CHEMPLAST SANMAR LIMITED

Directors' Report

The Directors have pleasure in presenting the Annual Report along with the Audited Financial Statements for the year ended 31st March 2020.

	2019-20	2018-19
	Rs. Crores	**Rs. Crores**
Sales and Other income	**1,267.16**	1269.83
Profit before interest,depreciation and taxes	**321.83**	334.33
Interest	**95.42**	46.99
Depreciation	**87.42**	54.88
Profit / (Loss) before tax and exceptional items	**138.99**	232.45
Exceptional Items *	**-**	15.10
Profit / (Loss) before tax	**138.99**	247.55
Reversal/(Provision) for tax		
- Current Tax	**(29.99)**	(51.92)
- Deferred Tax	**(10.26)**	(8.42)
Profit / (Loss) after tax	**98.74**	187.21
Other Comprehensive Income		
- Remeasurement of Defined Benefit Plans	**(1.16)**	0.56
- Income tax expense relating to above items	**0.40**	(0.19)
- Revaluation of fixed assets	**-**	1494.38
- Income tax expense relating to above item	**-**	(406.12)
Total Other Comprehensive Income for the year	**(0.75)**	1088.63
Total Comprehensive Income for the year	**97.99**	1275.84

The company earned a profit before tax of Rs.138.99 Crores (before exceptional items) for the year ended 31st March 2020, 44% lower than in the previous year. This was mainly due to an increase in depreciation expense on account of revaluation of fixed assets, and increase in interest and finance cost. Post taxes and exceptional items, the net profit of the company was at Rs. 98.74 Crores as against Rs 187.21 Crores achieved in 2018-19. Exceptional items in 2018-19 refer to reversal of compensation payable to employees who had availed early separation scheme.

The Company and many of its customers were impacted due to the global pandemic. This impact was felt in the last month of the financial year 2019-20 and is expected to affect the domestic market and operations during most of financial year 2020-21. The Company has taken all precautions to ensure the health and safety of its employees and is working closely with customers and vendors to minimize the impact.

Considering the prevailing business situation and attendant need to conserve resources, the Directors have decided not to declare any dividend for the financial year 2019-20. The Directors do not recommend any transfer to General Reserve. The Directors also do not recommend any transfer to reserves.

Operations

PVC Paste resin Business

Domestic Demand for PVC Paste Resin contracted by 3% with market size at 142kt in FY'19-20 as against 146kt in FY'18-19. Faced with cheap imports and prolonged slowdown in demand from automotive sector, the COVID-19 impact has further exacerbated the problem for downstream processors, negatively impacting the demand for Paste resin in the country.

However, the silver lining was that our sale went up to 64kt in FY'19-20 from 62kt in FY'18-19 while imports contracted to 64kt in FY'19-20 from 70kt in FY'18-19. Our sales would have been even higher but for the complete lockdown implemented in end- March.

Chlorochemical Business

With increased efforts to make more APIs within the country, and with more mid-size pharma companies working on substituting API imports from China, domestic demand for Methylene Dichloride witnessed rapid growth in FY 2019-20 to 301kt, clocking a handsome growth rate of 24%.

International prices, however, witnessed a steep decline during the year, dropping by US$ 160 per mt (from US$ 580 per mt to US$ 420 per mt CFR).

A new 41 ktpa Chloromethanes plant in Dahej was commissioned during the year, adding to the capacity in India.

Chloroform demand at 180kt did not show any growth at all. Here again, international price dropped during the year from US$ 470 per mt to US$ 280 per mt CFR.

CTC demand was good in Synthetic Pyrethroids segment. International price was around US$ 620 per mt CFR and availability was tight.

Chloromethanes realisation dropped by around by 14% - from Rs. 47,300 per mt in FY 2018-19 to Rs. 41,683 per mt in FY 2019-20

HCFC-22 demand was normal in replacement segment. Overall, R-22 sales improved from 672 mt to 1154 mt while prices were stable.

With global economic conditions remaining weak during the year under review, Asian Caustic Soda prices declined to USD 270 - 300 per mt CFR during the year, from the earlier level of USD 400 - 420 per mt CFR.

During 2018-19, caustic soda imports in India declined due to the implementation of a new mandatory standard by the Bureau of Indian Standards. This year, with most regular exporters to India complying with the conditions imposed by BIS, import volumes increased to 375kt (as against 235kt in 2018-19) at an average price of USD 380 per mt, CFR India (as against USD 508 per mt, CFR India in 2018-19).

Domestic demand from Alumina, Paper and textile segments was stable till the end of Q3 2019-20. Due to Covid-19, demand from all segments witnessed a sharp decline during Q4 2019-20.

Domestic price was under pressure with the increase in imports this year. Caustic realisation decreased from Rs 36,400 per mt in 2018-19 to Rs 30,017 per mt in the year under review.

Hydrogen Peroxide

The Hydrogen Peroxide plant commenced commercial operations during the year – sale started from May 2019. The total sale during the year was 6,041mt at an average NR of Rs 32,190 per mt.

During the year, total imports into India decreased by 32% to 54.5kt. The average price of imports declined by 35% to USD 393 per mt, CFR India. Major imports were from Bangladesh (64%), Thailand (23%) and Indonesia (8%).

Speciality Chemicals Division

The total sales of this division, which makes intermediates for various chemicals for pharmaceutical and agrochemical applications, were Rs.12,440 Lacs for the year 2019-20 as against Rs. 8,681 Lacs in the previous year. The increase in sale of over 40% was mainly driven by strong demand from various end customers.

Prospects

The company is expected to maintain its share of volumes in PVC Paste resin business for FY20-21. Though there has been a disruption in business during the first few months of FY 20-21 due to COVID-19, it is expected that the demand to recover from Q2 onwards. On the domestic front, the slowdown in the Auto sector continues to be a sore point. With the Government taking necessary measures to inject liquidity into the economy with a stimulus package aimed at benefiting a spectrum of industries and enterprises, the Company expect an uptick in these sectors going forward.

With the emphasis on enhancing indigenous production of APIs and increased focus on healthcare, MDC demand should witness a decent growth. CTC demand is expected to continue to be strong.

HCFC-22 demand is also expected to decline as OE manufacturers have all switched over to alternative refrigerants and replacement market demand will start shrinking.

The Speciality Chemicals Division is working on the development of various custom manufactured intermediates which is expected to further improve the financial performance in the coming years

COVID-19 impact

Due to Covid-19 impact, demand for Caustic Soda and Peroxide is weak across all major segments like Pulp & Paper, Textiles, VSF and Alumina. It may take some time for demand to recover, especially on the export front for textiles. Prices for Caustic & Hydrogen Peroxide are thus expected to be under pressure for atleast the next six months.

Environment

Matter before the National Green Tribunal - Mettur

National Green Tribunal had appointed a committee to go into some allegations made by a person with vested interest, relating to the Mettur location. While all those allegations were found to be untrue, the NGT wanted a further study to be done on the water quality in and outside the plant locations at Mettur. To this end, a second Committee was appointed – this Committee tested the water condition in various piezometric wells near the secured landfills in the plant – the test results affirm that there is no contamination of the water. The Committee has also made some suggestions which are being studied.

The company continues to place great importance on protecting the environment and managing natural resources responsibly. These principles have been incorporated in all its operational systems, with stringent solid and hazardous waste management processes followed at all plants.

Finance

The company has established a good track record with the bankers and financial institutions, thereby enjoying their full confidence.

During the year, the Company has issued 1270 Non-Convertible Debentures (NCDs) of Rs.10000000 each aggregating to Rs.1270 Crores.

Change in the Nature of Business:

There was no change in the nature of business of the Company during the financial year.

Awards

The Directors are pleased to report that during the year under review, the company has received the following key awards/recognitions:

1. FICCI Chemicals and Petrochemicals Awards 2019 for Chemplast Sanmar, Plant II-Efficiency in Water Usage in Chemical Sector.
2. National Safety Council, TN Chapter Occupational Health, Safety and Environment (OHSE) Star Award- 2018 for Chemplast Sanmar Plant II & III.
3. FICCI Chemicals and Petrochemicals Awards 2019 for Chemplast Sanmar, Plant III-Sustainability Award for Excellence in Safety.
4. FICCI Safety Systems Excellence Award 2019 for Chemplast Sanmar, Plant III-Platinum Award under large category industries.
5. Indian Chemical Council Award for Chemplast Sanmar - Award for Excellence in Management of Social Responsibility-2018.

Risk Assessment and Management

The Company has a well defined Risk Management System. The System ensures that all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory, IT, reputational and other risks are identified, impact assessed, mitigation plans are drawn up and these plans are effectively implemented.

Internal Control Systems

Adequate internal controls, systems, and checks are in place, commensurate with the nature of the Company's business and size. The management exercises financial control on the operations through a well defined budget monitoring process and other standard operating procedures.

Internal audit for the year 2019-20 was carried out by PKF Sridhar & Santhanam, Chartered Accountants covering all significant areas of operations. All significant observations of the Internal Auditors are placed before the Audit Committee or the Board together with corrective actions

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditors, the management undertakes appropriate corrective action in their respective areas.

Internal Financial Control over Financial Reporting

The Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management with the help of the internal auditors, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Deposits

During the year under review, the Company has not accepted any public deposit within the meaning of the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 and as on 31st March 2020, the Company did not have any outstanding public deposit.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Particulars investments/ guarantees under Section 186 of the Companies Act, 2013 are given in the Notes forming part of the Financial Statements for the year ended 31st March 2020.

The Company has not given any loans and guarantees under the provisions of Section 186 of the Companies Act, 2013.

Subsidiary/ Associate Companies

No company has become/ ceased to be the subsidiary or associate company of the Company during the year under review.

Particulars of contracts or Arrangement under Section 188 of the Companies Act, 2013

During the year under review, the contracts or arrangements with related parties did not attract the provisions of Section 188 of the Companies Act, 2013.

Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the company

There were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the company and Company's operations in future.

Material Changes and Commitment affecting the financial position of Company that occurred after 31st March 2020.

There was no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the Financial Statements relate and on the date of this report.

Directors and Key Managerial Personnel

Mrs Lavanya Venkatesh retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

In March 2020, Mr S Sankaran resigned from the Board. The Directors place on record their appreciation of Mr S Sankaran's valuable contributions as director of the company.

Mr P S Jayaraman was reappointed as Chairman (Whole Time Director) of the Company with effect from 1st April 2020 for a period of 2 years subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr V K Parthasarathy was appointed as an Independent Director of the Company, on 31st March 2015 to hold office for a period of 5 years i.e. upto 30th March 2020. The Nomination and Remuneration Committee of Directors have recommended the appointment of Mr V K Parthasarathy for a further term of 5 years with effect from 31st March 2020 and such recommendation has been accepted by the Board of Directors.

The Independent Directors have submitted declarations stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Subsequent to the close of the year Mr Satya Narayan Nayak resigned from the position of Company Secretary. Mr M Raman was appointed as Company Secretary of the Company.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules thereunder, the Key managerial Personnel of the Company are Mr P S Jayaraman, Chairman, Mr M Chandrasekhar, Chief Financial Officer and Mr M Raman, Company Secretary.

Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013.

a) In the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards have been followed by the company.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2020 and of the profit of the company for the year ended that date.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) The accounts of the company have been prepared on a going concern basis.

e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

f) The Company has laid down internal financial controls to be followed and that such internal financial controls were adequate and operating effectively.

Number of Board Meetings

During the year, the Board of Directors met twelve times.

Audit Committee

The Audit Committee of Directors consists of the following Directors:

Mr V K Parthsarathy, Chairman
Mr P S Jayaraman, and
Mr A Amarnath

The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 read with the rules thereunder. The scope of the activities of the Audit Committee is as set out in Section 177 of the Companies Act, 2013.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following directors:

Mr V K Parthasarathy, Chairman
Mr A Amarnath
Mrs Lavanya Venkatesh

The composition of the Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013. The Committee adheres to the provisions of the Companies Act, 2013 read with Rules thereunder in terms of its functioning, roles and powers.

The Company's Policy on appointment of Directors and Remuneration policy is attached as Annexure 5 to this Report and forms part of this Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out evaluation of its own performance, the directors individually and evaluation of working of the committees of the Board during the financial year 2019-20 as per the criteria laid down by Nomination and Remuneration Committee. The evaluation process contained various aspects of the functioning of the Board and its committees, number of committees and their roles, frequency of meetings, level of participation, and independence of judgement, performance of duties and obligations.

The Board expressed its satisfaction of the performance of all the directors, Board and its committees which reflected the overall engagement of the directors, the Board and its committees with the Company.

Personnel

Industrial relations with employees remained cordial for most part of the year. In the beginning of the year though, strife broke out at one of our plants at Mettur, with employees going on a flash strike. This strike was resolved and talks have since been initiated with the employee representatives. Human Resource Development activities continued to receive considerable attention. The emphasis was on imparting training and developing the skill set of employees to enable them face the challenges in an increasingly complex work environment.

Particulars of employees

Information in accordance with the provisions of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure 6 to the Directors' Report.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil Mechanism Policy to deal with an instance of fraud or mismanagement, if any.

The Company had adopted an ethical code of conduct for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company.

This policy has been formulated with a view:

- To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Company's Ethics Policy.

- To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization, who notice and report any unethical or improper practices, and

- To appropriately communicate the existence of such mechanism, within the organization and to outsiders.

- No personnel has been denied access to the Chairman of the Audit Committee in respect of reporting any of above instances.

Corporate Social Responsibility

The Company has all along attached utmost importance to sustainable development.

As mandated by the Companies Act, 2013 and the rules framed thereunder, the Company has formulated a Policy on CSR and has constituted a CSR Committee to recommend and monitor expenditure on CSR. Details are furnished in Annexure 3.

Auditors

S R Batliboi & Associates LLP, Chartered Accountants, Chennai (Firm Registration No. 101049W/ E300004) were appointed as statutory auditors of the company at the 33rd Annual General Meeting (AGM) held on 27th September 2017, for a period of 5 (five) years commencing from the conclusion of 33rd AGM till the conclusion of the 38th AGM.

Accordingly, S R Batliboi & Associates LLP, Chartered Accountants, Chennai continues to be the statutory auditors of the company till the conclusion of 38th AGM, as approved by shareholders at 33rd AGM held on 27th September 2017.

Cost Records, Audit and Auditor:

Pursuant to Section 148(1) of the Companies Act, 2013 and rules thereunder, the Company is required to maintain cost records/ accounts as specified therein in respect of its products and the Company maintains cost records/ accounts in the prescribed format.

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed Geeyes & Co., Cost & Management Accountants, Chennai (Firm Registration No. 00044), as Cost Auditors of the Company, for conducting the audit of cost records/ accounts for the financial year ended 31st March 2020. The Cost Audit Repot will be filed with the Ministry of Corporate affairs within the prescribed time.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules 2014, the cost audit records maintained by the Company in respect of the products of the Company are required to be audited. The Board of Directors had, on the recommendation of the Audit Committee, appointed M/s Geeyes & Co., Cost & Management Accountants, Chennai (Firm Registration No. 00044) to audit the cost accounts of the Company for the financial year 2020-21.

The Cost Auditors have given a Certificate to the effect that the appointment, if made, will be within the prescribed limits specified under Section 141 of the Companies Act, 2013.

The Audit Committee had obtained a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is placed before the Members for their ratification.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Board of Directors have appointed B Ravi and Associates, Company Secretaries in Practice, Chennai to carry out the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as Annexure 4 and forms part of this Report.

Secretarial Standards

The Board confirms compliance with the Secretarial Standards notified by the Institute of Company Secretaries of India, New Delhi and applicable to the Company.

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March 2020 is attached as Annexure 2 to this Report and forms part of this Report.

Other Particulars

Additional information on conservation on energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 134(3)(m) of the Companies Act, 2013, read with Rule 9 of the Companies (Accounts) Rules 2014 is set out in Annexure 1 and forms part of this Report.

For and on behalf of the Board

Chennai
4th September 2020

P S JAYARAMAN
Chairman
DIN: 00011108

Annexure 1

Information under Section 134(3)(m) of the Companies Act, 2013 forming part of the Directors' Report for the year ended March 31, 2020.

1. CONSERVATION OF ENERGY

a. Measures Taken:

The company continues to accord high priority to conservation of energy. Details of some of the measures undertaken during the year to optimize energy conservation are given below

In the coal based power plant, we are equipped with Primary Air (PA) fan in both Units (Unit 1 and Unit 2). PA Fan operates with DOL mode (constant speed). This Fan operates at constant speed and Control the air flow by damper mode to maintain PA header pressure for coal feeding to boiler.

In the year Sep 18, we replaced the Unit 1 PA fan DOL mode to 132 KW VFD mode for Energy saving purpose. The Energy saving was calculated by comparing with DOL mode and resulted in savings of 485 units / Day.

In the same manner, it was proposed to replace the Unit II PA fan and on 04.10.2019, Unit 2 PA fan was lined up with 132 KW VFD and Operated with VFD mode. In this mode air flow control with Variable speed with damper was full open. Energy saving has been calculated by comparison with VFD mode and DOL mode from 4th Oct 19 to 26th March 20, which resulted in saving of 483 Units/Day.

b. Additional Investment

Nil.

c. Impact of measures taken under (a) above.

Particulars	Substitution/ Reduction in energy consumption per annum	Savings in Cost of Production (Annualized) (Rs Lakhs)
Installation of variable frequency drive in Coal Based Power Plant Boiler 2 Primary Air fan resulting in reduction in Power Consumption	1.76 lakhs Kwh	9.41

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	:	The Technology transferred to the company has been fully absorbed. Developments, where required, have been carried out by adapting to Indian conditions.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, import substitution, etc.	:	The technology absorption has contributed to substantial savings in foreign exchange by way of import substitution.
3.	In case of imported technology, (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.		Not Applicable

RESEARCH AND DEVELOPMENT (R&D)

The Company's R&D laboratory is engaged in carrying out process/product improvement program. In particular, the areas of focus have been on import substitution, optimizing the utilization of available resources, evolving alternative and more economic processes for the existing range of products and environment conservation.

With regard to Speciality Chemicals Division, Development of new products, Process improvements for the manufacture of Speciality chemicals and intermediates for a) Agro chemicals, b) Pharmaceuticals, and c) Other fine chemical applications and optimisation of manufacturing methods based on such improvements.

The division's R & D activities include carrying out product / process improvement initiatives. The main areas of R & D have been gainful utilisation of available resources, alternative and economic route of synthesis for the existing range of products, application support and conservation of environment and pollution control

Commercialization of new intermediates, Quality improvements in existing roducts and reduction in manufacturing cost of existing products.

Expenditure on R & D:

Capital	:	Rs 3.67 Lacs
Revenue	:	Rs. 77.05 Lacs
Total	:	Rs. 80.72 Lacs
Total R & D expenses as a percentage of total turnover	:	0.65%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. Lakhs)
Foreign exchange outgo	35,328.55
Foreign exchange earnings	12,603.52

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020

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:		
1	CIN	U24230TN1985PLC011637
2	Registration Date	13-March-1985
3	Name of the Company	CHEMPLAST SANMAR LIMITED
4	Category/Sub-category of the Company	Public Limited Company having share capital
5	Address of the Registered office & contact details	9 CATHEDRAL ROAD CHENNAI 600086 TEL: 044 2812 8722 EMAIL: mr1@sanmargroup.com
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services India Private Limited Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai 600017. Tel: 044 2814 0801-03

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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Polyvinyl Chloride	201	55.72%
2	Caustic chlor	201	21.36%
3	Solvents	201	12.88%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Sanmar Holdings Limited	U65993TN1979PLC007711	Holding	98.81%	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019] - Equity Shares of Rs.10 each				No. of Shares held at the beginning of the year [As on 31-March-2020] - Equity Shares of Rs.10 each				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	66,239,995	-	66,239,995	98.81%	66,239,995	-	66,239,995	98.81%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	66,239,995	-	66,239,995	98.81%	66,239,995	-	66,239,995	98.81%	0.00%

(2) **Foreign**									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	66,239,995	-	66,239,995	98.81%	66,239,995	-	66,239,995	98.81%	0.00%
B. Public									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
	-	-			-	-			
f) Insurance	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%

2. Non-Institutions									
a) Bodies Corp.									
i) Indian		264,330	264,330	0.39%		800,000	800,000	1.19%	0.80%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh*	-	5	5	0.00%	5		5	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%		-	-	0.00%	0.00%
c) Others - Firm		535,670	535,670	0.80%		-	-	0.00%	-0.80%
Non Resident Indians			-	0.00%			-	0.00%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total (B)(2):-	-	800,005	800,005	1.19%	800,005		800,005	1.19%	0.00%
Total Public (B) #	-	800,005	800,005	1.19%	800,005	800,000	800,005	1.19%	0.00%
C. Shares held by Custodian for GDRs & ADRs			-	0.00%				0.00%	0.00%
Grand Total (A+B+C)	66,239,995	800,005	67,040,000	100.00%	66,240,000	800,000	67,040,000	100.00%	0.00%

** 5 Equity Shares held by 5 individuals as nominees of the holding company.*

 # Subsequent to the close of the year Sanmar Engineering Services Limited, holding company of Sanmar Holdings Limited, acquired 8,00,000 Equity Shares of Rs.10 each of the Company.

