 8.86 | — | — | — | — |
| Loans | — | — | 51.04 | 51.04 | — | — | — | — |
| Derivative Assets | 29.30 | — | — | 29.30 | — | 29.30 | — | 29.30 |
| Export incentives receivable | — | — | 122.62 | 122.62 | — | — | — | — |
| Other financial assets | — | — | 6.06 | 6.06 | — | — | — | — |
| | 30.68 | — | 7,479.13 | 7,509.81 | 0.21 | 30.47 | — | 30.68 |
| Financial liabilities | | | | | | | | |
| Current | | | | | | | | |
| Borrowings | — | — | 197.45 | 197.45 | — | — | — | — |
| Trade payables | — | — | 4,807.82 | 4,807.82 | — | — | — | — |
| Derivative liabilities | 49.57 | — | — | 49.57 | — | 49.57 | — | 49.57 |
| Other financial liabilities | — | — | 1,742.19 | 1,742.19 | — | — | — | — |
| | 49.57 | — | 6,747.46 | 6,797.03 | — | 49.57 | — | 49.57 |

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 3. This is the case for unlisted equity securities included in level 3.

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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 2020 | | |
|--|--|--------------------------|---------------------|
| | Estimated total gross carrying amount at default | ECL- simplified approach | Net carrying amount |
| Not due & Due < 181 days | 7,981.86 | 54.89 | 7,926.97 |
| Past due | | | |
| 181 Days to 1 Year | 389.45 | 19.03 | 370.42 |
| > 1 Year to 2 Year | 262.87 | 77.40 | 185.47 |
| > 2 Year to 3 Year | 113.08 | 98.23 | 14.85 |
| Above 3 Year | 187.87 | 187.87 | — |
| | 8,935.13 | 437.42 | 8,497.71 |

Expected credit loss assessment for customers as at 31 March 2020

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.

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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 April 1, 2018 | 295.47 |
| Add: Impairment loss recognised / (reversed) | 72.57 |
| Less: Amounts written off | — |
| Balance as at 31 March 2019 | 368.04 |
| Add: Impairment loss recognised | 69.30 |
| Less: Amounts written off | — |
| Balance as at 31 March 2020 | <u>437.42</u> |

The impairment loss at March 31, 2020 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 | Carrying amount | Total | Contractual cash flows | | |
|---|-----------------|-----------------|------------------------|---------------|-------------------|
| | | | Upto 1 year | 1-5 years | More than 5 years |
| 31 March 2020 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Liability towards lease asset | 355.81 | 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 | — | — |
| Derivative financial liabilities | | | | | |
| Current liabilities | | | | | |
| Forward Exchange Contracts | 31.35 | 31.35 | 31.35 | — | — |
| | 7,619.71 | 7,687.02 | 7,419.29 | 267.73 | — |

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| 31 March 2019 Particulars | Carrying amount | Contractual cash flows | | | |
|---|-----------------|------------------------|-----------------|-----------|-------------------|
| | | Total | Upto 1 year | 1-5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | |
| Borrowings - current | 197.45 | 197.45 | 197.45 | — | — |
| Trade Payables | 4,807.82 | 4,807.82 | 4,807.82 | — | — |
| Other Financial Liabilities | 1,742.19 | 1,742.19 | 1,742.19 | — | — |
| Derivative financial liabilities | | | | | |
| Current liabilities | | | | | |
| Forward Exchange Contracts | 49.57 | 49.57 | 49.57 | — | — |
| | 6,797.03 | 6,797.03 | 6,797.03 | — | — |

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. Hence the operating results and financials of the Group may be impacted due to volatility of the rupee against foreign currencies.

