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 2021.

Particulars	2020-21	2019-20
	Rs. Crores	
Sales and Other income	1,294.55	1,267.16
Profit before interest, depreciation and taxes	396.96	321.83
Interest	253.67	95.42
Depreciation	87.72	87.42
Profit / (Loss) before tax and exceptional items	55.57	138.99
Exceptional Items *	(15.68)	0.00
Profit / (Loss) before tax	39.89	138.99
Reversal/(Provision) for tax		
- Current Tax	(9.80)	(29.99)
- Deferred Tax	13.54	(10.26)
Profit / (Loss) after tax	**43.63**	**98.74**
Other Comprehensive Income		
- Re-measurement of Defined Benefit Plans	0.51	(1.16)
- Income tax expense relating to above items	(0.18)	0.40
Total Other Comprehensive Income for the year	**0.33**	**(0.75)**
Total Comprehensive Income for the year	**43.96**	**97.99**

* - Exceptional items - Rs. 15.68 Crores (Previous year Nil) refers to compensation payable to employees who have opted for an early separation scheme announced by the company

During the year under review, our manufacturing facilities being shut down due to COVID lockdowns, the company registered a very strong financial performance. EBITDA registered a 23.3% growth over the previous year, while EBITDA margin improved from 25.4% in 2019-20 to 30.7% in 2020-21. The company earned a profit before tax of Rs.55.57 Crores (before exceptional items) for the year ended 31st March 2021. The reduction in PBT was mainly due to the increase in finance cost by Rs.158.25 Crores, absorbing the full year impact of the interest on Non-Convertible Debentures issued in the previous year. This increase was partially off-set by reduction in Operating Expenses to the extent of Rs.45.58 Crores. The profit after tax and exceptional items for 2020-21 was Rs.43.63 Crores, as against Rs.98.74 Crores in 2019-20.

Considering the growth plans and the need to conserve resources, the Directors have decided not to declare any dividend for the financial year 2020-21. The Directors also do not recommend any transfer to reserves.

Due to the COVID-19 outbreak during March 2020 and the subsequent lock-downs, our production was impacted during the months of April and May 2020. The company however bounced back strongly and surpassed the previous year total revenues by Rs.27.39 Crores,(higher than 2019-20 by 2.2%). The strong performance in 2020-21 was mainly due to the ability of our employees to come together as a team and overcome tough and uncertain conditions.

The strength of the Company's product portfolio was seen in the robust financial results in spite of the difficult conditions.

Operations

The Company's main streams of business are the speciality Paste PVC business and the Custom Manufacturing business. The company also makes Caustic Soda, Chloromethanes, Hydrogen Peroxides and Refrigerant Gases, which complete the integration of the manufacturing sites and add value to various by-products and joint products produced by the Company.

PVC Paste Resin

The Company is the largest manufacturer of specialty paste PVC resin in India, on the basis of installed production capacity as of December 31, 2020. The Company produced 59,860mt of Paste PVC in 2020-21, while the sale volume was 62,592mt.

The outbreak of COVID-19 in March 2020 saw the announcement of a national lockdown – this impacted manufacturing activity across the country and your Company was no exception. Our production of Paste PVC was impacted during April and May. Artificial leather, which is a key consumption sector for PVC paste resin, was also impacted the artificial leather manufacturers struggled to keep their factories running amidst the pandemic. This resulted in the domestic demand for PVC Paste Resin contracting by 13% with market size at around 125kt in FY 2020-21 as against 143kt in FY 2019-20.

With an improvement in the COVID situation from June/July 2020, the markets started reviving, globally and in India. Availability from global sources was also restricted as demand in the glove sector soared on the back of strong demand from medical and food handling sectors. The severe container and vessel shortages that led to lower bookings and arrivals into the country for Paste PVC Resin further tightened supply. These factors combined to severely constrain availability of Paste PVC. Consequently, international quotes to India moved up significantly and our Paste PVC prices also went up significantly during the year.

Chlorochemical Business

The year 2020-21 started on the back of COVID-19 lockdown with consumption initially seen only in essential sectors. Due to the national lockdown in April and May 2020, the Company lost about 10% of production. Demand for Methylene Dichloride (MDC) picked up post lockdown in all the consuming sectors. Given that MDC is used primarily in the pharma sector which has been growing steadily, domestic consumption for MDC was 295kt, registering a growth rate of 2% over last year, even in a very difficult year.
Chloroform demand witnessed a negative growth of 5% at 155kt as consumption was weak during H1 in PTFE sector.

CTC (Carbon Tetra Chloride) demand was robust in Synthetic Pyrethroids segment.

On HCFC-22, consumption was affected due to COVID during peak summer season and demand remained subdued for the whole year in replacement segment. Overall, R-22 sales dropped from 1154 mt to 617 mt with not much change in price.

Caustic Soda

Caustic soda, being a basic chemical which goes into a variety of fundamental end-uses, saw demand being affected immediately after the outbreak of COVID-19 and the lockdowns around the world. India was no exception and demand dropped in the first half of 2020-21. However, with global economic conditions showing a smart recovery during the second half of 2020-21, demand has started to recover, with prices also moving off cycle lows.

However, overall demand was still lower than pre-COVID levels, as paper industry could not reach normal sales level with almost all academic institutions remaining closed right through the year and many offices continued to adopt Work-From-Home practice.

Hydrogen Peroxide

During the year, the Company gained entry to major paper units and also spread its customer base to up-country markets.

During the year, total imports into India decreased by 66% to 18.26kt. Major imports were from Bangladesh (57%), Thailand (25%) and Indonesia (8%).

Custom Manufactured Chemicals Division

Operations

The total sales of the division were Rs.16,909 Lacs for the year 2020-21 as against Rs. 12,440 Lacs in the previous year. The division makes intermediates for global innovators and originators for Pharmaceutical and Agrochemical markets. The division registered an increase in sales by 36 % during the year mainly driven by strong demand from various end customers.

Performance of Subsidiary:

Chemplast Cuddalore Vinyls Limited (CCVL)

CCVL earned a profit before tax of Rs.357.84 Crores (before exceptional items) for the year ended 31st March 2021 (as compared to a loss before tax and exceptional items of Rs.60.32Cr for 2019-20). This was mainly due to an increase in total income by 33% in 2020-21. The profit after tax for 2020-21 was Rs.266.65 Crores, as against a loss of Rs.97.65 Crores in 2019-20.

In spite of the COVID-19 outbreak and subsequent lockdowns during April-May'2020 across India, the company was able to increase its total income from Rs.1,890.34 Crores in 2019-20 to Rs.2,521.34 Crores in 2020-21. This was mainly due to the substantial improvement in selling price. CCVL bounced back strongly post COVID induced shut downs and production levels recovered. The strong performance in 2020-21 was mainly due to the sharp rebound in PVC demand from the agricultural sector, improved demand from government aided projects like Jal Jeevan Mission and reduced availability of PVC imports. Increase in demand for suspension PVC resin both globally and in India post COVID-19 lockdowns during 2020, resulted in highest ever prices of suspension PVC resin in 2020-21.

Safety and Environment

In 2019, the National Green Tribunal ("NGT") had appointed a committee to examine some allegations made by an individual. This committee had found all the allegations to be untrue and not founded on facts. However, the committee had recommended a further study on certain issues – towards this, the NGT had formed a second committee. This second committee visited the plants on a few occasions and have made some recommendations for further improvement. Given the commitment of the Company to EHS measures, and in the spirit of continuous improvement, these recommendations were taken up on a war-footing and have been completed. The final report of the second Committee is under finalization and is expected to be submitted to the NGT shortly.

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.

Mettur Plant 2 has been audited by British Safety Council on implementation of Council Occupational Health & Safety system and has attained **FIVE STAR** rating.

Quantitative risk assessment study was conducted at Karaikal plant and accordingly the On-site & Off-site emergency plans were revised for statutory submissions.

The ethylene gas pipeline from MTF to plant replacement project was safely completed without any incident.

A Comprehensive Safety Audit was conducted in Mettur Plant 4 and all improvement recommendations implemented.

HAZOP study & safety risk assessment was conducted for the Berigai Plant new molecule CHQ and the industrial production was established safely.

Hazardous good transportation real-time tracking was established in collaboration with ICC – Nicer Globe last year.

Finance

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

The Company is considering a proposal to list on Stock Exchanges in India by way of (a) issue of Equity Shares out of the Authorised Share Capital of the Company and (b) offer for sale of Equity Shares by the Company's current shareholders viz. Sanmar Holdings Limited and Sanmar Engineering Services Limited. In this connection, the Company had filed Draft Red Herring Prospectus with SEBI and Stock Exchanges.

During the year under review, the Company has also carried out a stock split by sub-dividing each equity share of Rs. 10/- each of the Company into 2 equity shares of Rs. 5 each.

Due to the impact of COVID-19 on its operations and cash flow, the Company had availed the benefits of moratorium with regard to the interest payments in relation to the Non-Convertible Debentures. Consequently, with the recovery in economic activity and the improvement in the Company's performance, the deferred payments were all made before the end of the year. There is no deferred interest outstanding as on March 31, 2021.

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. 5 Star Rating for Occupational Health and Safety Management System-2021 from British Safety Council for Chemplast Sanmar, Plant II

2. Chemplast Sanmar, Plant III awarded **Ecovadis Silver Medal** from the ECOVADIS international system on sustainability frameworks.

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 2020-21 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 2021, 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 2021.

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

Consolidated Financial Statements

Consolidated Financial Statements are prepared by the Company in accordance with the applicable Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs and the same together with Auditors' Report thereon form part of the Annual Report. The financial statements have been prepared as per Division II of Schedule III issued by the Ministry of Corporate Affairs vide its Notification dated April 6,2016 as amended from time to time.

Subsidiary/ Associate Companies

To confine its business activities to its core business, the Company exited from its investments in Mowbrays Corporate Finance and Sanmar Group International Limited. Chemplast Cuddalore Vinyls Limited (CCVL) is engaged in manufacture and sale of Suspension of PVC Resins. Using the proceeds of investments, with a view to (i) capitalise on the growth opportunities available in the specialty chemicals and suspension PVC businesses; (ii) take advantage of the benefits, to specialty paste PVC and suspension PVC businesses, in term of co-location and common raw material sourcing; (iii) build one large chemical platform and (iv) achieve deleveraging by raising necessary equity resources and at the same time keeping both businesses distinct in separate entities, to pursue independent growth opportunities, the Company acquired the entire equity share capital of and made fresh investments in CCVL.

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 2021.

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

Mr P S Jayaraman, Chairman, resigned from the Board in January 2021. The Directors place on record their appreciation of the valuable contributions of Mr P S Jayaraman as Director of the company.

Mr V K Parthasarathy and Ms Lavanya Venkatesh, Directors, resigned in the month of April 2021. The Directors place on record their appreciation of these Directors' valuable contributions as directors of the company.