(ii) Shareholding of Promoter

SN	Shareholder's 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	
1	Sanmar Holdings Limited*	66,240,000	98.81%	-	66,240,000	98.81%	17430400 (26%)	0.00%

* Includes 5 equity shares held by 5 nominees of Sanmar Speciality Chemicals Limited

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year Equity Shares of Rs.10 each		Cumulative Shareholding during the year Equity Shares of Rs.10 each	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Sanmar Holdings Limited**						
	At the beginning of the year			66,240,000	98.81%		
	Changes during the year*			No change during 2019-20			
	At the end of the year			66,240,000	98.81%	66,240,000	98.81%
	* Shares allotted under the scheme of arrangement sanctioned by National Company Law Tribunal vide its certified true copy of the order dated 26th April 2019						

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Sanmar Engineering Services Limited						
	At the beginning of the year			-	0.00%		0.00%
	Changes during the year		Transfer	800,000		800,000	
	At the end of the year			800,000	1.19%	800,000	1.19%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Satya Narayan Nayak*						
	At the beginning of the year			1	0.00%		0.00%
	Changes during the year			-	0.00%		0.00%
	At the end of the year			1	0.00%	1	0.00%

* Holding 1 equity share as a nominee of Sanmar Holdings Limited. He has no beneficial shareholding interest in this share. Resigned w.e.f. 15.05.2020.

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25,212.13	-	-	25,212.13
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	73.09	-	-	73.09
Total (i+ii+iii)	25,285.22		-	25,285.22
Change in Indebtedness during the financial year				
* Addition	103,583.16	-	-	103,583.16
* Reduction	-	-		-
Net Change	103,583.16	-	-	103,583.16
Indebtedness at the end of the financial year				
i) Principal Amount	128,867.21	-	-	128,867.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.17	-	-	1.17
Total (i+ii+iii)	128,868.38	-	-	128,868.38

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	P S Jayaraman	(Rs/Lac)
	Designation	Chairman (Wholetime Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		204.50
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-
2	Stock Option		-
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others (Contribution to PF and Gratuity)		12.62
	Total (A)		217.12
	Ceiling as per the Act		

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
1	Independent Directors	A Amarnath	V K Parthasarathy		-
	Fee for attending board/ committee meetings	-	0.30		0.30
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (1)	-	-	-	
2	Other Non-Executive Directors	S Sankaran	Lavanya Venkatesh		-
	Fee for attending board/ committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				217.42
	Overall Ceiling as per the Act				-

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name	M Chandrasekhar	Satya Narayan Nayak	(Rs/Lac)
	Designation	CFO	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.19	-	48.19
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			
	- as % of profit			-
	- others, specify			-
5	Others (contribution to PF and Gratuity)	2.65	-	2.65
	Total -	50.84	-	50.84

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 : N.A.					
Penalty					
Punishment					
Compounding					
B. DIRECTORS : N.A.					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT : N.A.					
Penalty					
Punishment					
Compounding					

Annexure 3

CORPORATE SOCIAL RESPONSIBILITY POLICY AND RELATED INFORMATON

1. A brief outline of the Company's CSR Policy:

(a) The Company shall undertake CSR projects or programmes which falls within the purview of the activities specified under the Schedule VII of the Companies Act, 2013.

(b) The CSR Committee and the Board of Directors are authorized to consider any other CSR activities which will be permissible under the provisions of the Companies Act, 2013 or Rules framed there under from time to time including any modifications thereto. The activities may or may not be specific to local area of operations and may depend on the need assessed for the people living in the country. As far as possible, efforts will be made to co-ordinate with similar CSR activities that are taken up by other associate companies or the Central Government or State Government in those areas. The activities will include support to established and reputed medical institutions.

2. **The Composition of the CSR Committee of Directors (as on date)**

Mr P S Jayaraman, Chairman
Mr V K Parthasarathy
Mr A Amarnath

3. Average net profit of the Company for last three financial years.

Average Profit for last three financial years – Rs. 33,595 Lakhs.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**.

Rs. 672.00 Lakhs

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year as per the Companies Act, 2019-20; - Rs672.00 lakhs
(b) Amount actually spent: Rs.684.48 Lakhs
(c) Amount unspent, if any : Nil
(d) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)
S. No.	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the State and District where projects or Programs was undertaken	Amount spent on the projects or programs sub-heads; (1) Direct expenditure on projects or programs (2) Over-heads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
1.	Drinking water supply & plantation of trees	Mettur, Salem dist, Tamil Nadu; Krishnagiri, Krishnagiri dist, Tamil Nadu.	105.25		Direct
2.	Medical & Health care Expenses	Mettur, Salem dist, Tamil Nadu; Karaikal, Karaikal dist, Puducherry;	7.07		Direct
3.	Education and Training expenses	Mettur, Salem dist, Tamil Nadu; Karaikal, Karaikal dist, Puducherry; Vedaranyam, Nagapattinam dist, Tamil Nadu	1.79		Direct
4.	Contribution to CSR Trust (Please see note below)		550.00		Direct
4.	Others	Mettur, Salem dist, Tamil Nadu; Karaikal, Karaikal dist, Puducherry; Vedaranyam, Nagapattinam dist, Tamil Nadu.	13.38		Implementing Agency
	Total		684.49		

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   The Company is evaluating other appropriate CSR activities which can be undertaken within the frame work of its CSR policy.

7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Note:

The Sanmar Group CSR Trust is a trust established as a CSR implementing vehicle for the Authors of the Trust.

This Trust is a registered Public charitable Trust and has been set up to carry on CSR activities towards fulfilment of obligations of Authors of the Trust towards Corporate Social Responsibility as prescribed under the provisions of Companies Act 2013 read with rules thereunder.

The Company has made contributions to the Trust in FY 2019-20 as recommended by the CSR Committee of Board of Directors and approved by the Board of Directors of the Company.

Based on the contributions from the Authors of the Trust, the Trust has during the financial year 2020-21, commenced CSR activities.

P S JAYARAMAN
Chairman of CSR Committee

A AMARNATH

Annexure 5

Policy on appointment of Directors and Remuneration policy:

The Company's policy on Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and policy relating to remuneration for the directors, Key Managerial Personnel and other Senior Executives of the Company as approved by the Nomination and Remuneration Committee of Directors and by the Board of Directors, is set out hereunder.

(a) Appointment of Directors

The Nomination and Remuneration Committee of Directors of the Company (the Committee) shall recommend to the Board of Directors, for appointment as Directors, persons who have the background and experience relevant for the Company's operations. In so recommending the Committee may take to account factors such as understanding of the Company's business, dynamics, educational and professional background, personal and professional ethics, integrity and values.

The proposed appointee shall also fulfill the following requirements:

1. Shall possess a Director Identification Number.
2. Shall not be disqualified under the Companies Act, 2013.
3. Shall give his written consent to act as a Director.
4. Shall endeavor to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings.
5. Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel.
6. Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made.
7. Such other requirements as may be prescribed, from time to time under the Companies Act, 2013 and other relevant laws.

(b) Criteria of Independence

The Committee shall assess the independence of Directors at the time of appointment and re-appointment. Independence shall also be re-assessed when any new interests or relationships are disclosed by Director. The criteria of independence laid down by the Companies Act, 2013 shall be guiding factor. Independent Director shall abide by the Code for Independent Directors as specified in Schedule IV of the Companies Act, 2013.

(c) Remuneration Policy

The Company's Remuneration Policy shall be in keeping with the following objectives:

(i) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.

(ii) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

(iii) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

(d) Remuneration to Whole-time Directors

The Board on the recommendation of this Committee, shall review and approve the remuneration payable to the Whole-time Directors of the Company within the overall limits approved by the Shareholders.

The remuneration structure to the Whole-time Directors shall comprise of:

(i) Basic pay,
(ii) Allowances,
(iii) Retiral benefits, and
(iv) Performance related payments

(e) Remuneration to other employees including Key Managerial Personnel

Employees shall be assigned grades according to their qualifications and work experience, competences as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Chemplast Sanmar Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Chemplast Sanmar Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 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 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 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 Ind AS financial statements.

Emphasis of matter

We draw attention to Note – 2.4 of the financial statements which describes the uncertainties and the impact of Covid-19 pandemic, and its consequential impact on the Company's operations and carrying value of its assets as at March 31, 2020. Our opinion is not modified in respect of this matter.

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and

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Chennai
Chartered Accountants

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 Ind AS financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid 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 Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 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;

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(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 Ind AS financial statements – Refer Note 41 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Aravind K

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

per Aravind K
Partner
Membership Number: 221268
UDIN: 20221268AAAAAZ2676
Place of Signature: Chennai
Date: June 26, 2020

Annexure 1 referred to in paragraph 1 of the section on report on other legal and regulatory requirements in our report of even date

Re: Chemplast Sanmar Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) 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. Immovable properties of land and buildings whose title deeds have been pledged in favour of Trustees for the benefit of debenture holders as security for the Non-Convertible Debentures, are held in the name of the Company based on the Trust Deed executed between the Trustees and the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on such physical verification have been properly adjusted in the books. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(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, guarantees, and securities granted in respect of which provisions of Sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of investments made have been complied with by the Company.

(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 accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause 148(1) of the Act related to the manufacture of the Company's products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, customs duty, goods and service tax, cess and other material statutory dues applicable to it have

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Chartered Accountants

generally been regularly deposited with the appropriate authorities though there has been a slight delay in a 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 material 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 service tax, customs duty, excise duty, on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount in INR (Lakhs)	Period to which the amount relates	Forum where dispute is pending
TNVAT Act, 2007	Sales Tax/Penalty	577.45	2010-11 to 2014-15	High Court of Madras
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	5.25	2004-05 to 2005-06	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	6.18	2003-04 to 2011-12	Commercial Tax Officer
Central Excise Act, 1944	Excise Duty/Service tax/Penalty	18.83	1975-76 to 2011-12	High Court of Madras
	Excise Duty/Service tax/Penalty	313.19	1979-80 to 2015-16	CESTAT
	Excise Duty/Service tax/Penalty	4.86	1991-92 to 2017-18	Commissioner of Central Excise (Appeals)
Customs Act, 1962	Customs Duty	9.96	2014-15 to 2016-17	Commissioner of Customs (Appeals)
Income Tax Act, 1961	Income Tax	42.98	1998-99	High Court of Madras
	Income Tax including interest	442.99	2006-07	High Court of Madras
	Income Tax including interest	529.87	2016-17	Commissioner of Income-Tax (Appeals)
	Income Tax including interest	9.24	2015-16	Commissioner of Income-Tax (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank or dues to debenture holders. The Company did not have any outstanding loans from government 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. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the

S.R. Batliboi & Associates LLP * Chennai * Chartered Accountants management, we report that no fraud by the Company or 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, there are no transactions with the related parties which attract the provisions of Sections 177 and 188 of Companies Act, 2013.