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 2020 and 31 March 2019 are as below:

| | 31 March 2020 USD | 31 March 2020 EURO | 31 March 2020 Others |
|--|----------------------------------|-----------------------------------|-------------------------------------|
| Financial assets | | | |
| 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> |
| Financial liabilities | | | |
| 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) | — | — |
| | <u>31 March 2019 USD</u> | <u>31 March 2019 EURO</u> | <u>31 March 2019 Others</u> |
| Financial assets | | | |
| Cash and cash equivalents | 1.39 | 0.01 | 1.18 |
| Trade and other receivables | 1,416.89 | 22.08 | — |
| | <u>1,418.28</u> | <u>22.09</u> | <u>1.18</u> |
| Financial liabilities | | | |
| Trade and other payables | 1,507.13 | — | 13.06 |
| | <u>1,507.13</u> | <u>—</u> | <u>13.06</u> |
| Net statement of financial position exposure | (88.85) | 22.09 | (11.88) |
| Forward exchange contracts - Sell | 1,405.28 | 21.98 | — |
| Forward exchange contracts - Buy | (1,161.26) | — | — |

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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 | Profit or loss | |
|----------------------|----------------|---------------|
| | Strengthening | Weakening |
| 31 March 2020 | | |
| 1% movement | | |
| USD | 9.32 | (9.32) |
| EUR | (1.43) | 1.43 |
| Others | 0.53 | (0.53) |
| | <u>8.42</u> | <u>(8.42)</u> |

| Effect in INR | Profit or loss | |
|----------------------|----------------|-------------|
| | Strengthening | Weakening |
| 31 March 2019 | | |
| 1% movement | | |
| 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 borrowings and investments are all in fixed rate instruments.

Exposure to interest rate risk

Group's interest rate risk arises primarily from borrowings. The interest rate profile of the Group's interest-bearing financial instruments is as follows.

| | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Fixed rate loan | | |
| Financial liabilities - measured at amortised cost | | |
| Short term borrowings | — | 197.45 |
| | <u>—</u> | <u>197.45</u> |

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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(Currency: Indian Rupees in million)

Note-40 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 2020

| Particulars | Reportable segments | | |
|---|---------------------|----------|-----------|
| | Agro Chemicals | Others | Total |
| Revenue | | | |
| 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 |
| Segment results | 3,007.26 | 115.23 | 3,122.49 |
| Unallocated corporate expenses | | | 93.26 |
| Profit / (loss) before interest and finance charges and tax | | | 3,029.23 |
| Finance costs | | | 55.13 |
| Profit / (loss) after interest and finance charges but before Exceptional Items & tax | | | 2,974.10 |
| Exceptional Items | | | 308.89 |
| Profit / (loss) 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 / (loss) for the year | | | 2,046.95 |
| Segment assets | 19,602.99 | 610.30 | 20,213.29 |
| Unallocated corporate assets | | | 848.32 |
| Total assets | | | 21,061.61 |
| Segment liabilities | 8,031.36 | 534.12 | 8,565.48 |
| Unallocated corporate liabilities | | | 278.61 |
| Total liabilities | | | 8,844.09 |
| Capital expenditure | 336.63 | 0.05 | 336.68 |
| Unallocated corporate capital expenditure | | | 11.50 |
| Total capital expenditure | | | 348.18 |
| Depreciation and amortization | 397.71 | 0.80 | 398.51 |
| Unallocated depreciation and amortization | | | 11.19 |
| Total depreciation and amortization | | | 409.70 |

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(Currency: Indian Rupees in million)

| 31 March 2019 Particulars | Reportable segments | | |
|---|---------------------|----------|-----------|
| | Agro Chemicals | Others | Total |
| Revenue | | | |
| Operating revenue | 20,627.57 | 1,324.86 | 21,952.43 |
| Other income | 318.79 | 12.98 | 331.77 |
| Total segment revenue | 20,946.36 | 1,337.84 | 22,284.20 |
| Unallocated revenue | | | 75.59 |
| Total revenue | | | 22,359.79 |
| Segment results | 2,740.21 | 117.81 | 2,858.02 |
| Unallocated corporate expenses | | | 153.51 |
| Profit / (loss) before interest and finance charges and tax | | | 2,704.51 |
| Finance costs | | | 36.50 |
| Exceptional Items | | | 69.59 |
| Profit / (loss) after interest and finance charges and before tax | | | 2,598.42 |
| Tax expenses | | | |
| – Current tax | | | 945.96 |
| – Previous Year Adjustments | | | 27.86 |
| – Deferred tax (credit) | | | (33.35) |
| Profit / (loss) for the year | | | 1,657.95 |
| Segment assets | 16,778.00 | 728.65 | 17,506.65 |
| Unallocated corporate assets | | | 1,093.02 |
| Total assets | | | 18,599.67 |
| Segment liabilities | 7,313.10 | 375.50 | 7,688.60 |
| Unallocated corporate liabilities | | | 427.11 |
| Total liabilities | | | 8,115.71 |
| Capital expenditure | 396.86 | 2.47 | 399.33 |
| Unallocated corporate capital expenditure | | | 9.89 |
| Total capital expenditure | | | 409.22 |
| Depreciation and amortization | 270.10 | 0.89 | 270.99 |
| Unallocated depreciation and amortization | | | 7.05 |
| Total depreciation and amortization | | | 278.04 |