Mr Ramkumar Shankar was appointed as Managing Director of the Company with effect from 1st February 2021 for a period of 5 years. Mr Ramkumar Shankar is also the Managing Director of Chemplast Cuddalore Vinyls Limited, a wholly owned subsidiary of the Company.

Mr Amarnath Ananthanarayanan ceased to be an Independent Director with effect from 26th April 2021 and continued to hold office as Non executive, Non Independent Director with effect from 26th April 2021 subject to the approval of the Shareholders at the ensuing Annual General Meeting.

Mr Chandran Ratnaswami and Mr Vijay Sankar were appointed as Additional Directors (non-executive and non-independent) of the company with effect from 26th April 2021 and they hold office upto the date of the ensuing Annual General Meeting. Mr Vijay Sankar was appointed as Chairman of the Board of Directors in April 2021.

The Company has received notice from members under Section 160 of the Companies Act, 2013 proposing the appointment of Mr Vijay Sankar, Mr Amarnath Ananthanarayanan and Mr Chandran Ratnaswami as Directors of the Company liable to retire by rotation. The Nomination and Remuneration Committee of Directors have recommended the appointment of Mr Vijay Sankar, Mr Amarnath Ananthanarayanan and Mr Chandran Ratnaswami as Non executive and non Independent Directors of the Company in the ensuing Annual General meeting and such recommendation has been accepted by the Board of Directors.

Mr Aditya Jain, Mr Sanjay Bhandarkar, Mr Prasad R Menon, Dr Lakshmi Vijayakumar were appointed as Independent Directors of the Company with effect from 26th April 2021 for a period of 5 years and their appointment were approved by the shareholders at the Extra Ordinary General meeting held on 27th April 2021.

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.

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 Ramkumar Shankar, Managing Director, Mr M Chandrasekhar, Chief Financial Officer and Mr M Raman, Company Secretary. They are also the KMPs of the Company's WOS Chemplast Cuddalore Vinyls Limited.

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 2021, 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 2021 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 Seven times.

Audit Committee

The Audit Committee of Directors consists of the following Directors:

1. Mr Sanjay Vijay Bhandarkar, Chairman
2. Mr Vijay Sankar
3. Mr Prasad Raghava Menon

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 and Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations 2015. ("SEBI Listing Regulations") The scope of the activities of the Audit Committee is as set out in Section 177 of the Companies Act, 2013 read with the SEBI Listing Regulations. .

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following directors:

1. Mr Aditya Jain, Chairman
2. Mr Vijay Sankar
3. Mr Sanjay Vijay Bhandarkar

The composition of the Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations"). The Committee adheres to the provisions of the Companies Act, 2013 read with Rules thereunder and SEBI Listing Regulations in terms of its functioning, roles and powers.

The Company's Policy on appointment of Directors and Remuneration policy is attached as Annexure 4 to this Report and forms part of this Report.

Stakeholders Relationship Committee

Subsequent to the close of the year, the Board of Directors has constituted Stakeholders Relationship Committee consisting of the following directors:

1. Mr Aditya Jain, Chairman
2. Mr Vijay Sankar
3. Mr Amarnath Ananthanarayanan

The constitution of the Stakeholders Relationship Committee meets the requirements of the Companies Act, 2013 and the rules made thereunder and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as applicable

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 2020-21 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

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 5 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 behavior, 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. CSR Policy is enclosed as Annexure 2.

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 N. Sivashankaran & Co., Cost & Management Accountants, Chennai (Firm Registration No. 100662), as Cost Auditors of the Company, in the casual vacancy arising out of the resignation of Geeyes & Co., Cost Accountants, for conducting the audit of cost records/ accounts for the financial year ended 31st

March 2021. 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 Company has appointed N. Sivashankaran & Co, Cost & Management Accountants, Chennai (Firm Registration No. 100662) as cost auditors to audit the cost accounts of the Company for the financial year 2021-22.

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 & 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 3 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.

Annual Return

Draft Annual return in Form MGT 7 as on 31st March 2021 is available in the Company's website www.chemplastsanmar.com .

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.

Cautionary Statement:

Statements made in the report describing the Company's plans, projections and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For and on behalf of the Board

Chennai
16th July 2021

Vijay Sankar
Chairman
DIN: 00007875

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, 2021.

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:

1. Energy saved due to replacement of Energy efficient motors

   We have replaced 2 Nos of 3.7 KW Motor in May 20 & July 20 1 No. of 22 KW Motor in July 20 with IE3 type energy efficient motors in Karaikal Unit

2. Power savings due to installation of VFD

   Energy savings achieved through replacement of conventional motors with 1 No. 22 KW Variable Frequency Drive Motor in Karaikal Unit

3. Savings by reduction in LSHS consumption through steam conservation in CCU in Karaikal unit

4. In Mettur Plant II, there was an energy saving measure in CM -13M Vacuum Pump (40HP) Motor by replacing existing starter as VFD

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)
Replacement of 1 Nos 3.7 KW Motor and 1 No. 22 KW Motor with IE3 type energy efficient motors in Karaikal Unit	0.10 Lakh KWh	0.68
Energy savings achieved by replacing conventional motors with 1 No. 22 KW Variable Frequency Drive Motor in Karaikal Unit	0.28 Lakh KWh	1.85
Savings through reduction in LSHS consumption through steam conservation in CCU in Karaikal unit	131.85 MT	43.69
Mettur Plant II, there was an energy saving measure in CM -13M Vacuum Pump (40HP) Motor by replacing existing starter as VFD	0.27 KWh	1.87
Total		**48.09**

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	:	The Customer Manufacturing division has absorbed the know-how and developed processes for a number of organic intermediates.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, import substitution, etc.	:	Efforts outlined above have enabled the division to diversify its product range as well as to increase its foreign exchange earnings
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)

1. Specific areas of R & D:

Development of new products, Process improvements for the manufacture of Specialty 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.

2. Benefits derived from R & D:

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

3. Future plan of action:

The division has plans for introducing new chemicals in Pharmaceuticals and Agro chemicals.

4. Expenditure on R & D:

Capital	:	Nil
Revenue	:	Rs. 80.55 Lacs
Total	:	Rs. 80.55 Lacs
Total R & D expenses as a percentage of total turnover	:	0.62%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. Lakhs)
Foreign exchange outgo	47,295.09
Foreign exchange earnings	17,354.77

Annexure 2

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, from time to time, under the Schedule VII of the Companies Act, 2013.

(b) The CSR Committee and the Board of Directors are authorized to consider CSR activities which are permitted under the provisions of the Companies Act, 2013 or Rules framed there under from time to time. The activities may or may not be specific to local area of operations and will depend on the need assessed. The activities will include support to established and reputed institutions engaged in eligible activities and The Sanmar Group Sanmar Trust.

(c) The Sanmar Group CSR Trust ("Trust") is a trust established as a CSR implementing vehicle for the Authors of the Trust, one of whom is the Company.

This Trust is a registered Public charitable Trust formally recognized under the Income Tax Act and registered as provided for by the Companies Act 2013. The contribution the Authors of the Trust satisfy the requirements under Indian Law. The Trust takes up on going medium and long term CSR activities apart from continuing to donate sums to other organisations carrying out eligible CSR activities. The Trust consolidates contributions received, supports medium and long term programmes and monitors them. The operations and activities of the Trust are transparent to the Authors and their inputs considered in determining appropriate channels for CSR expenditure.

2. Composition of the CSR Committee:

S No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Vijay Sankar@	Chairman	2	NA
2	Ramkumar Shankar@	Managing Director	2	NA
3	Dr Lakshmi Vijayakumar @	Independent Director	2	NA

@ No CSR Committee meeting held after co-option as members to CSR committee.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

www.chemplastsanmar.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable as the total CSR Expenditure is below Rs.10 Crores.

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

S No	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
1	NA	Nil	Nil
2	NA	Nil	Nil
3	NA	Nil	Nil

6. Average net profit of the company as per section 135(5).

Average Profit for last three financial years – Rs. 25,070 Lakhs.

7. (a) Two percent of average net profit of the company as per section 135(5)

Rs.501.39 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil
(c). Amount required to be set off for the financial year, if any. -Nil
(d). Total CSR obligation for the financial year (7a+ 7b+7c) - Rs.501.39 Lakhs

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

Total Amount Spent for the Financial Year (in `)	Amount Unspent (Rs)				
	*Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil	Nil	NA	NA	Nil	NA

b. **Details of CSR amount spent against ongoing projects for the financial year:**

S No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project District State	Project duration	Amount allocated for the project (Rs)	Amount spent in the current financial Year (Rs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Registration Number
	Not Applicable									

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

S No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project District State	Amount spent for the project (Rs Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of Implementation- Through Implementing Agency - Name - CSR Reg. No
1	Drinking water supply & plantation of trees	Making available safe drinking water (Covered under Item -(i) of the Schedule VII)	Yes	Mettur, Salem dist, Tamil Nadu; Krishnagiri, Krishnagiri dist, Tamil Nadu.	104.54	Yes	
2	Medical & Health care Expenses	Promoting health care (Covered under Item -(i) of the Schedule VII)	Yes	Mettur, Salem dist, Tamil Nadu; Krishnagiri, Krishnagiri dist, Tamil Nadu.	0.69	Yes	
3	Education and Training expenses	Promoting education (Covered under Item -(ii) of the Schedule VII)	Yes	Mettur, Salem dist, Tamil Nadu; Krishnagiri, Krishnagiri dist, Tamil Nadu.	1.25	Yes	
4	Contribution to CSR Trust		Yes	Chennai	230.00		The Sanmar Group CSR Trust Regn No. CSR00006038
5	Others	Covid 19 related	Yes	Mettur, Salem dist, Tamil Nadu; Krishnagiri, Krishnagiri dist, Tamil Nadu.	168.70	Yes	

d. Amount spent in Administrative Overheads: Not Applicable.
e. Amount spent on Impact Assessment, if applicable: Not Applicable.
f. Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.505.18 Lakhs
g. Excess amount for set off, if any.

S No	Particular	Amount (Rs Lakhs)
1	2% of average net profit of the Company as per section 135(5)	501.39
2	Total amount spent for the Financial Year	505.18
3	Excess amount spent for the financial year [(ii)-(i)]	3.79
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	3.79

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

S No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (Rs)	Amount spent in the reporting Financial Year (Rs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in `)
				Name of the Fund	Amount (Rs)	Date of transfer	
1	2019-20	Nil	Nil	Nil	Nil	Nil	Nil
2	2018-19	Nil	Nil	Nil	Nil	Nil	Nil
3	2017-18	Nil	Nil	Nil	Nil	Nil	Nil

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

S No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / Ongoing
NIL								

Vijay Sankar
Chairman

Ramkumar Shankar
Managing Director

B. RAVI & ASSOCIATES
Company Secretaries

"GURU NILAYAM"
42 (Old No.16) Rathinam Street,
Gopalapuram, Chennai 600 086.
Phone : 044-28350517 / 28351055
email : bravics@gmail.com

Annexure - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2021

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

The Members,
CHEMPLAST SANMAR LIMITED
CIN: U24230TN1985PLC011637
9, Cathedral Road,
Chennai – 600 086

Dear members,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHEMPLAST SANMAR LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing ouropinion thereon.