(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 S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

per Aravind K
Partner
Membership Number: 221268
UDIN: 20221268AAAAAZ2676
Place of Signature: Chennai
Date: June 26, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CHEMPLAST SANMAR 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 Chemplast Sanmar Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the 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 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 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 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 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 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 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

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

accounting principles. A company's internal financial control over financial reporting with reference to these 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 Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 financial statements and such internal financial controls over financial reporting with reference to these 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 S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Aravind K

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

per Aravind K
Partner
Membership Number: 221268
UDIN: 20221268AAAAAZ2676
Place of Signature: Chennai
Date: June 26, 2020

Chemplast Sanmar Limited
Balance Sheet as at March 31, 2020

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10	215632.19	208711.00
Capital work-in-progress		837.59	11723.53
Right-of-use assets	10.1	1842.75	-
Financial Assets			
(i) Investments	15	155570.24	4.43
(ii) Other Financial Assets	16	1517.84	1633.32
Other non-current assets	17	775.92	694.33
Non-Current tax assets		182.43	1820.47
		376358.96	224587.08
Current assets			
Inventories	18	18182.89	20032.06
Financial Assets			
(i) Investments	19	-	119872.87
(ii) Trade Receivables	20	4819.53	6689.92
(iii) Cash and cash equivalents	21	7534.48	4884.65
(iv) Derivative Assets	34	744.46	-
(v) Other Bank balances	22	3736.87	339.63
(vi) Other Financial Assets	23	8082.95	2724.26
Other current assets	24	1163.04	2845.76
		44264.22	157389.15
Total assets		**420623.18**	**381976.23**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	25	6704.00	6704.00
Instruments entirely equity in nature	26	-	63750.00
Other Equity	27	190968.03	181169.18
Total Equity		197672.03	251623.18
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	28	120667.61	3934.49
(ii) Other Financial Liabilities	29	7046.80	5967.40
Deferred Tax Liabilities (Net)	30	51901.41	50916.18
Other non-current liabilities	31	556.71	516.35
		180172.53	61334.42
Current liabilities			
Financial Liabilities			
(i) Borrowings	32	4773.77	15338.11
(ii) Trade Payables	33		
- Total outstanding dues of micro enterprises and small enterprises		219.73	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		21375.81	21973.15
(iii) Derivative liabilities	34	-	1212.69
(iv) Other financial liabilities	35	11913.66	14859.51
Other current liabilities	36	2280.37	10916.00
Current Tax Liabilities		2215.28	4719.17
		42778.62	69018.63
Total liabilities		222951.15	130353.05
Total equity and liabilities		**420623.18**	**381976.23**

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

Aravind K

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: June 26, 2020

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

P S Jayaraman
Chairman
DIN : 00011108

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited
Statement of Profit and Loss for the year ended March 31, 2020

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	4	125930.75	125268.79
Other income	5	785.37	1713.90
Total Income		**126716.12**	**126982.69**
Expenses			
Cost of materials consumed	6	43652.33	40815.32
Changes in inventories of finished goods and work-in-progress	7	(1514.82)	(800.64)
Employees' benefit expense	8	8280.57	7779.54
Other expenses	9	44115.50	45755.53
Depreciation expense	10 & 10.1	8741.63	5488.38
Finance costs	11	9541.99	4699.46
Total Expenses		**112817.20**	**103737.59**
Profit / (Loss) before tax and exceptional items		**13898.92**	**23245.10**
Exceptional items (Refer Note 45)		-	1510.00
Profit / (Loss) before tax		**13898.92**	**24755.10**
Tax expense:			
Current Tax		(2988.06)	(5219.89)
Income Tax relating to earlier years	12	(11.22)	28.33
Deferred Tax		(1025.61)	(842.32)
Profit / (Loss) after tax		**9874.03**	**18721.22**
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans	13	(115.56)	56.19
- Deferred Tax expense relating to remeasurement of Defined Benefit Plans		40.38	(19.47)
- Revaluation of property, plant and equipment		-	149437.55
- Deferred Tax expense relating to revaluation of property, plant and equipment		-	(40611.73)
Total Other Comprehensive Income		**(75.18)**	**108862.54**
Total Comprehensive Income		**9798.85**	**127583.76**
Basic and Diluted Earnings per share (equity shares, par value Rs 10/- each)	14	**8.75**	**14.31**

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Statement of Profit and Loss
This is the Statement of Profit and Loss referred to in our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

Aravind K

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: June 26, 2020

S.R. Batliboi & Associates LLP ★ Chennai ★ Chartered Accountants

P S Jayaraman
Chairman
DIN : 00011108

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited
Statement of Cash Flows for the year ended March 31, 2020

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

		Year ended March 31, 2020	Year ended March 31, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	13898.92	23245.10
	Adjustments for:		
	Depreciation	8741.63	5488.38
	Interest and finance charges	9541.99	4699.46
	(Profit) / Loss on sale of Property, Plant & Equipment (net)	45.05	(9.19)
	Provision no longer required written back	(128.72)	(42.01)
	Share of income from partnership firm	(172.33)	(925.75)
	Interest Income	(161.91)	(44.12)
	Difference in fair value of derivative instruments	(1957.15)	1212.69
	Unrealised (gain) / loss of foreign exchange transactions	2023.50	(758.00)
	Exceptional Item	-	1510.00
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	31830.98	34376.56
	Adjustments for changes in:		
	Trade and other receivables	(1712.12)	(1023.98)
	Inventories	1849.17	(6343.54)
	Trade and other payables	(11496.38)	1709.68
	CASH GENERATED FROM OPERATIONS	20471.65	28718.72
	Income taxes paid (net)	(3865.13)	(5517.14)
	NET CASH FROM OPERATING ACTIVITIES	16606.52	23201.58
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Redemption of / (investments made in) investments in partnership firm (net)	12526.62	(26106.17)
	Investments made in compulsorily convertible preference shares in associates	(48219.56)	-
	Purchase towards Property, Plant & Equipment	(5035.20)	(6002.15)
	Margin Deposits (placed) / realised	(3397.24)	40.22
	Share of income from partnership firm	172.33	925.75
	Interest received	169.18	44.12
	Proceeds from sale of Property, Plant & Equipment	16.57	9.19
	NET CASH FROM / USED IN INVESTING ACTIVITIES	(43767.30)	(31089.04)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from non-convertible debentures	127000.00	-
	Repayment of long-term borrowings	(9919.17)	(5810.06)
	Proceeds / (Repayment) from short-term borrowings (net)	(10855.51)	10413.15
	Repayment of instruments entirely equity in nature upon change in terms	(63750.00)	-
	Payment of lease liability	(449.84)	-
	Interest and finance charges paid	(12214.87)	(4713.59)
	NET CASH USED IN FINANCING ACTIVITIES	29810.61	(110.50)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2649.83	(7997.97)
	Cash and cash equivalents at the beginning of the year	4884.65	12882.63
	Cash and cash equivalents at the end of the year	7534.48	4884.65

The accompanying notes are an integral part of the financial statements
This is the Statement of Cash Flows referred to in our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

Aravind. K

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: June 26, 2020

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

P S Jayaraman
Chairman
DIN : 00011108

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited
Statement of changes in equity for the year ended March 31, 2020

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Particulars	Equity	Instruments entirely equity in nature	Other Equity							
	Share Capital		Capital Reserve	Securities premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained earnings	Asset Revaluation Reserve	General reserve	Total
Balance at April 1, 2018	6704.00	63750.00	(44125.21)	12667.13	3917.95	-	26955.59	-	2075.73	1491.19
Profit for the year	-	-	-	-	-	-	18721.22	-	-	18721.22
Add: Adjustments pursuant to the Scheme of Arrangement (Refer Note 1.2)	-	-	52094.23	-	-	-	-	-	-	52094.23
Other Comprehensive Income	-	-	-	-	-	-	36.72	108825.82	-	108862.54
Balance at March 31, 2019	6704.00	63750.00	7969.02	12667.13	3917.95	-	45713.53	108825.82	2075.73	181169.18
Profit for the year	-	-	-	-	-	-	9874.03	-	-	9874.03
Depreciation on revalued assets	-	-	-	-	-	-	2176.58	(2176.58)	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	12700.00	(12700.00)	-	-	-
Repayment of instruments entirely equity in nature upon change in terms	-	(63750.00)	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	(75.18)	-	-	(75.18)
Balance at March 31, 2020	**6704.00**	**-**	**7969.02**	**12667.13**	**3917.95**	**12700.00**	**44988.97**	**106649.24**	**2075.73**	**190968.03**

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Statement of Changes in Equity
This is the Statement of changes in equity referred to in our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

Aravind K

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: June 26, 2020

S.R. Batliboi & Associates LLP ★ Chartered Accountants ★ Chennai

P S Jayaraman
Chairman
DIN : 00011108

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

1.1 Corporate Information

Chemplast Sanmar Limited ("the Company") is a public limited company incorporated and domiciled in Chennai. The registered office is located at Cathedral Road, Chennai. As of March 31, 2020, Sanmar Holdings Limited owns 98.81% of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies.

1.2 Scheme of Arrangement

Under a composite scheme of Arrangement approved by National Company Law Tribunal on April 26, 2019 and filed with the Registrar of Companies on May 22, 2019, the Suspension PVC Business of the Company has been transferred to and vested with Chemplast Cuddalore Vinyls Limited (CCVL) and Sanmar Speciality Chemicals Ltd business (SSCL) has been amalgamated with the Company with effect from April 1, 2018. The aforesaid scheme of arrangement involving the amalgamation of SSCL was accounted under the 'pooling of interest' method in accordance with Appendix C of Ind-AS 103 'Business Combinations'

2 Basis of Preparation

2.1 Changes in accounting policies

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.
Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, 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 at 1 April 2019. 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 effect of adoption of IND AS 116 is given in Note 10.1.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment :

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Company has determined, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

2.2 Statement of Compliance:

These financial statements of the Company have been prepared and presented from April 1, 2019 to March 31, 2020 ("year") in accordance with 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 financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):
a. derivative financial instruments
b. investment in unquoted equity shares
c.Property,Plant and equipment under revaluation model

The financial statements are presented in INR and are rounded off to the nearest lakh, except when otherwise indicated. These financial statements were authorised for issue by the Company's Board of Directors on June 26, 2020.

S.R. Batliboi & Associates LLP
Chennai
Chartered Accountants

2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.
An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.
Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

2.4 Covid-19 and its impact on the Company's business

The outbreak of Corona virus pandemic since March'20 resulting in significant reduction in economic activities in the country has left a huge impact on our business too. Government enforced lockdown has caused significant impact on the operations of the Company including stoppage of production, supply chain disruption, unavailability of personnel for operations at the plant etc.
In light of these circumstances, the company has considered the possible effects that may result from Covid-19 on its operations. The Company has made a detailed assessment of its liquidity position for the next one year and assessed the recoverability of the carrying values property, plant and equipment, inventories, trade receivables and investments based on internal and external information upto the date of approval of these financials statements. Based on the sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to the Company's operations (wherever applicable), management expects to recover the carrying value of these assets.
The impact of COVID-19 may differ from that estimated as at the date of approval of these financial statements.

3 Significant Accounting Policies

3.1 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing as on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currency are converted at year end rates. Exchange differences arising on settlement / conversion are adjusted in the Statement of Profit and Loss.

3.2 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability
• The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

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).