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:

| | Period ended 31 March 2020 | Period ended 31 March 2019 |
|------------------------|-------------------------------|-------------------------------|
| Segment revenue | | |
| India | 19,231.05 | 17,165.23 |
| Outside India | 4,681.00 | 4,787.20 |
| Total revenue | <u>23,912.05</u> | <u>21,952.43</u> |
| Segment assets* | | |
| India | 3,545.59 | 3,100.34 |
| Outside India | 5.34 | 5.32 |
| Total assets | <u>3,550.93</u> | <u>3,105.66</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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(Currency: Indian Rupees in million)

Note-41 Employee benefits

The Group contributes to the following post-employment plans in India.

(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 Group 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 2020 | 31 March 2019 |
|--|---------------|---------------|
| Provident Fund and Family Pension Fund | 60.29 | 54.60 |
| Superannuation Fund | 19.04 | 16.71 |
| ESIC | 3.52 | 4.52 |
| Other funds | 9.91 | 9.01 |
| | <u>92.76</u> | <u>84.84</u> |

(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 2020. 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 2020 | 31 March 2019 |
|---------------------------------------|---------------|---------------|
| Defined benefit obligation | 467.43 | 340.32 |
| Fair value of plan assets | 348.56 | 330.76 |
| Net defined benefit obligation | <u>118.87</u> | <u>9.56</u> |

i. Movement in net defined benefit (assets)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (assets)/liability and its components

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (assets)/liability | |
|--|----------------------------|---------------|---------------------------|---------------|--|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Opening balance | 340.32 | 312.06 | 330.76 | 319.17 | 9.56 | (7.11) |
| Included in profit or loss: | | | | | | |
| Current service cost | 28.98 | 25.87 | — | — | 28.98 | 25.87 |
| Past service cost | 5.12 | — | — | — | 5.12 | — |
| Interest cost (income) | 24.14 | 22.33 | 24.34 | 24.11 | (0.20) | (1.78) |
| Sub-total included in Statement of Profit and Loss | | | | | <u>33.90</u> | 24.09 |
| | <u>398.56</u> | 360.25 | <u>355.10</u> | 343.28 | <u>43.46</u> | 16.98 |
| Included in OCI | | | | | | |
| Remeasurement loss/(gain): | | | | | | |
| Actuarial loss/(gain) arising from: | | | | | | |
| Financial assumptions | 42.80 | 4.68 | — | — | 42.80 | 4.68 |
| Experience adjustment | 35.82 | (9.31) | — | — | 35.82 | (9.31) |
| Return on plan assets excluding interest income | — | — | (1.81) | (2.40) | 1.81 | 2.40 |
| Sub-total included in OCI | | | | | <u>80.43</u> | (2.23) |
| | <u>477.18</u> | 355.63 | <u>353.29</u> | 340.88 | <u>123.89</u> | 14.75 |
| Other | | | | | | |
| Contributions paid by the employer | — | — | 5.02 | 5.19 | (5.02) | (5.19) |
| Benefits paid | (9.75) | (15.31) | (9.75) | (15.31) | — | — |
| Closing balance | <u>467.43</u> | 340.32 | <u>348.56</u> | 330.76 | <u>118.87</u> | 9.56 |

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(Currency: Indian Rupees in million)

The components of defined benefit plan cost are as follows:

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Recognised in Profit or Loss | | |
| Current service cost | 28.98 | 25.87 |
| Net interest cost | (0.20) | 0.64 |
| Past service cost | 5.12 | — |
| Expected return on plan assets | — | (2.41) |
| Total | 33.90 | 24.10 |
| Recognised in Other Comprehensive Income | | |
| Remeasurement of net defined benefit liability/(asset) | 80.43 | (2.23) |

ii. Plan assets

Plan assets comprise the following

| | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| 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 2020 | 31 March 2019 |
|----------------------|--|--|
| Discount rate | 6.80% | 7.05%-7.35% |
| Future salary growth | 10% for the next 1 year & 9.75% thereafter | 8%-10% for the next 1 year & 8%-9.75% thereafter |
| Mortality rate | Indian Assured Lives Mortality (2006-08) 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 2020 | | 31 March 2019 | |
|---------------------------------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.50% movement) | 113.09 | 89.74 | 60.87 | 35.61 |
| Future salary growth (0.50% movement) | 90.20 | 112.78 | 35.44 | 61.16 |

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 31 March 2020 were as follows

| Particulars | 31 March 2020 | 31 March 2019 |
|-------------------|---------------|---------------|
| Up to 1 year | 27.10 | 31.22 |
| Between 1-2 years | 35.36 | 21.67 |
| Between 2-6 years | 89.95 | 67.88 |
| 6 to 10+ years | 194.39 | 167.76 |

The average duration of the defined benefit plan obligation at the end of the reporting period is upto 14 years (31 March 2019: 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 2020 based on actuarial valuation using the projected accrued benefit method is ₹ 75.00 millions. (31 March 2019 : ₹ 34.67 millions). In the coming financial year it is expected to remain in the similar range.

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Note-42 Contingent liabilities and Commitments

A)(I) Contingent liabilities

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| a. Claims against the Group not acknowledged as debts | 153.02 | 152.71 |
| b. Demand raised by authorities against which the Group has filed an appeal | | |
| i) Income Tax | 97.01 | 80.40 |
| ii) Excise duty | 0.73 | 0.73 |
| iii) Service tax | 15.67 | 16.11 |
| iv) Customs Duty | 2.30 | 6.51 |
| v) VAT / Sales Tax | 2.59 | 2.59 |
| vi) GST | 0.79 | — |

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 judgements/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.

(II) Gujarat Pollution Control Board matter

On 21st June, 2019, Gujarat Pollution Control Board ("GPCB") issued a notice to Excel Crop Care Limited (ECCL), which has amalgamated with the Company, instructing it to close manufacturing operations of its Bhavnagar Plant. The notice was caused because GPCB had found, in a plot of land adjacent to the manufacturing site, waste which was associated to a product which has 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 plan submitted, GPCB has temporarily withdrawn its Closure Order. The Company has implemented the remedial measures as agreed and has approached GPCB for revocation of the Closure Order on permanent basis. In the meantime, the manufacturing operations of the Bhavnagar plant are being carried on uninterrupted.

B) Commitments

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances) | 86.67 | 42.88 |

Note-43 Total outstanding dues of micro enterprises and small enterprises (as per the intimation received from vendors)

| | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| Principal | 179.90 | 195.04 |
| Interest | 1.57 | 0.06 |
| 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 | 1,480.78 | 724.53 |
| 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 | 10.22 | 2.16 |
| The amount of interest accrued and remaining unpaid at the end of each accounting period | | |
| 2018-19 | — | 11.77 |
| 2019-20 | 11.40 | — |
| 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 | 11.40 | 13.81 |

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Note-44 Research and Development Expenditure

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| (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 | 97.89 | 95.37 |
| (ii) Depreciation and Amortisation of expenses | 20.09 | 22.70 |
| | 117.98 | 118.07 |
| (b) Capital Expenditure incurred during the year on Research and Development | 8.46 | 31.77 |

Note-45 Corporate Social Responsibility

The Group has spent ₹ 45.47 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 2020 | As at 31 March 2019 | | | | |
|---|---------------------------|-------------------------------|----------------|----------------|----------------|----------------|
| (a) Gross amount required to be spent by the Group during the year. | 45.97 | 41.08 | | | | |
| | In cash/payable | Yet to be paid in Cash | Total | | | |
| (b) Amount Spent during the year | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| (i) Construction / acquisition of any assets | — | — | — | — | — | — |
| (ii) On purpose other than (i) above | 45.47 | 40.20 | — | 0.77 | 45.47 | 40.97 |
| (c) Amount not spent | | | | | 0.50 | 0.11 |