Based on our verification of the Company'sbooks, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Companyfor the financial year ended on **31st March, 2021** according to the provisions of:

(i) The Companies Act 2013 and the rules made thereunder issued by the Ministry of Corporate Affairs from time to time;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder

B. Ravi

B. RAVI & ASSOCIATES ★ CHENNAI 600 086 ★ COMPANY SECRETARIES (iii)The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- not applicable during the period under review;

(iv)Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended were not applicable to the Company during the period under review since none of the securities of the Company is listed in stock exchange.

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
h) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018
i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

(i) The Following Industry Specific Laws and the rules, regulations framed thereunder:
a) Hazardous Waste (Management and Handling) Rules, 1989
b) Bureau of Indian Standards Act, 1986
c) The Air (Prevention and Control of Pollution) Act, 1981 and rules framed thereunder
d) The Water (Prevention and Control of Pollution) Act, 1974 and rules framed thereunder
e) The Standards of Weights and Measures Act, 1976
f) The Electricity Act, 2003 and rules framed thereunder
g) Explosive Act, 1884
h) Gas Cylinder Act, 1981

B. Ravi

B. RAVI & ASSOCIATES ★ COMPANY SECRETARIES ★ CHENNAI 600 086

We further report that based on the information received, explanations given, process explained, records maintained, statutory compliance and internal audit reports submitted to the Board/committees of the Board, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, Goods and Service Tax laws and other applicable Laws, rules, regulations and guidelines framed by the statutory authorities from time to time. The Company is regular in making statutory payments and there have been no prosecution or notices issued to the Company or its officers.

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

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

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

Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda and wherever meetings are convened at shorter notice consent of all the directors have been obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were taken unanimously at the Board meetings and with requisite majority at the Annual General Meeting and Extra Ordinary General Meetings.

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

We further report thatduring the audit period-

1. The company in its Annual General Meeting held on 29.09.2020 accorded approval through special resolution
    a. The re-appointment of Mr. P S Jayaraman as Chairman for a period of 2 years from 01.04.2020
    b. The re-appointment of Mr V K Parthasarathy as Independent Director for a second term for a period of 5 years commencing from 31.03.2020

B. Ravi

B. RAVI & ASSOCIATES ★ COMPANY SECRETARIES ★ CHENNAI 600 086

2. The company in its Extra Ordinary General Meeting held on 24.03.2021 accorded approval
    a. Through ordinary resolution, the split and sub division of the face value per equity share of Rs 10/- into Rs 5/- thereby aggregating the authorised equity share capital of the Company of Rs 200,00,00,000 divided into 40,00,00,000 shares of Rs. 5/- each and the paid up and subscribed share capital of the company aggregating to Rs. 67,04,00,000/- divided into 13,40,80,000 equity shares of Rs 5 each.
    b. Through special resolution, amendment of the capital clause in the Memorandum of Association
    c. Through special resolution, amendment of the capital clause in the Articles of Association
    d. Through special resolution, adoption of new set of the Articles of Association of the Company
    e. Through special resolution, appointment of Mr. Ramkumar Shankar as the Managing Director of the company for 5 years from 01.02.2021
3. The company in its Extra Ordinary General Meeting held on 25.03.2021 accorded approval through special resolution
    a. To make investments in the equity shares of Chemplast Cuddalore Vinyls Limited (CCVL) by purchase of the said equity shares from Sanmar Engineering Services Limited (SESL) and the amount of such investments in the equity shares of CCVL shall not exceed at any time in the aggregate Rs 300.50 Crores
    b. To make investments in the Compulsorily Convertible Unsecured Debentures (CCDs) of Chemplast Cuddalore Vinyls Limited (CCVL) and the amount of such investments in the CCDs of CCVL shall not exceed at any time in the aggregate Rs 1500 Crores
    c. To create pledge of the entire shareholding of 30,30,30,303 equity shares of Rs 10 each of CCVL in favour of the security trustee viz., IDBI Trusteeship Services for securing a financial assistance of Rs 1220 Crores availed by SESL from Housing Development Finance Corporation Limited
4. In the Board Meeting held on 26.03.2021 accorded approval for investing a sum of Rs 1255,33,51,600 by subscribing to 12,55,33,516 CCDs of Rs 100 each, for cash at par in one or more tranches being issued by CCVL
5. In the Board Meeting held on 30.03.2021 accorded approval for
    a. investing a sum of Rs 300,30,00,000 by purchasing to 30,30,30,303 equity shares of Rs 10 each in the capital of CCVL from SESL making CCVL a Wholly owned subsidiary of the Company
    b. creating pledge of the entire shareholding of 30,30,30,303 equity shares of Rs 10 each of CCVL in favour of the security trustee viz., IDBI Trusteeship Services for securing a financial assistance of Rs 1220 Crores availed by SESL from Housing Development Finance Corporation Limited

B. Ravi

B. RAVI & ASSOCIATES ★ COMPANY SECRETARIES ★ CHENNAI 600 086

6. In the Board Meeting held on 30.01.2021 accorded redemption of its entire preference shareholding viz., 48,21,95,623 Convertible Preference Shares in the capital of Sanmar Group International Limited held by the Company

Place : Chennai
Date : 16.07.2021

Signature: B. Ravi
Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
UDIN: F001810C000641768

B. RAVI & ASSOCIATES ★ COMPANY SECRETARIES ★ CHENNAI 600 086

Annexure 4

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.

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6th Floor - "A" Block
Tidel Park, No. 4
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel : +91 44 6117 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Chemplast Sanmar Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of Chemplast Sanmar Limited ("the Company"), which comprise the Standalone Balance sheet as at March 31 2021, the Standalone Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended, and notes to the Standalone 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 Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 in the accompanying standalone financial statements which describes the management's assessment of continuing uncertainties caused due to Covid-19 pandemic, and its consequential impact on the Company's operations and carrying value of its assets as at March 31, 2021.

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

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

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

Responsibility of Management for the Standalone Ind AS Financial Statements

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

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

Those 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 Standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

Chennai

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

Chennai

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 40 to the Standalone 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: 21221268AAAAEF3690
Place of Signature: Chennai
Date: July 16, 2021

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, 2021 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 of the Companies Act, 2013 is applicable. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of investments made and guarantees given 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of custom, cess and other statutory dues applicable to it.

Chennai

(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 millions of INR	Period to which the amount relates	Forum where dispute is pending
TNVAT Act, 2007	Sales Tax/Penalty	57.74	2010-11 to 2014-15	High Court of Madras
Central Excise Act, 1944	Excise Duty/Service tax/Penalty	0.65	1975-76 to 2011-12	Commissioner of Central Excise (Appeals)
	Excise Duty/Service tax/Penalty	30.26	1979-80 to 2015-16	CESTAT
	Excise Duty/Service tax/Penalty	0.43	1991-92 to 2017-18	High Court of Madras
Customs Act, 1962	Customs Duty	0.99	2014-15 to 2016-17	Commissioner of Customs (Appeals)
Income Tax Act, 1961	Income Tax	4.93	1998-99	High Court of Madras
	Income Tax including interest	0.18	2006-07	High Court of Madras
	Income Tax including interest	52.99	2016-17	Commissioner of Income-Tax (Appeals)
	Income Tax including interest	51.87	2017-18	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 and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS financial statements and according to the information and explanations given by the 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 and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

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(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, there are no transactions with the related parties which attract the provisions of Sections 177 and 188 of Companies Act, 2013 and hence not commented upon.

(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 and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of 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 Chennai Chartered Accountants

Aravind.K

per Aravind K
Partner
Membership Number: 221268
UDIN: 21221268AAAAEF3690
Place of Signature: Chennai
Date: July 16, 2021

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS 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, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these standalone 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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the 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 * Chennai * Chartered Accountants *

per Aravind K
Partner
Membership Number: 221268
UDIN: 21221268AAAAEF3690
Place of Signature: Chennai
Date: July 16, 2021

Chemplast Sanmar Limited
Standalone Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	10	20,877.04	21,563.20
Capital work-in-progress		250.13	83.76
Right-of-use assets	10.1	153.40	184.27
Investments	15		
(i) Subsidiary		15,556.80	-
(ii) Joint Venture and Associate		-	15,556.58
Financial Assets			
(i) Investments	15	0.44	0.44
(ii) Other Financial Assets	16	164.49	151.79
Other non-current assets	17	62.83	77.59
Non-Current tax assets (net)		18.23	18.24
		37,083.36	37,635.87
Current assets			
Inventories	18	2,372.90	1,818.29
Financial Assets			
(i) Trade Receivables	19	679.68	481.95
(ii) Cash and cash equivalents	20	740.13	753.45
(iii) Derivative Assets	33	-	74.45
(iv) Other Bank balances	21	751.78	373.69
(v) Other Financial Assets	22	815.23	808.29
Other current assets	23	197.09	116.31
		5,556.81	4,426.43
Assets classified as held for sale	10.2	198.91	-
Total assets		**42,839.08**	**42,062.30**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	24	670.40	670.40
Other Equity	26	19,536.37	19,096.80
Total Equity		20,206.77	19,767.20
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	27	11,836.49	12,066.76
(ii) Other Financial Liabilities	28	725.37	704.69
Deferred Tax Liabilities (Net)	29	5,056.56	5,190.14
Other non-current liabilities	30	41.34	55.67
		17,659.76	18,017.26
Current liabilities			
Financial Liabilities			
(i) Borrowings	31	-	477.38
(ii) Trade Payables	32		
- Total outstanding dues of micro enterprises and small enterprises		45.04	21.97
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,054.05	2,137.58
(iii) Derivative liabilities	33	45.46	-
(iv) Other financial liabilities	34	1,368.98	1,191.35
Other current liabilities	35	243.79	228.03
Current Tax Liabilities (net)		215.23	221.53
		4,972.55	4,277.84
Total liabilities		22,632.31	22,295.10
Total equity and liabilities		**42,839.08**	**42,062.30**

Statement on Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Standalone Balance Sheet. This is the Standalone 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: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2021