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. 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 transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
For the purpose of fair value disclosures, the Company has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
► Disclosures for valuation methods, significant estimates and assumptions (Note 49)
► Quantitative disclosures of fair value measurement hierarchy (Note 37.10)
► Investment in unquoted equity shares (Note 15)

S.R. Batliboi & Associates LLP * Chartered Accountants * Chennai

3.3 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 assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.
Initial recognition and measurement:
Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.
Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.3.1 Financial Assets

i. 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.
ii. Subsequent measurement
For purposes of subsequent measurement, financial assets are classified as:
a. Debt instruments at amortised cost;
b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);
c. Investments at cost.

a. 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. For more information on receivables, refer to Note 37.8.1.

b. Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.
All equity investments in scope of Ind AS 109 are measured at fair value Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 37.10.

C. Investments at cost:
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In accordance with Ind AS 27 on separate financial statements, investments in associates and jointly-controlled entities are carried at cost in the separate financial statements of the Company.

3.3.1.1 Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

• Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance:
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.
The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, the Company is required to consider:

• All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.

• Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms

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3.3.1.1 Impairment of financial assets (continued)

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

• Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared Credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

3.3.1.2 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.3.2 Financial liabilities and equity instruments

3.3.2.1 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument as per Ind-AS 32.

3.3.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.3.2.3 Convertible debt instruments

Convertible debt instruments are separated into liability and equity components based on the terms of the contract.
On issuance of the convertible debt instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.
Transaction costs are apportioned between the liability and equity components of the convertible debt instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.
Where a convertible debt instrument meets the criteria of an equity in its entirety, such instruments are classified under "Instruments entirely equity in nature"

3.3.2.4 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings:

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

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3.3.2.5 Financial Guarantees

Financial guarantee contracts involving the Company as a beneficiary are accounted as per Ind-As 109. The Company assesses whether the financial guarantee is a separate unit of account (a separate component of the overall arrangement) and recognises a liability as may be applicable.

3.3.2.6 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 37.10.

3.3.2.7 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. 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 de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.3.3 Offsetting of financial instruments:

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

3.3.4 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense / income over the relevant period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) but does not consider the expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.3.5 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts,. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Property, Plant & Equipment are initially recognised at cost.

After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in statement of profit or loss. A revaluation deficit if any, is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The gross carrying amount was restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Apart from the above,the Company follows the cost model for Motor cars, Office equipments, Furniture & Fittings.
Other assets are measured at cost less deprecation. Freehold land is not depreciated

Cost includes purchase price, including duties and non-refundable taxes, costs that are directly relatable in bringing the assets to the present condition and location. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

3.4.1 Recognition and measurement (continued)

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.
The Company, based on technical assessment made by management estimate supported by external Chartered engineer's study, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used

Particulars	Useful life
Buildings	20-60 years
Plant and equipment	1- 65 years
Vehicles	3 years - 6 years
Computers and peripherals and motor cars	3 years
Office equipments	3 years - 5 years
Furniture and fixtures	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.5 Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises all applicable costs incurred for bringing the inventories to their present location and condition and include appropriate overheads wherever applicable.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
The Company produces certain joint-products which are valued on joint cost basis by apportioning the total costs incurred in the manufacture of those joint-products. By-products are valued at the net realisable value.

3.6 Retirement and Employees benefits

Short term employees' benefits including accumulated compensated absence are recognized as an expense as per the Company's Scheme based on expected obligations on undiscounted basis. The present value of other long-term employees benefits are measured on a discounted basis as per the requirements of Ind AS 109.
Post-Retirement benefits comprise of employees' provident fund and gratuity which are accounted for as follows:

Provident Fund:
This is a defined contribution plan and contributions made to the fund are charged to revenue. The Company has no further obligations for future provident fund benefits other than annual contributions.

Gratuity:
The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company make annual contributions to gratuity funds administered by Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.
Remeasurement comprising actuarial gains and losses and the return on assets (excluding interest) relating to retirement benefit plans, are recognized directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to statement of profit or loss.

Termination benefits are recognised only when the Company has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

3.7 Revenue recognition

Revenue from contracts with customers:
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks

Sale of goods:
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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3.7 Revenue recognition (continued)

Service Income:
Income from services rendered is recognised at a point in time based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Share of income from partnership firm
Share of income from partnership firm is recognized on receipt of the partnership firm's audited statement of profit and loss account for the year, disclosing the respective share of income after income tax.

Interest income
Interest income is recognized using the effective interest rate (EIR) method.

3.8 Leases

Company as a lessor:
A lease is classified at the inception date as a finance lease or an operating lease. Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee.

Company as a lessee:
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and Machinery - 7 Years

ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.9 Taxes

Income Tax
Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is accounted for using the liability method by computing the tax effect on the tax bases of temporary differences at the reporting date. Deferred tax is calculated at the tax rates enacted or substantively enacted by the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
• when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of any unused tax losses and unabsorbed depreciation. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
• when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised only if there is a reasonable certainty, with respect to unabsorbed depreciation and business loss, that they will be realised.

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3.9 Taxes (continued)

Current tax / deferred tax relating to items recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax / deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT)
MAT paid in a year is charged to the statement of profit and loss as current tax for the year. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax during the specified period. i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset, it is recognised by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

3.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.11 Provisions and contingencies

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.
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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.
When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.13 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets owned by the company are assessed as finite.
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition 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.

3.14 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.15 Impairment of non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

3.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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Chemplast Sanmar Limited
Notes forming part of financial statements for the year ended March 31, 2020
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Note : 4		
(i) Revenue from operations*		
Revenue from the sale of goods	124945.72	124519.06
Revenue from the rendering of services	15.15	-
Leasing income	203.88	192.60
(ii) Other operating revenue		
Revenue from sale of scrap	311.23	357.83
Revenue from export incentives	454.77	199.30
	125930.75	125268.79

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

Revenue as per Contracted Price	125568.37	125150.73
Adjustments towards:		
Volume Rebates	171.61	179.88
Price concessions	334.41	373.81
Special discounts	116.63	77.98
Revenue as per statement of profit and loss	**124945.72**	124519.06

*The entire revenue from contract with customers recognised at a point in time coinciding with the transfer of control over goods and services as per Ind AS 115

Note : 5		
Other income		
Share of income from partnership firm	172.33	925.75
Gain on disposal of property, plant and equipment (net)	-	9.19
Provisions no longer required written back	128.72	42.01
Recovery of bad debts	1.10	-
Customs duty refund	-	472.19
Interest Income on financial assets at amortised cost	161.91	44.12
Difference in foreign exchange (net)	-	8.77
Miscellaneous income	321.31	211.87
	785.37	1713.90

Note : 6		
Cost of materials consumed		
Inventories of materials at the beginning of the year	14515.25	7766.50
Add: Purchases	40094.58	47564.07
Less: Inventories of materials at the end of the period	10957.50	14515.25
	43652.33	40815.32

Note : 7		
Changes in inventories of finished goods and work in progress		
Inventories at the beginning of the year		
Work in progress	287.59	309.67
Finished goods	1390.66	567.93
	1678.25	877.60
Inventories at the end of period		
Work in progress	394.20	287.58
Finished goods	2798.87	1390.66
	3193.07	1678.24
	(1514.82)	(800.64)

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Chemplast Sanmar Limited
Notes forming part of financial statements for the year ended March 31, 2020
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Note : 8		
Employees' benefit expense		
Salaries and wages	7687.59	7212.91
Contribution to provident and other funds	323.98	312.65
Gratuity Expense	106.62	104.78
Staff welfare expenses	162.38	149.20
	8280.57	7779.54
Note : 9		
Other expenses		
Power and fuel	28778.86	32857.03
Stores consumed	2069.47	2018.36
Commission on sales	102.89	136.56
Rent	10.52	397.04
Insurance	799.46	272.85
Rates and taxes	440.12	369.23
Repairs and maintenance		
- Machinery	2821.31	2546.68
- Building	889.79	739.07
- Others	706.84	534.63
Freight and handling	1795.43	1716.22
Difference in foreign exchange (net) *	580.31	635.19
Outside processing expenses	568.46	426.84
Operation & Maintenance expenses	509.20	515.60
Legal and professional fees	1235.08	413.88
Payment to auditor^	65.80	33.37
Miscellaneous expenses (Also Refer Note 46)	2741.96	2142.98
	44115.50	45755.53

*Net of fair value gain on derivative instruments at FVTPL of Rs.1957.15 lakhs (2018-19:Loss Rs. 1277.74 Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
^ Payment to auditor		
For Statutory Audit	48.43	26.90
For Tax Audit	5.78	4.22
For Limited Review	7.78	-
For Certification Services	2.50	-
For Other Services	0.50	1.96
For Reimbursement of Expenses	0.81	0.29
	65.80	33.37
Note : 11		
Finance costs		
Interest on bank overdrafts and loans	8410.10	3686.50
Other finance costs	1004.23	976.12
Bank charges	127.66	36.84
	9541.99	4699.46
Note: 12		
Income tax expenses		
Current Tax:		
Current Income tax charge	2988.06	5219.89
Adjustments in respect of current income tax of prior years	11.22	(28.33)
Deferred tax:		
Relating to origination and reversal of temporary differences	1025.61	842.32
Income tax expense reported in statement of profit and loss	**4024.89**	6033.88

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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Other comprehensive income (OCI):		
Net loss/(gain) on remeasurements of defined benefit obligations	(40.38)	19.47
Net loss/(gain) on recognition of deferred tax on revaluation of fixed assets	-	40611.73
Income tax charged to OCI	**(40.38)**	40631.20

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2020

The tax on the company's profit before tax differs from the theoritical amount that would arise using the standard rate of corporation tax in India (34.944%) as follows:

Accounting profit before tax	13898.92	24755.10
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) as follows:	4856.84	8650.42
Effects of:		
Availment of unrecognised MAT credit	(884.10)	(3352.00)
Ineligible expenses	260.81	-
Share of Profit from Partnership firm	(60.22)	(323.49)
Effect of change in substantively enacted tax rates on deferred tax	-	167.66
Employee Retirement Scheme provision reversal	-	527.65
Others	(148.43)	363.63
Net effective Income tax	**4024.89**	6033.88

Note 13

Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2020	**Retained Earnings**	**Revaluation Surplus**	**Total**
Re-measurement gains/(losses) on defined benefit obligations	(75.18)	-	(75.18)
	(75.18)	-	**(75.18)**

During the year ended 31 March 2019	**Retained Earnings**	**Revaluation Surplus**	**Total**
Re-measurement gains/(losses) on defined benefit obligations	36.72	-	36.72
Revaluation of property, plant and equipment	-	108825.82	108825.82
	36.72	108825.82	108862.54

Note 14

Earnings per share [EPS]:

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
The following reflects the income and share data used in the basic and diluted EPS computations:		
Earnings per share :		
Profit/(Loss) after tax	9874.03	18721.22
Earnings used in the calculation of earnings per share	9874.03	18721.22
Weighted average number of Equity shares for Basic & Diluted EPS	112849426	130790000
Basic and diluted earnings per share		
Basic earnings per share	8.75	14.31
Diluted earnings per share	8.75	14.31