Note-46 Merger with Excel Crop Care Limited

On 1st August, 2018, the Board had approved a Scheme of Amalgamation ("Scheme") for amalgamation of Excel Crop Care Limited ("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 27th June, 2019. Certified copy of the Order of the Hon'ble NCLT was filed with the Registrar of Companies, Maharashtra, on 31st 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 1st April, 2018. Accordingly, accounting impact of the amalgamation was given in the financial statements for the year ended 31st 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 7th 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 31st August, 2019 (the Record Date).

Note-47 Events after the Reporting period

There are no significant events after the reporting period, that would require adjustments or disclosures in the financial statements as on the Balance Sheet date.

Note-48 COVID 19 Impact

Global pandemic Covid-19 caused severe impact globally and in India. India announced country-wide strict lockdown since last week of March 2020 and such measures continue to be in force till date in gradually relaxed form. The Holding company's operations have been classified as 'essential' and the Holding company has been permitted to operate under the lock-down guidelines. However, due to the Holding company's priority towards safety and several practical difficulties faced at local level, operations were impacted initially and resumed gradually over the period. Production of subsequent period is expected to be marginally lower due to precautions taken in line with restrictions imposed on account of Covid-19. Currently, most functions including sales & distribution, procurement, supply chain, logistics and corporate functions, continue to be operational, duly following safety guidelines, without any material adverse impact.

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Note-49 Statutory group information as required under Schedule III to the Companies Act 2013 with respect to Consolidated Financial Statements.

| 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 | 9 |
| Parent - Sumitomo Chemical India Limited | 98.93% | 12,086.99 | 100.46% | 2,056.30 | 117.81% | (60.19) | 100.01% | 1,996.11 |
| Subsidiaries | | | | | | | | |
| <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 |
| TOTAL | 100.00% | 12,217.53 | 100.00% | 2,046.95 | 100.00% | (51.09) | 100.00% | 1,995.86 |

| Name of the entity | 31 March 2019 | | | | | | | |
|--|---------------------------------|------------------|---------------------------------------|-----------------|--------------------------|-------------|---|-----------------|
| | 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 | 9 |
| Parent - Sumitomo Chemical India Limited | 98.77% | 10,354.85 | 100.73% | 1,670.03 | 366.34% | 3.70 | 100.89% | 1,673.73 |
| Subsidiaries | | | | | | | | |
| <i>Foreign</i> | | | | | | | | |
| 1. Excel Crop Care (Europe) NV | 1.03% | 108.21 | -0.42% | (7.03) | 0.00% | — | -0.42% | (7.03) |
| 2. Excel Crop Care (Africa) Limited | 0.28% | 29.35 | -0.95% | (15.71) | 0.00% | — | -0.95% | (15.71) |
| Adjustment arising out of consolidation | -0.08% | (8.45) | 0.64% | 10.67 | -266.34% | (2.69) | 0.48% | 7.98 |
| TOTAL | 100.00% | 10,483.96 | 100.00% | 1,657.96 | 100.00% | 1.01 | 100.00% | 1,658.97 |

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: 5 June 2020

For and on behalf of the Board of Directors of Sumitomo Chemical India Limited
CIN: U24110MH2000PLC124224

Mr. Chetan Shah
Managing Director
DIN: 00488127

Mr. Anil Nawal
Chief Financial Officer

Place: Mumbai
Date: 5 June 2020

Mr. Sushil Marfatia
Executive Director
DIN: 07618601

Mr. Pravin D. Desai
Vice President (Legal) & Company Secretary

Place: Mumbai
Date: 5 June 2020



SUMITOMO CHEMICAL INDIA LIMITED

Registered Office:

Building No.1, Ground Floor, Shant Manor Co-op Housing Society Ltd,
Chakravarti Ashok 'X' Road, Kandivli (East), Mumbai-400101.
Tel: 022-28866666

Corporate Office:

13 & 14, Aradhana Industrial Development Corporation,
Near Virwani Industrial Estate, Goregaon (East), Mumbai-400063.
Tel: 022-42522200
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