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

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue			
Revenue from operations	4	12,887.38	12,593.08
Other income	5	58.11	78.53
Total Income		**12,945.49**	**12,671.61**
Expenses			
Cost of materials consumed	6	4,132.70	4,365.24
Changes in inventories of finished goods and work-in-progress	7	148.32	(151.48)
Employees' benefit expense	8	771.27	828.06
Other expenses	9	3,923.65	4,411.52
Depreciation expense	10 & 10.1	877.15	874.17
Finance costs	11	2,536.69	954.20
Total Expenses		**12,389.78**	**11,281.71**
Profit / (Loss) before exceptional items and tax		**555.71**	**1,389.90**
Exceptional items	44	(156.84)	-
Profit / (Loss) before tax		**398.87**	**1,389.90**
Tax expense:			
Current Tax		(133.10)	(298.81)
Income Tax relating to earlier years	12	35.14	(1.12)
Deferred Tax		135.36	(102.56)
Profit / (Loss) after tax		**436.27**	**987.41**
Other comprehensive income	13		
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans		5.08	(11.56)
- Deferred Tax expense relating to remeasurement of Defined Benefit Plans		(1.78)	4.04
Total Other Comprehensive Income		**3.30**	**(7.52)**
Total Comprehensive Income		**439.57**	**979.89**
Basic and Diluted Earnings per share (equity shares, par value Rs 5/- each)	14	**3.25**	**4.37**

Statement on Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Standalone Statement of Profit and Loss. This is the Standalone 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: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited

Standalone Statement of Cash Flows for the year ended March 31, 2021

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

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	555.71	1,389.90
	Adjustments for:		
	Depreciation	877.15	874.17
	Interest and finance charges	2,536.69	954.20
	(Profit) / Loss on sale of Property, Plant & Equipment (net)	3.07	4.51
	Provision no longer required written back	(24.40)	(12.87)
	Distribution of profit received from partnership firm	-	(17.23)
	Interest Income	(28.13)	(16.19)
	Difference in fair value of derivative instruments	119.91	(195.71)
	Unrealised (gain) / loss of foreign exchange transactions (net)	(88.77)	202.35
	Exceptional Item	(156.84)	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,794.39	3,183.13
	Adjustments for changes in:		
	Trade and other receivables	(298.81)	(171.21)
	Inventories	(554.61)	184.92
	Trade and other payables	1,274.12	(1,149.68)
	CASH GENERATED FROM OPERATIONS	4,215.09	2,047.16
	Income taxes paid (net)	(104.25)	(386.51)
	NET CASH FROM / USED IN OPERATING ACTIVITIES	4,110.84	1,660.65
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Redemption of investments in Joint venture	10,734.63	1,252.66
	Redemption of investments in compulsorily convertible preference shares in associate	4,821.95	-
	Investments made in equity shares of subsidiary	(3,003.45)	-
	Investments made in compulsorily convertible debentures in subsidiary	(12,553.35)	-
	Investments made in compulsorily convertible preference shares in associate	-	(4,821.95)
	Purchase of Property, Plant & Equipment	(448.81)	(503.52)
	Margin Deposits (placed) / realised (net)	(378.09)	(339.72)
	Distribution of profit received from partnership firm	-	17.23
	Interest received	24.27	16.92
	Proceeds from sale of Property, Plant & Equipment	7.06	1.66
	NET CASH FROM / USED IN INVESTING ACTIVITIES	(795.79)	(4,376.72)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from non-convertible debentures	-	12,700.00
	Repayment of non-covertible debentures / term loans	(317.50)	(991.92)
	Proceeds / (Repayment) from / (of) short-term borrowings (net)	(477.26)	(1,085.55)
	Repayment of instruments entirely equity in nature upon change in terms	-	(6,375.00)
	Payment of lease liability	(45.60)	(44.98)
	Interest and finance charges paid	(2,488.01)	(1,221.49)
	NET CASH USED IN FINANCING ACTIVITIES	(3,328.37)	2,981.06
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(13.32)	264.98
	Cash and cash equivalents at the beginning of the year	753.45	488.47
	Cash and cash equivalents at the end of the year	740.13	753.45

Statement on Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Standalone Cash Flow Statement.This is the Standalone Statement of Cash Flow 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: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited
Standalone Statement of changes in equity for the year ended March 31, 2021

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

Particulars	Equity Share Capital	Instruments entirely equity in nature	Other Equity							
			Reserves and Surplus						Asset Revaluation Reserve	Total
			Capital Reserve	Securities premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained earnings	General reserve		
Balance at April 1, 2019	670.40	6,375.00	796.90	1,266.71	391.80	-	4,571.35	207.57	10,882.58	18,116.91
Profit for the year	-	-	-	-	-	-	987.41	-	-	987.41
Depreciation on revalued assets	-	-	-	-	-	-	217.66	-	(217.66)	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	1,270.00	(1,270.00)	-	-	-
Redemption consequent to change in terms of the instrument	-	(6,375.00)	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	(7.52)	-	-	(7.52)
Balance at March 31, 2020	670.40	-	796.90	1,266.71	391.80	1,270.00	4,498.90	207.57	10,664.92	19,096.80
Profit for the year	-	-	-	-	-	-	436.27	-	-	436.27
Depreciation on revalued assets	-	-	-	-	-	-	220.40	-	(220.40)	-
Transfer from Debenture Redemption Reserve	-	-	-	-	-	(31.75)	-	31.75	-	-
Other Comprehensive Income	-	-	-	-	-	-	3.30	-	-	3.30
Balance at March 31, 2021	**670.40**	-	**796.90**	**1,266.71**	**391.80**	**1,238.25**	**5,158.87**	**239.32**	**10,444.52**	**19,536.37**

Statement on Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Standalone Statement of Changes in Equity. This is the Standalone 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

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: July 16, 2021

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

1 Corporate Information

Chemplast Sanmar Limited ("the Company") is a public limited company incorporated and domiciled in Chennai and is into the production and sale of speciality chemicals. The registered office is located at Cathedral Road, Chennai. As of March 31, 2021, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies.

2 Basis of Preparation

2.1. Changes in accounting policies and disclosures

New and amended standards and interpretations:

The Company has applied for the first time, certain standards and amendments, by virtue of the applicability of Companies (Indian Accounting Standards) Amendment Rules, 2020 which are effective for annual reporting periods beginning on or after April 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Ind AS 103: Definition of a Business

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to IND AS 109 and Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IND AS 1 and IND AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

Amendments to IND AS 116: Covid-19 Related Rent Concessions

The amendments provide relief to lessees from applying IND AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. This amendment had no impact on the financial statements of the Company.

2.2. Statement of Compliance:

These standalone financial statements of the Company have been prepared and presented from April 1, 2020 to March 31, 2021 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act, 2013 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 other than investment in subsidiaries

c. Property, Plant and equipment under revaluation model

The financial statements are presented in INR and are rounded off to the nearest million, except when otherwise indicated. These financial statements were authorised for issue by the Company's Board of Directors on July 16, 2021.

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 outbreaks of Coronavirus pandemic have resulted in significant reduction in economic activities in the country including the Company's business too. The Government enforced lockdowns from time to time has caused impact on the operations of the Company including stoppage of production, supply chain disruption etc,. In addition, there was a significant volatility in prices of the petrochemical products, primarily driven by steep reduction in global crude oil prices as well as lack of demand in the market.

As detailed in the relevant notes to these standalone financial statements, the Company has made a detailed assessment of its liquidity position for the next one year and of the recoverability of the Company's assets comprising Property, plant and equipment, Investments and Inventories based on internal and external information up to the date of approval of these financial statements. Based on performance of 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 standalone financial statements.

2.5. Appropriateness of the Going Concern Assumption in the preparation of the financial statements:

During the year ended March 31, 2021, the Company has made a profit before tax (after exceptional items) of Rs. 398.87 Million (Profit before tax (after exceptional items) of Rs.1,389.90 Million for the comparative year ended March 31, 2020). The management expects the demand for the Company's products to improve further from the 2nd quarter of Fiscal 2022 thereby reaching the estimated volume for the year and considering the overall deficit in the Paste Grade PVC capacity in India, is confident that the Company would be able to operate its plant at optimal capacity to generate profitable operations for Fiscal 2022.

Due to the impact of Covid-19 on its operations and cash flow, the Company has availed the benefits of moratorium with regard to the interest payments in relation to the Non-Convertible Debentures issued by the Company. The Company has made the interest payments as per the revised agreed terms. There is no deferred interest outstanding as on March 31, 2021. The Company is in compliance with the revised terms and condition of the debenture agreement.

Thus, the management is of the view that the Company will be able to achieve cash-profitable operations and raise funds as necessary, in order to meet its liabilities as they fall due. Accordingly, these standalone financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

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 48)
► Quantitative disclosures of fair value measurement hierarchy (Note 36.10)
► Investment in unquoted equity shares (Note 15)

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);

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 36.8.1.

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 AS 103 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 36.10.

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
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 statement of profit and loss. 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 the statement of profit and loss.

3.3.2. Investments at cost

The Company has accounted for its investments in subsidiaries, joint ventures and associates at cost. Where the carrying amount of investments is greater than its estimated recoverable amount it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment , the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

3.3.3. Financial liabilities and equity instruments

3.3.3.1. 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.

R. Batliboi & Associates LLP Chartered Accountants

3.3.3.2. 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.

3.3.3.3. 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 periods.

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".

3.3.3.4. 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.

3.3.3.5. Financial Guarantees

Company as a beneficiary: 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.

Company as a guarantor: The Company on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts, respectively. Wherever the Company has regarded its financial guarantee contracts as insurance contracts, at the end of each reporting period the Company performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of future cash flows), and any deficiency is recognised in profit or loss.

Where they are treated as a financial instrument, the financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

3.3.3.6. 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 36.10.

3.3.3.7. 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.

3.3.4. 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.

3.3.5. 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.

3.3.6. 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.

Property, plant and equipment were valued at cost model net of accumulated depreciation until March 31, 2019. 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.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

On March 31, 2019, the Company had elected to change the method of accounting for land, buildings and plant and equipment classified as property, plant and equipment, as the Company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the land, buildings and plant and equipment's fair value. The Company applied the revaluation model prospectively. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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.
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

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

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 (In Years)
Buildings	20 – 60
Plant and equipment	1 – 65
Vehicles	3 – 6
Computers and peripherals and motor cars	3
Office equipments	3 – 5
Furniture and fixtures	5

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. Non-Current Assets Held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.
The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.
Property, plant and equipment are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the Balance sheet.

3.6. 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.

3.7. 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 / Employee State Insurance:

This is a defined contribution plan and contributions made to the fund are charged to revenue. The Company has no further obligations for future 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.
Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Termination benefits

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.

3.8. 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.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in Note 3.3.1.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Variable consideration:

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Some contracts provide customers with volume rebate.

Volume Rebates / Price concessions / Special discounts:

The Company provides for volume rebates, price concessions, special discounts to certain customers once the quantity of goods sold during a period exceeds an agreed threshold. Rebates are offset against amounts receivable from customers. To estimate the variable consideration, the Company applies the most likely amount method or the expected value method to estimate the variable consideration in the contract.

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

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.

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

The share of income from the partnership firm is recognised based on distributions from the firm in accordance with the terms of the partnership deed when the Company's right to receive such distribution is established.

Interest income

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

3.9. 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.

3.10. 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.
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.
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.

3.11. 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.

3.12. 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.

3.13. 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.

3.14. 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.

3.15. 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.

3.16. 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.