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Chemplast Sanmar Limited

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Note : 10

Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Helicopter	Total
Cost or valuation								
Balance at April 01, 2018	3565.74	8315.82	57467.41	123.90	126.46	354.12	2824.52	72777.97
Additions	0.12	112.76	2062.53	51.73	15.03	37.24	-	2279.41
Disposals	-	2.09	393.25	2.07	7.69	18.40	-	423.50
Adjustments towards revaluation**	99654.25	8737.15	28366.23	-	-	-	-	136757.63
Balance at March 31, 2019	103220.11	17163.64	87502.92	173.56	133.80	372.96	2824.52	211391.51
Additions	54.44	714.69	14251.25	152.93	30.81	210.79	-	15414.91
Disposals	-	-	0.98	9.60	0.13	98.01	-	108.72
Balance As at March 31, 2020	103274.55	17878.33	101753.19	316.89	164.48	485.74	2824.52	226697.70
Accumulated depreciation and impairment								
Balance at April 01, 2018	-	1303.74	8478.75	38.21	33.39	89.90	334.17	10278.16
Depreciation expense	-	708.43	4513.61	20.17	26.09	52.91	167.17	5488.38
Eliminated on disposals of assets	-	1.79	393.12	1.28	3.41	6.50	-	406.10
Adjustments towards revaluation**	-	(1865.13)	(10814.80)	-	-	-	-	(12679.93)
Balance at March 31, 2019	-	145.25	1784.44	57.10	56.07	136.31	501.34	2680.51
Depreciation expense	-	846.99	7313.57	32.60	21.60	55.90	166.99	8437.65
Eliminated on disposals of assets	-	-	-	9.72	2.99	39.94	-	52.65
Balance As at March 31, 2020	-	992.24	9098.01	79.98	74.68	152.27	668.33	11065.51
Balance As at March 31, 2020	103274.55	16886.09	92655.18	236.91	89.80	333.47	2156.19	215632.19
Balance As at March 31, 2019	103220.11	17018.39	85718.48	116.46	77.73	236.65	2323.18	208711.00

** This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued assets

Note:

For details of charge on Property, Plant & Equipment refer Note 28

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Note : 10 (continued)
Property, plant and equipment (continued)

Revaluation of Property, Plant and Equipment

Fair value of property, plant and equipment was determined by using the market value method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment.This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation of 31 March 2019 , the Buildings and Plant & Equipments' fair values are based on valuations performed by RBSA Valuation Advisors LLP an accredited independent valuer who has relevant valuation experience in India and Freehold Lands' fair values are based on valuations performed by N.Ayyappan a Chartered Engineer and Govt. Registered Valuer.

Information of revaluation model:

If Property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

Net book value	**31-Mar-20**	**31-Mar-19**
	INR lacs	INR lacs
Cost	89940.06	74633.87
Accumulated depreciation and impairment	20399.73	15360.44
Net carrying amount	**69540.33**	**59273.44**

Fair Value Hierarchy for Property, Plant and Equipment under revaluation model:

The Company uses the following hierarchy for determining and disclosing the fair value of its freehold land,buildings and plant and equipment:

		Fair value measurement using		
	Total	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
	Rs Lakhs	***Rs Lakhs***	***Rs Lakhs***	***Rs Lakhs***
Assets measured at fair value:				
March 31,2020				
Revalued Property, Plant and Equipment				
Freehold Land	103274.55	-	103274.55	-
Buildings	16886.09	-	-	16886.09
Plant and Machinery	92655.18	-	-	92655.18
	212815.82	**-**	**103274.55**	**109541.27**
Assets measured at fair value:				
March 31,2019				
Revalued Property, Plant and Equipment				
Freehold Land	103219.99	-	103219.99	-
Buildings	6884.54	-	-	17614.36
Plant and Machinery	96033.35	-	-	88169.69
	206137.88	**-**	**103219.99**	**105784.05**

"Significant Observable and unobservable Valuation Inputs :

The value of land was determined based on condition, location, demand, supply in and around and other infrastructure facility available at and around the said plot of land. Land which was based on government promoted industrial estates, was measured on the present fair market value depending on the condition of the said estates, its location and availability of such plots in the said industrial estate.

The valuation of Buildings and Plant and equipment was based on its present fair market value after allowing for the depreciation of the particular assets, as well as the present condition of the assets (Depreciated Replacement Cost Method). The replacement value of the said assets as well as its maintenance up-keep is considered while working out its present fair value."

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Note : 10.1
Carrying amounts of Right-of-use assets recognised and movement during the year

Particulars	Plant and equipment
Carrying amount	
Balance as at April 01, 2019 *	2111.53
Remeasurement	35.20
Depreciation	303.98
Balance As at March 31, 2020	1842.75

Carrying amounts of Lease liability recognised and movement during the year

Particulars	As at March 31, 2020
Balance as at April 01, 2019	2036.06
Remeasurement	35.20
Accretion of interest	259.28
Payments	449.84
Balance As at March 31, 2020	1880.70
Current	219.88
Non-current	1660.82

Note on Recognition of Right-of-use asset
The Company has adopted the modified retrospective approach as given in Ind As 116 and so has recognised Right-of-use assets and Lease liability for unexpired contracts as at April 1, 2019 and which has a lease term of more than 12 months from the date of initial application. Prepayments amounting to Rs.75.47 Lakhs were reclassified as part of Right-of-use asset on the date of initial application.

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	As at March 31, 2020	As at March 31, 2019
Note : 15		
Investments at FVTPL		
Investments in the shares of bodies corporate		
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E (2 Equity shares)	4.43	4.43
Investments at cost		
Investment in Jointly Controlled Entities		
Mowbrays Corporate Finance	107346.25	-
Investment in associates		
Compulsorily Convertible Preference Shares (CCPS)		
Sanmar Group International Limited	48219.56	-
	155570.24	4.43

(Also refer to Note No.39 for details of investments)

	As at March 31, 2020	As at March 31, 2019
Note : 16		
Other non-current financial assets		
(Unsecured, considered good)		
Security deposits	1370.76	1450.40
Margin deposits	7.90	16.98
Non-current bank deposits	5.00	31.95
Sundry receivables	56.10	55.91
Claims receivables	78.08	78.08
	1517.84	1633.32
Note : 17		
Other non-current assets		
Security Deposit - Government Authorities	354.58	360.29
Prepaid expenses	115.82	73.39
Capital Advances	305.52	260.65
	775.92	694.33
Note : 18		
Inventories		
Raw materials	5257.73	3337.97
Work-in-progress	394.20	287.58
Finished goods	2798.87	1390.66
Stores and spares	4032.32	3838.56
Intermediates	5699.77	11177.29
	18182.89	20032.06
Note :		
Inventories includes Goods in transit		
Raw Material	217.94	-
Intermediaries	1686.03	1812.31
Stores and Spares	87.29	1.26
	1991.26	1813.57

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Note : 19

Current Investments at cost

(Non-trade - Unquoted)		
Investment in partnership firm	-	119872.87
	-	119872.87

(Also refer to Note No.39 for details of investments)

Note : 20

Trade receivables

Unsecured, considered good**		
Receivable from related party (Refer Note 38)	11.36	-
Receivable from others	4808.17	6689.92
	4819.53	6689.92

** Trade Receivables are generally non interest bearing and have a credit period of 0-60 days

Note : 21

Cash and cash equivalents

Bank balances		
-in current account	7115.19	3840.31
Cheques on hand	381.19	1006.71
Cash on hand	36.61	35.98
Stamps on hand	1.49	1.65
	7534.48	4884.65

Note : 22

Other bank balances

Margin deposits (Refer Note 28)	3736.87	339.63
	3736.87	339.63

Note : 23

Other current financial assets

(unsecured, considered good)		
Security deposits	25.73	34.80
Sundry receivable	7313.34	2089.10
Claims receivables	720.98	526.94
Unbilled revenue	-	43.25
Interest receivable	22.90	30.17
	8082.95	2724.26

Note : 24

Other current assets

Prepaid expenses	258.88	387.73
Balances with Government authorities	178.70	1762.42
Advances given to suppliers	725.46	695.61
	1163.04	2845.76

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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Note : 25	**As at March 31, 2020**	**As at March 31, 2019**
Equity Share Capital		
Authorised		
20,00,00,000 equity shares of Rs.10/- each	20000.00	20000.00
35,00,000 cumulative redeemable preference shares of Rs.100/- each	3500.00	3500.00
	23500.00	**23500.00**
Issued		
(Previous year 6,70,40,000 equity shares of Rs.10/- each fully paid up)	**6704.00**	6704.00
Subscribed and fully paid-up		
6,70,40,000 equity shares of Rs.10/- each	6704.00	6704.00
	6704.00	6704.00

A: Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	**No. of Shares**	**Share Capital**
Balance at 1 April 2018	67040000.00	6704.00
Issued during the year	-	-
Balance at 31 March 2019	67040000.00	6704.00
Issued during the period	-	-
Balance As at March 31, 2020	**67040000.00**	**6704.00**

Shares Held by Holding company and its subsidiaries
Sanmar Holdings Limited 6,62,40,000 equity shares

Rights, Preferences and Restrictions attached to shares
Equity Shares: The Company has one class of equity shares having a par value of Rs. 10 per share. Each share holder is eligible for one vote per share held. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
The above equity shares were issued based on Scheme of arrangement referred to in Note 1.2

B: Details of Share holders holding more than 5% shares in the company

Name of Shareholder	**As at March 31, 2020**		**As at March 31, 2019**	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Holdings Limited	66240000	98.81%	66240000	98.81%

Note : 26
Instruments entirely equity in nature
Reconciliation of Instruments entirely equity in nature outstanding at the beginning and at the end of the period

	Numbers	**Amount**
Balance at 1 April 2018	63750000	63750.00
Issued during the year	-	-
Balance at 31 March 2019	**63750000**	**63750.00**
Issued during the year	-	-
Redeemed during the year	(63750000)	(63750.00)
Balance at 31 March 2020	-	-

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Note: 27

Other Equity

	As at March 31, 2020	As at March 31, 2019
General Reserve	2075.73	2075.73
Retained earnings (Refer A below)	44988.96	45713.53
Capital Reserve (Refer B below)	7969.02	7969.02
Capital Redemption Reserve	3917.95	3917.95
Debenture Redemption Reserve (Refer C below)	12700.00	-
Asset Revaluation Reserve (Refer D below)	106649.24	108825.82
Securities premium	12667.13	12667.13
	190968.04	181169.18

(A) Retained Earnings		
Balances at the beginning of the year	45713.53	26955.59
Profit / (Loss) for the year	9874.03	18721.21
Depreciation on revalued assets	2176.58	-
Transfer to Debenture Redemption Reserve	(12700.00)	-
Other Comprehensive Income	(75.18)	36.72
Balances at the end of the year	**44988.96**	45713.53
(B) Capital Reserve		
Balances at the beginning of the year	7969.02	(44125.21)
Adjustment pursuant to Scheme of Arrangement	-	52094.23
Balances at the end of the year	**7969.02**	7969.02
(C) Debenture Redemption Reserve		
Balances at the beginning of the year	-	-
Amounts transferred from retained earnings	12700.00	-
Balances at the end of the year	**12700.00**	-
(D) Asset Revaluation Reserve		
Balances at the beginning of the year	108825.82	-
Depreciation on revalued assets	(2176.58)	-
Other Comprehensive Income	-	108825.82
Balances at the end of the year	**106649.24**	108825.82

Nature and purpose of reserves:
Asset Revaluation Reserve:
The Company has recognised the surplus arising out of revaluation of Property, plant and equipment to Asset Revaluation Reserve in accordance with Ind-AS 16.

Capital reserve:
The Company recognizes profit or loss on acquisition of business in a business combination to capital reserve.

Capital Redemption Reserve:
The Company had created Capital Redemption Reseve in respect of redemption of preference shares in accordance with Companies Act.

Debenture Redemption Reserve (DRR):
The Companies (Share Capital and Debentures) Rules, 2014 (as amended), require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 10% of the value of debentures outstanding. Accordingly, the Company has created DRR equal to 10% of the outstanding debentures as at year end.

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Note : 28
Non Current Borrowings

		As at March 31, 2020	As at March 31, 2019
Redeemable, Non-convertible debentures			
Term loan from Banks		-	9947.11
17.50% Debentures (1270 Debentures of face value of Rs.1,00,00,000 each)		124094.61	-
		124094.61	9947.11
Less:			
Current maturities of borrowings			
Term loan from Banks		-	6012.62
17.50% Debentures		3427.00	-
	(B)	**3427.00**	6012.62
	(A) - (B)	**120667.61**	3934.49

Summary of borrowing arrangements
17.50% Debentures outstanding of Rs.124094.61 Lakhs is repayable in 7 unequal annual installments commencing from 21-Dec-2020

Security particulars of borrowing arrangements
Non-convertible debentures amounting to Rs. 127000 lakhs is secured by :

a) A first ranking mortgage on all the Company's immoveable properties.

b) A first ranking charge on all the Company's moveable assets (excluding current assets) , intangible assets and designated Account and the Debt Service Reserve Account and all amounts lying to the credit there off;

c) A second ranking charge on all the Company's Current Assets, both present and future;

d) A first ranking exclusive pledge over the equity shares held by the Immediate Holding Company, Sanmar Holdings Limited in the Company, comprising at least 26% of the paid up equity share capital of the Company, on a Fully Diluted Basis in favour of the Debenture Trustee.

e) Corporate Guarantee provided by Sanmar Engineering Services Limited and Sanmar Holdings Limited in favour of the Debenture Trustee for the purposes of securing the Debentures, together with all Secured Obligations.

Note : 29
Other non-current financial liabilities

Trade Deposits	270.92	226.32
Accrued salaries and benefits	3841.04	4379.78
Other Payables	1274.02	1361.30
Lease Liability (Refer note 10.1)	1660.82	-
	7046.80	5967.40

Note : 30
Deferred tax liabilities / (Assets) (Net)

Difference between book and tax written down value of Property, Plant & Equipment	52685.28	53874.11
MTM/Forward Premium claimable in future	325.56	-
Difference in allowable expenditure on forward exchange contracts	(340.15)	(319.58)
Expenses allowable on payment basis	(177.41)	(1595.28)
Employees Separation Scheme	(591.74)	(1057.34)
Others	(0.13)	14.27
	51901.41	50916.18

Note:
Unrecognised Minimum Alternate Tax Credit

Financial year	**Year of Maturity**	**As at March 31, 2020**	**As at March 31, 2019**
2015-16	2030-31	16.86	-
2016-17	2031-32	6525.46	3173.46
2017-18	2032-33	8050.40	5835.00
Total		**14592.72**	9008.46

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Note : 30 (continued)

	As at March 31, 2020	As at March 31, 2019
Reconciliation of deferred tax liabilities (net):		
Opening Balance	50916.18	9442.66
Change in Statement of Profit and Loss	1025.61	842.32
Change in Other Comprehensive Income	(40.38)	40631.20
Closing Balance	**51901.41**	50916.18

Note : 31
Other non-current liabilities

Other liabilities	556.71	516.35
	556.71	516.35

Note : 32
Current Borrowings

Secured – at amortized cost		
Cash credit and working capital loan	2500.00	1500.00
Buyer's credit	2273.77	13838.11
	4773.77	15338.11

Security Particulars :
Working capital limits from banks are secured by a first pari passu charge on inventories and book debts. Second paripassu charge on Property, Plant & Equipment of the company (excluding specifically charged land and buildings).

Note : 33
Trade payables

Payable to others*	21595.54	21973.15
	21595.54	21973.15

* General Terms: The average credit period varies for each product between 180 to 270 days. No interest is charged for the initial period of 60 days. Thereafter interest is charged at LIBOR + Spread on the outstanding balance.
* The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.
* Includes dues for payment to Micro and Small enterprises Rs. 219.73 lakhs (Previous year Rs. Nil) (Also refer Note 43)

Note : 34
Derivative Instruments

Derivative Liability / (Asset) #	(744.46)	1212.69
	(744.46)	1212.69

While the Company entered into foreign exchange forward contracts with the intention of reducing foreign exchange risk of purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss

Note : 35
Other current financial liabilities

Current maturities of borrowings		
- Term loan from Banks	-	6012.62
- 17.50% Debentures	3427.00	-
Trade Deposits	5.65	14.33
Payable / Accrual towards Capital Expenditure	1698.42	2154.23
Accrued salaries and benefits	2749.91	3227.37
Other Payables	3812.80	3450.96
Lease Liability (Refer note 10.1)	219.88	-
	11913.66	14859.51

Note : 36
Other current liabilities

Other Liabilities	1228.92	1318.39
Advance against Sale of assets	-	9038.06
Advance from customers	754.58	456.71
Withholding and other tax payables	296.87	102.84
	2280.37	10916.00

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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Note:37

Financial instruments

37.1 ***Capital management***

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the borrowings (Note 28, 32 and 35), cash and cash equivalents (Note 21) and equity attributable to equity holders of the Company, comprising issued capital, premium,and retained earnings.

Gearing ratio

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2020, and March 31, 2019 were as follows:

	As at March 31, 2020	As at March 31, 2019
Borrowings	128868.38	25285.22
Cash and Cash Equivalents	4819.53	4884.65
Net debt	124048.85	20400.57
Equity (ii)	197672.03	251623.18
Gearing Ratio	0.63	0.08

(i) Debt is defined as long- and short-term borrowings (excluding derivatives)

(ii) Equity includes all capital and reserves of the Company that are managed as capital.

37.2 ***Categories of financial assets and liabilities carried at amortised cost***

	As at March 31, 2020	As at March 31, 2019
37.2.1 ***Financial assets at amortised cost***		
Cash and bank balances (Note 21)	7534.48	4884.65
Other bank balances (Note 22)	3736.87	339.63
Trade receivables (Note 20)	4819.53	6689.92
Other financial assets (Note 16 & 23)	9600.79	4357.58
Total	**25691.67**	**16271.78**
37.2.2 ***Financial liabilities- At amortised cost***		
Borrowings (Note 28, 32 & 35)	128868.38	25285.22
Trade payables (Note 33)	21595.54	21973.15
Other financial liabilities (Note 29 & 35)	15533.46	14814.29
Total	**165997.38**	**62072.66**

37.3 ***Financial risk management objectives***

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilties is to finance the company's operations. The Company's principal financial asset include investment, loans, trade and other receivables, cash & cash equivalents that derive directly from its operations.

The Company's activities expose it primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

There has been no change to the Company's exposure to market risk or the manner which these risk are managed and measured.

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37.4 *Market risk*

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

37.5 *Foreign currency risk management*

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The currencies, in which these transactions primarily are denominated in American Dollars (USD). The Company may use forward exchange contract towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the company. Exchange rate exposures are managed with in approved policy

37.5.1 *Foreign currency sensitivity analysis*

The following table details the Company's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

Particulars	Change in currrency exchange rate	Effect on Profit before Tax and Pre Tax Equity	
		March 31, 2020	March 31, 2019
USD	1%	113.82	351.76

37.6 *Commodity price risk*

The Company imports Ethylene, Ethylene Dichloride (EDC) for manufacture of PVC , Methanol for manufacture of Chlorochemicals and other chlorine products and coal for its Captive Power Plant

A) Ethylene, EDC :

Prices of PVC manufactured by the Company are monitored by Company's management and adjusted to respond to change in import parity price of PVC in Indian market. The prices of Ethylene/EDC (Input) and PVC (Output) generally move in the same direction thereby maintaining the margins more or less at the same levels over a period of time. Therefore, the Company is not significantly exposed to the variation in commodity prices over a period for the above products.

B) Coal, Methanol :

The following table shows the effect of price changes for Coal,Methanol for the year 2019-20 :

Product	Change in	Impact
Coal	5%	609.58
Methanol	5%	137.39
Total		**746.97**

37.7 *Interest rate risk management*

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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. It also uses sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term loans. Wherever the Company has fixed interest borrowings there is no exposure to risk of changes in market rates.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the company's profit / (loss) would increase or decrease as below:

Particulars	Increase/ (Decrease) in basis points	Effect on Profit before tax	
		March 31, 2020	March 31, 2019
INR	100	-	159.60

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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

37.8 *Credit risk management*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience, other publicly available financial information, its own trading records and other factors, where appropriate, as means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across various industries and geographical areas.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

None of the Companys' cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2020, that defaults in payment obligations will occur.

37.8.1 Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed economically.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2020	4486.39	333.14	-	**4819.53**
Trade Receivables as of March 31, 2019	6221.79	468.13	-	**6689.92**

37.8.2 Financial instruments and cash deposits

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process.

37.9 *Liquidity risk management*

The Company has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for their financial liabilities. The contractual maturities of the financial instruments have been determined on the basis of earliest date on which the Company can be required to pay.