3.17. 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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(All amounts are in Indian Rupees in Millions unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
Note : 4		
Revenue from operations*		
(i) Revenue from contracts with customers		
Revenue from the sale of goods	12,829.24	12,494.57
Revenue from the rendering of services	0.39	1.52
Leasing income	1.28	20.39
(ii) Other operating revenue		
Revenue from sale of scrap	28.17	31.12
Revenue from export incentives	28.30	45.48
	12,887.38	12,593.08
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:		
Revenue as per Contracted Price	12,954.53	12,558.08
Adjustments towards:		
Volume Rebates	12.61	17.16
Price concessions	102.87	34.69
Special discounts	9.81	11.66
Revenue as per statement of profit and loss	**12,829.24**	12,494.57
Contract Balances		
Particulars		
Trade Receivables (contract asset)	679.68	481.95
Advance from customers (contract liability)	108.44	75.46
Revenue recognised from opening contract liabilities	75.46	45.67
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India	1,743.51	1,213.73
- Within India	11,143.87	11,379.35

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

	Year ended March 31, 2021	Year ended March 31, 2020
Note : 5		
Other income		
Distribution of profit received from partnership firm	-	17.23
Provisions no longer required written back	24.40	12.87
Recovery of bad debts	-	0.11
Interest Income on financial assets at amortised cost	28.13	16.19
Miscellaneous income	5.58	32.13
	58.11	78.53
Note : 6		
Cost of materials consumed		
Inventories of materials at the beginning of the year	1,095.75	1,451.53
Add: Purchases	4,730.92	4,009.46
Less: Inventories of materials at the end of the year	1,693.97	1,095.75
	4,132.70	4,365.24
Note : 7		
Changes in inventories of finished goods and work in progress		
Inventories at the beginning of the year		
Work in progress	39.42	28.76
Finished goods	279.89	139.07
	319.31	167.83
Inventories at the end of year		
Work in progress	89.15	39.42
Finished goods	81.84	279.89
	170.99	319.31
	148.32	(151.48)

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

	Year ended March 31, 2021	Year ended March 31, 2020
Note : 8		
Employees' benefit expense		
Salaries and wages	709.25	768.76
Contribution to provident and other funds	34.23	32.40
Gratuity Expense (Refer note 47)	12.73	10.66
Staff welfare expenses	15.06	16.24
	771.27	828.06
Note : 9		
Other expenses		
Power and fuel	2,509.09	2,877.89
Stores consumed	218.07	206.95
Commission on sales	7.02	10.29
Rent	3.15	1.05
Insurance	75.72	79.95
Rates and taxes	37.94	44.01
Repairs and maintenance		
- Machinery	265.40	282.13
- Building	47.15	88.98
- Others	59.18	70.68
Freight and handling	197.06	179.54
Difference in foreign exchange (net) *	110.98	58.03
Outside processing expenses	53.32	56.85
Operation & Maintenance expenses	50.36	50.92
Legal and professional fees	96.29	123.51
Payment to auditor^	5.73	6.58
Miscellaneous expenses (Refer Note 45)	187.19	274.16
	3,923.65	4,411.52

*Net of fair value loss on derivative instruments at FVTPL of Rs.119.91 Million (Apr-Mar'20:Gain Rs. 195.71 Million)

^ Payment to auditor		
For Statutory Audit	4.00	4.84
For Tax Audit	0.64	0.58
For Limited Review	0.81	0.78
For Certification Services	0.15	0.25
For Other Services	0.10	0.05
For Reimbursement of Expenses	0.03	0.08
	5.73	6.58

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(All amounts are in Indian Rupees in Millions 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, 2019	10,322.01	1,716.37	8,750.30	17.35	13.38	37.29	282.45	21,139.15
Additions	5.44	71.47	1,421.95	18.46	3.08	21.08	-	1,541.48
Disposals	-	-	0.10	0.96	0.01	9.80	-	10.87
Balance as at March 31, 2020	10,327.45	1,787.84	10,172.15	34.85	16.45	48.57	282.45	22,669.76
Additions	-	14.41	347.14	4.03	1.13	2.45	-	369.16
Disposals	-	1.38	54.39	0.11	0.03	13.65	-	69.56
Assets reclassified as held for sale*	-	-	-	-	-	-	282.45	282.45
Balance as at March 31, 2021	10,327.45	1,800.87	10,464.90	38.77	17.55	37.37	-	22,686.91
Accumulated depreciation								
Balance at April 01, 2019	-	14.52	178.43	5.72	5.61	13.64	50.13	268.05
Depreciation expense	-	84.70	731.24	3.38	2.16	5.59	16.70	843.77
Eliminated on disposals of assets	-	-	-	0.97	0.30	3.99	-	5.26
Balance as at March 31, 2020	-	99.22	909.67	8.13	7.47	15.24	66.83	1,106.56
Depreciation expense	-	83.59	731.62	5.94	2.90	5.52	16.71	846.28
Eliminated on disposals of assets	-	1.38	54.10	0.11	0.03	3.81	-	59.43
Assets reclassified as held for sale*	-	-	-	-	-	-	83.54	83.54
Balance as at March 31, 2021	-	181.43	1,587.19	13.96	10.34	16.95	-	1,809.87
Net Block								
Balance as at March 31, 2021	10,327.45	1,619.44	8,877.71	24.81	7.21	20.42	-	20,877.04
Balance as at March 31, 2020	10,327.45	1,688.62	9,262.48	26.72	8.98	33.33	215.62	21,563.20

Note:

For details of charge on Property, Plant & Equipment refer Note 27

* Refer Note 10.2

Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)

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-21	31-Mar-20
	Rs Millions	Rs Millions
Cost	9,011.15	8,994.00
Accumulated depreciation and impairment	2,404.51	2,039.98
Net carrying amount	**6,606.64**	**6,954.02**

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			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Total	Level 1	Level 2	Level 3
	Rs Millions	*Rs Millions*	*Rs Millions*	*Rs Millions*
Assets measured at fair value:				
March 31,2021				
Revalued Property, Plant and Equipment				
Freehold Land	10,327.45	-	10,327.45	-
Buildings	1,619.44	-	-	1,619.44
Plant and Machinery	8,877.71	-	-	8,877.71
	20,824.60	-	**10,327.45**	**10,497.15**
Assets measured at fair value:				
March 31,2020				
Revalued Property, Plant and Equipment				
Freehold Land	10,327.45	-	10,327.45	-
Buildings	1,688.62	-	-	1,688.62
Plant and Machinery	9,262.48	-	-	9,262.48
	21,278.55	-	**10,327.45**	**10,951.10**

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.

Chemplast Sanmar Limited

Notes forming part of standalone financial statements for the year ended March 31, 2021

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

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*	211.15
Remeasurement	3.52
Depreciation	30.40
Balance as at March 31, 2020	184.27
Depreciation	30.87
Balance as at March 31, 2021	153.40

Carrying amounts of Lease liability recognised and movement during the year

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	188.08	203.61
Remeasurement	-	3.52
Accretion of interest	23.60	25.93
Payments	45.60	44.98
Balance as at end of the year	166.08	188.08
Current	25.08	21.98
Non-current	141.00	166.10

For maturity analysis refer to Note 36.9

***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.7.54 Million were reclassified as part of Right-of-use asset on the date of initial application.

The following are the amounts recognised in Statement of Profit and Loss

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use asset	30.87	30.40
Interest expense on lease liabilities	23.60	25.93
Expense relating to short term leases (included in other expenses)	3.15	1.05
Total amount recognised in Profit or Loss	**57.62**	**57.38**

Note : 10.2

Assets held for sale

Based on the management's approval taken before the year end, the Company has subsequent to the year end, sold Helicopter in its present condition and hence has identified the asset as asset held for sale as on March 31, 2021.

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

	Year ended March 31, 2021	Year ended March 31, 2020
Note : 11		
Finance costs		
Interest on bank overdrafts and loans	2,466.32	841.01
Other finance costs	68.40	100.42
Bank charges	1.97	12.77
	2,536.69	954.20
Note: 12		
Income tax (expenses) / credit		
Current Tax:		
Current Income tax charge	(133.10)	(298.81)
Adjustments in respect of current income tax of prior years	35.14	(1.12)
Deferred tax:		
Relating to origination and reversal of temporary differences	135.36	(102.56)
Income tax expense reported in statement of profit and loss	**37.40**	(402.49)
Other comprehensive income (OCI):		
Net loss/(gain) on remeasurements of defined benefit obligations	(1.78)	(4.04)
Income tax charged to OCI	**(1.78)**	(4.04)

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2021

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:

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	398.87	1,389.90
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) (March 31, 2020: 34.944%) as follows:	(139.38)	(485.69)
Effects of:		
Availment of unrecognised MAT credit	174.77	88.41
Ineligible expenses	(21.38)	(26.08)
Impact of income tax provision relating to earlier years	21.68	(1.12)
Distribution of Profit received from Partnership firm	-	6.02
Others	1.71	15.97
Net effective Income tax expense / (credit)	**37.40**	(402.49)

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 2021	**Retained Earnings**
Re-measurement gains/(losses) on defined benefit obligations	3.30
	3.30

During the year ended 31 March 2020	**Retained Earnings**
Re-measurement gains/(losses) on defined benefit obligations	(7.52)
	(7.52)

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

	Year ended March 31, 2021	Year ended March 31, 2020

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.