March 31, 2020	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	28204.25	2496.03	30700.28
Interest bearing (excluding interest accrual)	9334.26	125218.38	134552.64
			165252.92
March 31, 2019	Less than a year	More than a year	
Non-interest bearing (including derivatives)	30975.74	2474.61	33450.35
Interest bearing (excluding interest accrual)	22407.72	7427.28	29835.00
			63285.35

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37.10 ***Fair value hierarchy***

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Compiled into Level 1 to Level 3, as described below.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value hierarchy as at March 31,2020		
	Level 1	**Level 2**	**Level 3**
Financial Assets measured at fair value			
Investments	-	-	4.43
Derivative assets	-	744.46	-

	Fair value hierarchy as at March 31,2019		
	Level 1	**Level 2**	**Level 3**
Financial Assets measured at fair value			
Investments	-	-	4.43
Financial liabilities measured at fair value			
Derivative liabilities	-	1212.69	-

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Chemplast Sanmar Limited
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(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

37.11 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets				
Investments	4.43	4.43	4.43	4.43
Other financial assets:				
Deposits	5146.26	1873.76	5146.26	1873.76
Sundry receivables	7392.34	2218.43	7392.34	2218.43
Claims receivable	799.06	605.02	799.06	605.02
Trade receivables	4819.53	6689.92	4819.53	6689.92
Cash and cash equivalents	7534.48	4884.65	7534.48	4884.65
Total	25696.10	16276.21	25696.10	16276.21
Financial liabilities				
Borrowings:				
Floating rate borrowings	-	9947.11	-	9947.11
Fixed rate borrowings	128868.38	15338.11	128868.38	15338.11
Trade payables	21595.54	21973.15	21595.54	21973.15
Other financial liabilities:				
Accrued salaries and benefits	6590.95	7607.15	6590.95	7607.15
Payable / Accrual towards Capital Expenditure	1698.42	2154.23	1698.42	2154.23
Other payables	5294.38	5052.91	5294.38	5052.91
Lease Liability	1880.70	-	1880.70	-
Derivatives not designated as hedge				
Derivative (asset) / liability	(744.46)	1212.69	(744.46)	1212.69
Total	165183.91	63285.35	165183.91	63285.35

i. The management assessed that cash and cash equivalents, short-term investments, trade receivables, trade payables, other current financial liabilities approximate their carrying amounts largely due to their short-term nature.
ii. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

iii. Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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Note : 38
Related party transactions

List of parties where control exists

Sanmar Engineering Services Limited	Ultimate Holding Company
Sanmar Holdings Limited	Immediate Holding Company

Jointly Controlled Entities
Mowbrays Corporate Finance
Fellow Subsidiaries
Chemplast Cuddalore Vinyls Limited
TCI Sanmar Chemicals S.A.E.
Associates
Sanmar Group International Limited
Key Management Personnel
P S Jayaraman

Terms and conditions of transactions with related parties:

The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are interest free, unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties

This assessment is undertaken in each financial year through examing the financial position of related party and the market in which the related party operates

Description	Parties where control exists		Jointly Controlled Entities / Fellow Subsidiaries / Associates		Key Management Personnel	
Transactions during the year	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sale of power						
Chemplast Cuddalore Vinyls Limited	-	-	**1461.44**	758.03	-	-
Sale of materials						
Chemplast Cuddalore Vinyls Limited	-	-	**78.58**	-	-	-
Sale of MEIS Scrips						
Chemplast Cuddalore Vinyls Limited	-	-	**192.46**	-	-	-
Printing and Stationery expense						
Chemplast Cuddalore Vinyls Limited	-	-	**9.10**	52.65	-	-
Purchase of MEIS Scrips						
Sanmar Engineering Services Limited	-	22.47	-	-	-	-
Share of income from partnership firm						
Mowbrays Corporate Finance	-	-	**172.33**	925.75	-	-
Expenses Recovered						
Chemplast Cuddalore Vinyls Limited	-	-	**3.56**	-	-	-
Remuneration						
P S Jayaraman	-	-	-	-	**204.64**	176.83
Advance for issuance of Zero coupon compulsorily convertible debentures redeemed during the year						
Sanmar Holdings Limited	**63750.00**	-	-	-	-	-
Investment made during the year						
Mowbrays Corporate Finance	-	-	**45902.00**	232324.75	-	-
Investment redeemed during the year						
Mowbrays Corporate Finance	-	-	**58428.62**	292688.76	-	-
Investment made during the year in CCPS						
Sanmar Group International Limited	-	-	**48219.56**	-	-	-
Balances as at year end						
Investments	-	-	**155565.81**	119872.87	-	-
Advance for issuance of Zero coupon compulsorily convertible	-	63750.00	-	-	-	-
Sundry receivable	-	-	**7123.55**	1931.41	-	-
Trade receivables	-	-	**11.36**	-	-	-
Trade payables	-	-	-	8.23	-	-

Note : 39
Details of Investment

	As at March 31, 2020	As at March 31, 2019
Name of the firm : Mowbrays Corporate Finance		
Total Capital	**107346.25**	152108.89
Share of Capital of Chemplast Sanmar Limited	**107346.25**	119872.87
Other Partners' Name in Mowbrays Corporate Finance		
Sanmar Estates and Investments (represented by SHL Research Foundation)- INR 100	-	-

Note: Profits of the partnership firm are shared by the partners with positive aggregate daily balances in the proportion of such balances. Losses are shared equally by the partners.

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Chemplast Sanmar Limited
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Note : 39 Details of Investment (continued)

	As at March 31, 2020	As at March 31, 2019
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E.	**4.43**	4.43
2 (2) Equity shares, fully paid up, par value EGP 1000 each		
Compulsorily Convertible Preference Shares (CCPS)		
Sanmar Group International Limited (Associate)	**48219.56**	-
48,21,95,623 (Nil) Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each		

Note : 40
Segment Reporting

The Company's operations predominantly relate to manufacture and sales of Speciality Chemicals. The Board of Directors of the Company which have been identified as the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of Ind-AS 108 "Operating Segments". The Company's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

Note : 41
Contingent liabilities *

Particulars	As at March 31, 2020	As at March 31, 2019
A. Claims against the company not acknowledged as debts :		
- On account of Direct Taxes	612.47	165.36
- On account of Indirect Taxes	2297.70	1166.42
- On account of other disputes	1489.78	1489.78
Total	**4399.95**	2821.56

*

-The Company is of the opinion that the above demands are not sustainable and expects to suceed in its appeals.
-It is not practicable for the company to estimate the timing of the cash flows, if any, in respect of above, pending resolution of the respective appellate proceedings with various forums / authorities.
-The Company does not expect any reimbursement in respect of the above contingent liabilities.

Note : 42
Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2916.65	2569.65
	2916.65	2569.65

Note : 43
Dues to micro and small enterprises
As at March 31, 2020, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 33 have been determined to the extent such parties have been identified on the basis of information available with the Company.

Note: 44
Impairment assessment

The Company has determined the recoverable amounts of its plants at various locations under Ind AS 36 "Impairment of Assets" based on various assumptions / estimates relating to market demand, selling price, cost of raw materials and intermediaries etc., for the Company's products resulting from the CoVID lockdown in the short to medium-term, exchange variations, inflation, terminal value etc., which are considered reasonable by the management. The Company has performed sensitivity analysis on the assumptions / estimates used basis internal and external information available up to the date of approval of these financial statements, and indicators of future economic conditions relevant to the Company's operations. Based on a careful evaluation of the aforesaid factors, the management has concluded that the recoverable value of the property, plant and equipment is higher than their carrying amounts as at March 31, 2020.

Note: 45
Exceptional items before tax is Nil (Previous year Rs.1510 lakhs compensation payable) refers to reversal of compensation payable to employees who have opted for an early separation scheme announced by the company

Note: 46
Miscellaneous expenses includes Rs.684.49 lakhs (PY Rs.138.94 lakhs) towards expenditure on CSR against Rs.672 lakhs (PY Rs.551 lakhs) to be spent as per the Companies Act, 2013

Note: 47
Previous year's figures have been regrouped wherever necessary.

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Chemplast Sanmar Limited
Notes forming part of financial statements for the year ended March 31, 2020
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Note : 48
Employee benefit cost
Defined benefit plans

Gratuity:

This is a defined benefit plan and the Company's Scheme is administered by Life Insurance Corporation of India (LIC). The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020 by a private actuary.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	Valuation at	
	March 31, 2020	March 31, 2019
	%	%
Discount rate(s)	6.70%	7.50%
Expected return on plan assets	6.70%	7.50%
Expected rate(s) of salary increase	6.70%	7.50%
Attrition rate	2.00%	1% - 3%

Cost of defined benefit plans are as follows.

	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	109.12	87.22
Interest on obligation	77.15	93.84
Expected return on plan assets *(to the extent it represents an adjustment to interest cost)*	(79.65)	(74.62)
Net cost recognised in the Statement of Profit and Loss	106.62	106.43
Expected return on plan assets *(to the extent it does not represent an adjustment to interest cost)*	-	(2.99)
Actuarial (gains)/losses recognized in the year	115.56	(53.20)
Net gain recognised in the Other Comprehensive Income	115.56	(56.19)

The amount included in the financial statements arising from the entity's obligation in respect of its defined benefit plans is as follows.

	As at March 31, 2020	As at March 31, 2019
Present value of funded defined benefit obligation	1265.47	1089.02
Fair value of plan assets	1074.12	1119.86
Net Liability / (Asset)	191.35	(30.83)

Movements in the present value of the plan assets in the current year were as follows.

	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	1119.86	1237.62
Expected return on plan assets	79.65	77.61
Actuarial (gains)/losses	(9.63)	(0.66)
Contributions from the employer	4.92	93.92
Benefits paid	(120.68)	(288.65)
Closing fair value of plan assets	1074.12	1119.86

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Notes forming part of financial statements for the year ended March 31, 2020

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Movements in the present value of the defined benefit obligation in the current year were as follows.

	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	1089.02	1251.13
Current service cost	109.12	87.22
Interest cost	77.15	93.84
Actuarial (gains)/losses	105.93	(53.86)
Transfer of obligations	4.92	(0.66)
Benefits paid	(120.68)	(288.65)
Closing defined benefit obligation	1265.47	1089.02
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	-	-
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	105.93	(53.86)
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]		
Year 1	119.85	36.98
Year 2	242.94	417.94
Year 3	104.91	103.22
Year 4	129.84	93.80
Year 5	85.99	146.58
Years 6 through 10	447.14	448.08

Notes:

I. The entire plan assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC)

II. The expected / actual return on Plan assets is as furnished by LIC

III. The estimate of future salary increase takes in to account inflation, likely increments, promotions and other relevant factors.

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation.

The Company expects to make a contribution of Rs.238.21 Lakhs to the defined benefit plans during the next financial year.

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate and salary escalation:

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	2.62	7.93	(100.62)
Decrease in discount rate by 1 %	36.20	(1.67)	118.67
Increase in salary escalation by 1 %	36.22	11.59	118.96
Decrease in salary escalation by 1 %	2.32	(3.27)	(102.78)

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Note: 49
Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a. Judgements
In the process of applying the Company's accounting policies, management has not made any judgements, which have significant effect on the amounts recognised in the financial statements.

b. Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans
The cost of the defined benefit gratuity plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 48

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 37 for further disclosures.

Fair value measurement of property, plant and equipments
The Company measures land, buildings, plant and machinery classified as property, plant and equipment at revalued amounts with changes in fair value being recognised in OCI. The Company had engaged an independent valuation specialist to assess fair value for revaluation of land, buildings, plant and equipment as at March 31, 2019. Fair value of land was determined by using the market approach and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 10.

Note 50
Employees' benefits obligations
a. Defined contribution plan
Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

b. Defined benefit plan
Gratuity
The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy. Fund is maintained with Life Insurance Corporation of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

Aravind K

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: June 26, 2020

S.R. Batliboi & Associates LLP ★ Chennai ★ Chartered Accountants

P S Jayaraman
Chairman
DIN : 00011108

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248