Pursuant to sub-division of shares, Earnings Per Share (EPS) in respect of previous year have been restated as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. Refer Note 24

The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2021	Year ended March 31, 2020
Earnings per share :		
Profit/(Loss) after tax	436.27	987.41
Earnings used in the calculation of earnings per share	436.27	987.41
Weighted average number of Equity shares for Basic & Diluted EPS	134,080,000	225,698,852

Basic and diluted earnings per share

Basic earnings per share	3.25	4.37
Diluted earnings per share	3.25	4.37

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Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
Note : 15		
(i) Investments at FVTPL		
Investments in the shares of bodies corporate		
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E (2 Equity shares)	0.44	0.44
	0.44	**0.44**
(ii) Investments at cost		
- Investment in Subsidiaries		
Unquoted fully paid equity shares		
Chemplast Cuddalore Vinyls Limited (303,030,303 Equity shares)	3,003.45	-
Compulsorily Convertible Debentures (CCD)		
Chemplast Cuddalore Vinyls Limited (125,533,516 CCD)	12,553.35	-
	15,556.80	**-**
- Investment in Joint Ventures		
Mowbrays Corporate Finance	-	10,734.63
- Investment in associates		
Compulsorily Convertible Preference Shares (CCPS)		
Sanmar Group International Limited	-	4,821.95
	-	15,556.58
Aggregate value of unquoted investments	**15,557.24**	15,557.02

(Also refer to Note No.38 for details of investments and also refer Note 37)

Note : 16		
Other non-current financial assets at amortised cost		
(Unsecured, considered good)		
Security deposits	144.51	137.08
Margin deposits	0.59	0.79
Non-current bank deposits	0.48	0.50
Sundry receivables	5.62	5.61
Claims receivables	13.29	7.81
	164.49	151.79
Note : 17		
Other non-current assets		
Security Deposit - Government Authorities	34.46	35.46
Prepaid expenses	8.22	11.58
Capital Advances	20.15	30.55
	62.83	77.59
Note : 18		
Inventories		
Raw materials	707.37	525.77
Work-in-progress	89.15	39.42
Finished goods	81.84	279.89
Stores and spares	507.94	403.23
Intermediates	986.60	569.98
	2,372.90	1,818.29

Note :
Inventories includes Goods in transit

Raw Material	47.99	21.79
Intermediaries	269.75	168.60
Stores and Spares	4.28	8.73
	322.02	199.12

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Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Note : 19
Trade receivables
Unsecured, considered good**

Receivable from related party (Refer Note 37)	0.96	1.14
Receivable from others	678.72	480.81
	679.68	481.95

** Trade Receivables are generally non interest bearing and have a credit period of 1-60 days

Note : 20
Cash and cash equivalents

Bank balances		
-in current account	299.69	711.52
-Deposits with original maturity of less than three months	420.00	-
Cheques on hand	14.75	38.12
Cash on hand	5.54	3.66
Stamps on hand	0.15	0.15
	740.13	753.45

Note : 21
Other bank balances

Margin deposits (Refer Note 27)	541.78	373.69
Deposits with original maturity of more than three months but less than 12 months	210.00	-
	751.78	373.69

Note : 22
Other current financial assets
(unsecured, considered good)

Security deposits	2.87	2.57
Sundry receivable (Refer note 37)	737.15	731.33
Claims receivables	69.06	72.10
Interest receivable	6.15	2.29
	815.23	808.29

Note : 23
Other current assets

Prepaid expenses	26.44	25.89
Balances with Government authorities	36.17	17.87
Advances given to suppliers	134.48	72.55
	197.09	116.31

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

Note : 24	As at March 31, 2021	As at March 31, 2020
Equity Share Capital		
Authorised		
400,000,000 equity shares of Rs.5/- each (Previous year 200,000,000 equity shares of Rs.10/- each)	2,000.00	2,000.00
3,500,000 cumulative redeemable preference shares of Rs.100/- each (Previous year 3,500,000 cumulative redeemable preference shares of Rs.100/- each)	350.00	350.00
	2,350.00	2,350.00
Issued		
134,080,000 equity shares of Rs.5/- each (Previous year 67,040,000 equity shares of Rs.10/- each fully paid up)	**670.40**	670.40
Subscribed and fully paid-up		
134,080,000 equity shares of Rs.5/- each (Previous year 67,040,000 equity shares of Rs.10/- each)	670.40	670.40
	670.40	670.40

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 2019	67,040,000	670.40
Issued during the year	-	-
Balance at 31 March 2020	67,040,000	670.40
Sub-division of shares*	67,040,000	-
Balance as at March 31, 2021	**134,080,000**	**670.40**

* The Board of Directors of the Company in its meeting held on January 30, 2021 and shareholders in the Extraordinary General Meeting held on March 24, 2021 approved the sub-division of shares from rupee 10 per share to rupee 5 per share. As a result the number of equity shares of the Company has increased from 67,040,000 to 134,080,000.

Shares Held by Holding company and its subsidiaries

Sanmar Holdings Limited and its nominees 132,480,000 equity shares (Previous Year 66,240,000 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. 5 per share (March 31, 2020: 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.

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

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Holdings Limited	132,480,000	98.81%	66,240,000	98.81%

Note : 25

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 2019	63,750,000	6,375.00
Redeemed during the year	(63,750,000)	(6,375.00)
Balance at 31 March 2020	-	-
Issued during the year	-	-
Balance at 31 March 2021	-	-

Rights, Preferences and Restrictions attached to Compulsorily Convertible Debentures ('CCD')

(i) The CCDs shall not carry any interest.

(ii) The CCDs are not marketable securities and can be transferred only at the discretion of the Company.

(iii) The CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 31, 2020

(iv) The application for CCD shall be deemed to be the application for Shares when the conversion takes place.

(v) The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.

(vi) The equity shares to be issued on conversion shall rank pari passu in all respects with the equity shares existing on the date of conversion.

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Chemplast Sanmar Limited

Notes forming part of standalone financial statements for the year ended March 31, 2021

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

Note: 26	As at March 31, 2021	As at March 31, 2020
Other Equity		
General Reserve	239.32	207.57
Retained earnings (Refer A below)	5,158.87	4,498.90
Capital Reserve (Refer B below)	796.90	796.90
Capital Redemption Reserve	391.80	391.80
Debenture Redemption Reserve (Refer C below)	1,238.25	1,270.00
Asset Revaluation Reserve (Refer D below)	10,444.52	10,664.92
Securities premium	1,266.71	1,266.71
	19,536.37	19,096.80

(A) Retained Earnings		
Balances at the beginning of the year	4,498.90	4,571.35
Profit / (Loss) for the year	436.27	987.41
Depreciation on revalued assets	220.40	217.66
Transfer to Debenture Redemption Reserve	-	(1,270.00)
Other Comprehensive Income	3.30	(7.52)
Balances at the end of the year	**5,158.87**	4,498.90
(B) Capital Reserve		
Balances at the beginning of the year	796.90	796.90
Balances at the end of the year	**796.90**	796.90
(C) Debenture Redemption Reserve		
Balances at the beginning of the year	1,270.00	-
Amounts transferred from retained earnings	-	1,270.00
Amount transferred to General Reserve	(31.75)	-
Balances at the end of the year	**1,238.25**	1,270.00
(D) Asset Revaluation Reserve		
Balances at the beginning of the year	10,664.92	10,882.58
Depreciation on revalued assets	(220.40)	(217.66)
Balances at the end of the year	**10,444.52**	10,664.92

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 recognises the difference between the net assets less reserves acquired or transferred by the Company and as reduced by the shares capital issued or received respectively, pursuant to a common control business combination is adjusted to capital reserve.

Capital Redemption Reserve:

The Company had created Capital Redemption reserve 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 appropriated DRR equal to 10% of the outstanding value of debentures as at respective year.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

Chemplast Sanmar Limited

Notes forming part of standalone financial statements for the year ended March 31, 2021

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

Note : 27

Non Current Borrowings (Secured)

		As at March 31, 2021	As at March 31, 2020
Redeemable, Non-convertible debentures			
17.50% Debentures (1270 Debentures of face value of Rs.9,750,000 (Previous Year 1270 Debentures of face value of Rs.10,000,000) each)*		12,117.16	12,409.46
	(A)	**12,117.16**	12,409.46
Less:			
Current maturities of borrowings			
17.50% Debentures		280.67	342.70
	(B)	**280.67**	342.70
	(A) - (B)	**11,836.49**	12,066.76

Summary of borrowing arrangements

17.50% Debentures outstanding of Rs.12,117.16 Million (March 31, 2020: Rs.12,409.46 Million) is repayable in 7 unequal annual installments commencing from 21-Dec-2020

Security particulars of borrowing arrangements

Non-convertible debentures amounting to Rs. 12,700 Million 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

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.

*The Company on the basis of waiver obtained from Debenture Trustees towards deferment of a part of interest payments due for the periods till September 2020 and for computation of certain financial covenants as at March 31, 2021, is in compliance with the terms of the Debenture Deed as at March 31, 2021.

Note : 28

Other non-current financial liabilities

	As at March 31, 2021	As at March 31, 2020
Trade Deposits	27.78	27.09
Accrued salaries and benefits	405.50	384.10
Other Payables	151.09	127.40
Lease Liability (Refer note 10.1)	141.00	166.10
	725.37	704.69

Note : 29

Deferred tax liabilities / (Assets) (Net)

	As at March 31, 2021	As at March 31, 2020
Difference between book and tax written down value of Property, Plant & Equipment	5,156.31	5,268.53
MTM/Forward Premium claimable in future	(7.41)	32.56
Difference in allowable expenditure on forward exchange contracts	4.73	(34.01)
Expenses allowable on payment basis	(39.47)	(17.74)
Employees Separation Scheme	(57.62)	(59.17)
Others	0.02	(0.03)
	5,056.56	5,190.14

Note:

Unrecognised Minimum Alternate Tax Credit

Financial year	Year of Maturity	As at March 31, 2021	As at March 31, 2020
2015-16	2030-31	-	1.69
2016-17	2031-32	479.47	652.55
2017-18	2032-33	805.04	805.04
Total		**1,284.51**	1,459.28

Chennai

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

Note : 29 (continued)

	As at March 31, 2021	As at March 31, 2020
Reconciliation of deferred tax liabilities (net):		
Opening Balance	5,190.14	5,091.62
Change in Statement of Profit and Loss	(135.36)	102.56
Change in Other Comprehensive Income	1.78	(4.04)
Closing Balance	**5,056.56**	5,190.14

Note : 30

Other non-current liabilities

Other liabilities	41.34	55.67
	41.34	55.67

Note : 31

Current Borrowings

Secured – at amortized cost		
Cash credit and working capital loan	-	250.00
Buyer's credit	-	227.38
	-	477.38

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 : 32

Trade payables

Payable to related parties (Note 37)	-	-
Payable to others*	3,099.09	2,159.55
	3,099.09	2,159.55

* General Terms: The average credit period varies for each product between 1 to 180 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.45.04 Million (March 31, 2020: Rs.21.97 Million) (Also refer note 43)

Note : 33

Derivative Instruments

Derivative Liability / (Asset) #	45.46	(74.45)
	45.46	(74.45)

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 : 34

Other current financial liabilities

Current maturities of borrowings		
- 17.50% Debentures	280.67	342.70
Trade Deposits	1.21	0.56
Payable / Accrual towards Capital Expenditure *	246.16	169.84
Accrued salaries and benefits	338.15	274.99
Other Payables	477.71	381.28
Lease Liability (Refer note 10.1)	25.08	21.98
	1,368.98	1,191.35

* Includes dues for payment to Micro and Small enterprises Rs.10.37 Million (March 31, 2020: Nil) (Also refer note 43)

Note : 35

Other current liabilities

Advance from customers	108.44	75.46
Withholding and other tax payables	32.86	29.68
Other Liabilities	102.49	122.89
	243.79	228.03

Chennai

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

Note:36
Financial instruments
36.1 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 27, 31 and 34), cash and cash equivalents (Note 20) and equity attributable to equity holders of the Company, comprising issued capital, securities 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, 2021 and March 31, 2020 were as follows:

	As at March 31, 2021	As at March 31, 2020
Borrowings	12,117.16	12,886.84
Cash and Cash Equivalents	740.13	753.45
Net debt	11,377.03	12,133.39
Equity (ii)	20,206.77	19,767.20
Gearing Ratio	0.56	0.61

(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.

36.2 Categories of financial assets and liabilities carried at amortised cost

	As at March 31, 2021	As at March 31, 2020
36.2.1 Financial assets at amortised cost		
Cash and bank balances (Note 20)	740.13	753.45
Other bank balances (Note 21)	751.78	373.69
Trade receivables (Note 19)	679.68	481.95
Other financial assets (Note 16 & 22)	979.72	960.08
Total	**3,151.31**	**2,569.17**
36.2.2 Financial liabilities- At amortised cost		
Borrowings (Note 27, 31 & 34)	12,117.16	12,886.84
Trade payables (Note 32)	3,099.09	2,159.55
Other financial liabilities (Note 28 & 34)	1,813.68	1,553.34
Total	**17,029.93**	**16,599.73**

36.3 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 liabilities is to finance the company's operations. The Company's principal financial asset include loans, trade and other receivables, cash & cash equivalents and other bank balances 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.

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

36.4 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.

36.5 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 parameters.

36.5.1 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 currency exchange rate	Impact on post tax profits and equity	
		March 31, 2021	March 31, 2020
USD	1%	10.11	7.40

36.6 Commodity price risk

The Company imports Ethylene, Ethylene Dichloride (EDC) for manufacture of PVC , Methanol for manufacture of Chloromethanes 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 Apr'20 to Mar'21 and Apr'19 to Mar'20:

Product	Change in Price	Impact on post tax profits and equity	
		March 31, 2021	March 31, 2020
Coal	5%	30.92	39.66
Methanol	5%	6.71	8.94
Total		**37.63**	48.60

36.7 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.

The Company does not have any floating rate debt obligations and so the Company is not exposed to interest rate fluctuations.

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

36.8 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, 2021, that defaults in payment obligations will occur.

36.8.1 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, 2021	679.59	0.09	-	**679.68**
Trade Receivables as of March 31, 2020	448.64	33.31	-	**481.95**

36.8.2 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.

36.9 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, 2021	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	4,123.47	250.51	4,373.98
Interest bearing	390.06	12,311.35	12,701.41
	4,513.53	**12,561.86**	**17,075.39**
March 31, 2020	Less than a year	More than a year	
Non-interest bearing (including derivatives)	2,894.86	249.60	3,144.46
Interest bearing	933.42	12,521.85	13,455.27
	3,828.28	12,771.45	16,599.73

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

Note:36 continued

36.10 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, 2021		
	Level 1	**Level 2**	**Level 3**
Financial Assets measured at fair value			
Investments	-	-	0.44
Financial Liabilities measured at fair value			
Derivative liabilities	-	45.46	-

	Fair value hierarchy as at March 31, 2020		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments	-	-	0.44
Derivative assets	-	74.45	-

36.11 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, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets				
Investments	0.44	0.44	0.44	0.44
Other financial assets:				
Deposits	690.23	514.63	690.23	514.63
Sundry receivables	748.92	739.23	748.92	739.23
Claims receivable	82.35	79.91	82.35	79.91
Trade receivables	679.68	481.95	679.68	481.95
Cash and cash equivalents	740.13	753.45	740.13	753.45
Total	**2,941.75**	2,569.61	**2,941.75**	2,569.61
Financial liabilities				
Borrowings:				
Floating rate borrowings	-	-	-	-
Fixed rate borrowings	12,117.16	12,886.84	12,117.16	12,886.84
Trade payables	3,099.09	2,159.55	3,099.09	2,159.55
Other financial liabilities:				
Accrued salaries and benefits	743.65	659.09	743.65	659.09
Payable / Accrual towards Capital Expenditure	246.16	169.84	246.16	169.84
Other payables	657.79	536.33	657.79	536.33
Lease Liability	166.08	188.08	166.08	188.08
Derivatives not designated as hedge				
Derivative (asset) / liability	45.46	(74.45)	45.46	(74.45)
Total	**17,075.39**	16,525.28	**17,075.39**	16,525.28

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.

Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)
Note : 37
Related party transactions

List of parties where control exists
Sanmar Engineering Services Limited
Sanmar Holdings Limited — Ultimate Holding Company
Joint Venture — Immediate Holding Company
Mowbrays Corporate Finance (upto December 15, 2020)
Subsidiaries
Chemplast Cuddalore Vinyls Limited (From March 31, 2021)
Fellow Subsidiaries
Chemplast Cuddalore Vinyls Limited (Upto March 30. 2021)
Sanmar Group International Limited (Upto March 19, 2020;From March 31. 2021)
TCI Sanmar Chemicals S.A.E
Sanmar Overseas Investments AG
Associates
Sanmar Estates and Investments (Upto March 17, 2020)
Sanmar Group International Limited (From March 20. 2020 upto March 30. 2021)
Key Management Personnel
Vijay Sankar (From April 26, 2021)
P S Jayaraman (Upto January 31, 2021)
Ramkumar Shankar (From February 1, 2021)
Chandran Ratnaswami (From April 26, 2021)
Amarnath Ananthanarayanan
V K Parthasarathy (Upto April 26, 2021)
S Sankaran (Upto March 16, 2020)
Lavanya Venkatesh (Upto April 26. 2021)
Dr. Lakshmi Vijayakumar (From April 26, 2021)
Aditya Jain (From April 26, 2021)
Sanjay Vijay Bhandarkar (From April 26, 2021)
Prasad Raghava Menon (From April 26. 2021)

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, 2021 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		Joint Venture / Subsidiaries / Fellow Subsidiaries / Associates		Key Management Personnel	
Transactions during the period	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Sale of power						
Chemplast Cuddalore Vinyls Limited	-	-	-	146.14	-	-
Sale of materials						
Chemplast Cuddalore Vinyls Limited	-	-	**7.28**	7.86	-	-
Sale of MEIS Scrips						
Chemplast Cuddalore Vinyls Limited	-	-	-	19.25	-	-
Purchase of materials						
Chemplast Cuddalore Vinyls Limited	-	-	**0.24**	0.44	-	-
Printing and Stationery expense						
Chemplast Cuddalore Vinyls Limited	-	-	-	0.47	-	-
Distribution of profits received from Joint Venture						
Mowbrays Corporate Finance	-	-	-	17.23	-	-
Expenses Recovered						
Sanmar Engineering Services Limited	**0.08**	-	-	-	-	-
Chemplast Cuddalore Vinyls Limited	-	-	0.08	0.36	-	-
Remuneration						
Ramkumar Shankar	-	-	-	-	**2.07**	-
P S Jayaraman	-	-	-	-	**17.55**	20.46
Sitting Fees						
V K Parthasarathy	-	-	-	-	**0.05**	0.03
Advance for issuance of Zero coupon compulsorily convertible debentures redeemed during the year						
Sanmar Holdings Limited	-	6,375.00	-	-	-	-
Acqusition of Equity Shares in CCVL						
Sanmar Engineering Services Limited	**3,003.00**	-	-	-	-	-
Investment made during the year in CCD						
Chemplast Cuddalore Vinyls Limited	-	-	**12,553.35**	-	-	-
Investment made during the year						
Mowbrays Corporate Finance	-	-	-	4,590.20	-	-
Investment redeemed during the year						
Mowbrays Corporate Finance	-	-	**10,734.63**	5,842.86	-	-
Investment made during the year in CCPS						
Sanmar Group International Limited	-	-	-	4,821.95	-	-
Investment redeemed during the year in CCPS						
Sanmar Group International Limited	-	-	**4,821.95**	-	-	-
Balances as at year end						
Investments	-	-	**15,557.24**	4,822.39	-	-
Sundry receivable	-	-	**725.34**	712.36	-	-
Trade receivables	-	-	**0.96**	1.14	-	-

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

Note : 38

Details of Investment	**As at March 31, 2021**	**As at March 31, 2020**
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E.	**0.44**	0.44
March 31, 2021: 2 (March 31, 2020 : 2) Equity shares, fully paid up, par value EGP 1000 each		
Chemplast Cuddalore Vinyls Limited	**3,003.45**	-
March 31, 2021: 303,030,303 (March 31, 2020: Nil) Equity shares, fully paid up, par value Rs 10 each		

The Company has pledged the entire investment held in the equity shares of TCI Sanmar Chemicals in favour of investee's lenders pursuant to the contractual requirements contained in respect of the borrowings availed by the investee.

The Company has pledged its entire shareholding in its wholly owned subsidiary company Chemplast Cuddalore Vinyls Limited in favour of Housing Development Finance Corporation Limited (HDFC) with regard to the facility of Rs.12,200 Million availed by Sanmar Engineering Services Limited from HDFC. The Principal amount due to HDFC by SESL as on March 31,2021 was Rs.12,200 Million.

Compulsorily Convertible Preference Shares (CCPS)		
Sanmar Group International Limited (Associate)	-	4,821.95
March 31, 2021 : Nil (March 31, 2020: 482,195,623) Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each		
Compulsorily Convertible Debentures (CCD)		
Chemplast Cuddalore Vinyls Limited	**12,553.35**	-
March 31, 2021: 125,533,516 (March 31, 2020: Nil) Compulsorily Convertible Debentures (CCD) of Rs.100 each		

(a) Acquisitions and Investments

As approved by the Board of Directors on March 30, 2021, the Company has invested on March 31, 2021, Rs 3003.45 Million (including stamp duty) for acquisition of 100% of Equity Share Capital in Chemplast Cuddalore Vinyls Limited ("CCVL"), a company engaged in the business of manufacture and sale of Suspension PVC.The Company also invested in zero coupon compulsorily convertible debentures aggregating to Rs 12553.35 million in CCVL.

(b) Redemption of investments

The Company on March 30, 2021 has redeemed its investment in Compulsorily convertible preference shares of Rs 4821.95 million in Sanmar Group International Limited, an associate of CSL pursuant to change in terms of this instrument as agreed with the parties involved.

Note : 39

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 : 40

Contingent liabilities *

Particulars		
A. Claims against the company not acknowledged as debts :		
- On account of Direct Taxes	67.26	61.25
- On account of Indirect Taxes	228.82	229.77
- On account of other disputes	143.96	148.98
B. Corporate guarantee given to State Industries Promotion Corporation of Tamil Nadu (SIPCOT) in respect of soft loan availed by Chemplast Cuddalore Vinyls Limited from SIPCOT	1,076.63	1,076.63
- (Total amount of the corporate guarantee given by Chemplast Sanmar Ltd to SIPCOT for the soft loan facility is Rs 3,318.60 Million – Actual amount of the Loan drawn by CCVL against this facility is Rs 1,076.63 Millions (Previous year Rs. 1,076.63 Million)		
Total	**1,516.67**	1,516.62

*

-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.

	As at March 31, 2021	**As at March 31, 2020**
Note : 41		
Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	276.84	291.66
	276.84	291.66

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

Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Note: 42

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, 2021.

Note : 43

Dues to micro and small enterprises

As at March 31, 2021, 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 32 and 34 have been determined to the extent such parties have been identified on the basis of information available with the Company.

Note: 44

Exceptional items before tax is Rs. 156.84 Million (Previous year Nil compensation payable) refers to compensation payable to employees who have opted for an early separation scheme announced by the company

Note: 45

Miscellaneous expenses includes Rs.50.52 Million (March 31, 2020: Rs.68.45 Million) towards expenditure on CSR against Rs 50.14 Million (Previous year Rs.67.20 Million) to be spent as per the Companies Act, 2013.

Note: 46

Previous year's figures have been regrouped wherever necessary.

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Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)
Note : 47
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, 2021 by a private actuary.

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

	Valuation at	
	March 31, 2021 %	March 31, 2020 %
Discount rate(s)	6.97%	6.70%
Expected return on plan assets	6.97%	6.70%
Expected rate(s) of salary increase	7.00%	6.70%
Attrition rate	2.00%	2.00%

Cost of defined benefit plans are as follows.

	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	12.68	10.91
Interest on obligation	7.35	7.71
Expected return on plan assets *(to the extent it represents an adjustment to interest cost)*	(7.30)	(7.96)
Net cost recognised in the Statement of Profit and Loss	12.73	10.66
Expected return on plan assets *(to the extent it does not represent an adjustment to interest cost)*	-	-
Actuarial (gains)/losses recognized in the year	(5.08)	11.56
Net gain recognised in the Other Comprehensive Income	(5.08)	11.56

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, 2021	As at March 31, 2020
Present value of funded defined benefit obligation	116.69	126.53
Fair value of plan assets	116.51	107.39
Net Liability / (Asset)	0.18	19.14

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

	Year ended March 31, 2021	Year ended March 31, 2020
Opening fair value of plan assets	107.39	111.97
Expected return on plan assets	7.30	7.96
Actuarial gains / (losses)	(1.14)	(0.96)
Contributions from the employer	26.61	-
Transfer of obligations	3.79	0.49
Benefits paid	(27.44)	(12.07)
Closing fair value of plan assets	116.51	107.39

Chennai

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
Opening defined benefit obligation	126.53	108.89
Current service cost	12.68	10.91
Interest cost	7.35	7.71
Actuarial (gains)/losses	(6.22)	10.60
Transfer of obligations	3.79	0.49
Benefits paid	(27.44)	(12.07)
Closing defined benefit obligation	116.69	126.53
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	0.37	-
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	(6.59)	10.60
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]		
Year 1	5.83	11.98
Year 2	14.15	24.29
Year 3	14.79	10.49
Year 4	14.17	12.98
Year 5	8.77	8.60
Years 6 through 10	40.29	44.71

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.16.20 Million 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 %	(1.82)	0.91	(10.16)
Decrease in discount rate by 1 %	1.48	0.16	12.02
Increase in salary escalation by 1 %	1.48	1.42	12.05
Decrease in salary escalation by 1 %	(1.85)	(0.14)	(10.37)

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Note: 48
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 47.

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 36 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.

Revenue from contract with customers
The Company estimates variable considerations to be included in the transaction price for the sale of goods and volume rebates. The Company's expected rebates and discounts are analysed on a per customer basis for contracts that are subject to the applicable thresholds. Determining whether a customer will be likely entitled to rebate and discounts will depend on the customer's rebates entitlement and total purchases to date.

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to for its borrowings.

Useful life of PPE
Estimated useful life of certain items of PPE are based on economic life of these assets as estimated by the management basis a technical assessment and usage and replacement policy of such assets. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Chemplast Sanmar Limited
Notes forming part of standalone financial statements for the year ended March 31, 2021
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Note 49

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.

Note 50

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

CHEMPLAST SANMAR LIMITED

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Chemplast Cuddalore Vinyls Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2021
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreignsubsidiaries	INR
4.	Share capital	3,030,303,030
5.	Reserves & surplus	(24,071,285,195)
6.	Total assets	17,594,674,373
7.	Total Liabilities	25,739,106,538
8.	Investments	-
9.	Turnover	25,107,389,781
10.	Profit before taxation	3,578,386,582
11.	Provision for taxation	911,893,176
12.	Profit after taxation	2,666,493,406
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations- Nil
2. Names of subsidiaries which have been liquidated or sold during the year.- Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	
1. Latest audited Balance Sheet Date	NOT APPLICABLE
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extent of Holding%	
3. Description of how there is significant influence	
4. Reason why the associate/joint venture is not consolidated	
5. Net worth attributable to shareholding as per latest audited Balance Sheet	
6. Profit/Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN: 00018391

Amarnath Ananthanarayanan
Director
DIN: 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6th Floor - "A" Block
Tidel Park, No. 4
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel : +91 44 6117 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Chemplast Sanmar Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Chemplast Sanmar Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary are together referred to as "the Group") its associate and joint venture comprising of the Consolidated Balance sheet as at March 31 2021, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associate and joint venture, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note – 2.4 in the accompanying consolidated financial statements which describes the management's assessment of continuing uncertainties caused due to Covid-19 pandemic, and its consequential impact on the Group's operations and carrying value of its assets as at March 31, 2021.

Our opinion is not modified in respect of the above matter.

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

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

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate and its joint venture in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India ("Ind-AS").

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group, its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, its associate and joint venture or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

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

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

Chennai

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associate and joint venture of which we are the independent auditors, to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Chennai

Other Matter

(a) The Consolidated Ind AS Financial Statements include the Group's share of net loss of Rs. 2636.53 million in respect of one associate and the share of net loss of Rs. 699.12 million in respect of one joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management.

(b) Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the, joint venture and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture and associate, is based solely on the reports of such other auditors.

(c) The comparative information for the year ended March 31, 2020 included in the Consolidated Ind AS Financial Statements is not audited and have been furnished to us by the management of the Company.

Our opinion above on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of associate and joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;

(b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company and Associate, none of the directors of the Group and its Associate incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary company incorporated in

Chennai

India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the, Associate, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiary, and associate incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the associate and joint venture, as noted in the 'Other matter' paragraph:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Ind AS Financial Statements – Refer Note 40 to the Consolidated Ind AS Financial Statements;

ii. The Group and its did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary and associate incorporated in India during the year ended March 31, 2021.

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

Arvind.K

per Aravind K
Partner
Membership Number: 221268
UDIN: 21221268AAAAEG1774
Place of Signature: Chennai
Date: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS 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")

In conjunction with our audit of the Consolidated Ind AS of Chemplast Sanmar Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Chemplast Sanmar Limited (hereinafter referred to as the "Holding Company"), its subsidiary (the Holding Company and its subsidiary are together referred to as "the Group"), for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Group is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the respective company's internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 Consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Group and the associate has, in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Group 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

Arvind.K

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

per Aravind K
Partner
Membership Number: 221268
UDIN: 21221268AAAAEG1774
Place of Signature: Chennai
Date: July 16, 2021

Chemplast Sanmar Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2021

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

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
Revenue			
Revenue from operations	4	37,987.26	31,227.61
Other income	5	163.82	192.10
Total Income		**38,151.08**	**31,419.71**
Expenses			
Cost of materials consumed	6a	20,657.61	19,378.56
Purchase of traded goods	6b	310.78	
Changes in inventories of traded goods, finished goods and work-in-progress	7	262.83	(52.73)
Employees' benefit expense	8	1,135.83	1,183.53
Other expenses	9	6,005.59	6,714.46
Depreciation expense	10 & 10.1	1,310.86	1,290.66
Finance costs	11	4,333.62	2,118.80
Total Expenses		**34,017.12**	**30,633.28**
Profit before tax, exceptional items and share of Profit / (Loss) from Joint Venture and associate		**4,133.96**	**786.43**
Share of Profit/(Loss) from Joint Venture and Associate	48	(3,335.65)	(1,412.20)
Profit on redemption/sale of investments in Joint Venture and Associate		4,828.29	713.79
Profit / (Loss) before tax and exceptional items		**5,626.60**	**88.02**
Exceptional items	41	(156.84)	(1,068.95)
Profit / (Loss) before tax		**5,469.76**	**(980.93)**
Tax expense:			
Current Tax		(811.70)	(298.81)
Income Tax relating to earlier years	12	35.14	172.91
Deferred Tax		(592.35)	634.99
Profit / (Loss) after tax		**4,100.85**	**(471.84)**
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans	47	6.81	(15.43)
- Share of OCI from Joint Venture		-	(50.10)
- Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate	48	(104.93)	25.05
- Revaluation of property, plant and equipment		-	-
- Deferred tax expense on the above items		34.45	13.78
- Adjustment of deferred tax liability relating to assets revalued on change in tax rates		29.82	603.52
Items that may be reclassified to profit or loss in subsequent periods			
- Share of OCI from Joint Venture and Associate	48	(265.70)	210.92
- Deferred tax expense on the above items		78.73	(58.71)
Total Other Comprehensive Income		**(220.82)**	**729.03**
Total Comprehensive Income		**3,880.03**	**257.19**
Basic and Diluted Earnings per share (equity shares, par value Rs 5/- each)	14	**30.59**	**(2.09)**

*Refer to Note 39

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

Ar nd.K
per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: July 16, 2021

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

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited
Consolidated Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020 (Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	10	31,325.75	32,319.53
Capital work-in-progress		250.81	127.28
Right-of-use assets	10.1	153.40	184.27
Investment in Joint Venture and Associate	15	-	26,434.57
Financial Assets			
(i) Investments	15	0.44	6.44
(ii) Other Financial Assets	16	242.88	167.61
Other non-current assets	17	101.51	92.45
Non-Current tax assets (Net)		43.31	43.16
		32,118.10	59,375.31
Current assets			
Inventories	18	4,070.90	3,198.49
Financial Assets			
(i) Trade Receivables	19	739.27	501.06
(ii) Cash and cash equivalents	20	3,034.88	921.66
(iii) Derivative Assets	33	-	529.91
(iv) Other Bank balances	21	3,477.70	876.99
(v) Other Financial Assets	22	892.23	636.71
Other current assets	23	333.18	293.56
		12,548.16	6,958.38
Assets classified as held for sale	10.2	198.91	-
		12,747.07	6,958.38
Total assets		**44,865.17**	**66,333.69**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	24	670.40	670.40
Instruments entirely equity in nature	25	343.20	24,896.55
Other Equity	26	(4,508.51)	(8,388.54)
Total Equity		(3,494.91)	17,178.41
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	27	20,245.49	20,260.46
(ii) Other Financial Liabilities	28	758.79	807.71
Deferred Tax Liabilities (Net)	29	7,200.02	6,750.67
Other non-current liabilities	30	173.63	193.77
		28,377.93	28,012.61
Current liabilities			
Financial Liabilities			
(i) Borrowings	31	-	1,168.95
(ii) Trade Payables	32		
- Total outstanding dues of micro enterprises and small enterprises		67.69	35.15
- Total outstanding dues of creditors other than micro enterprises and small enterprises		16,493.77	13,936.36
(iii) Derivative liabilities	33	156.50	-
(iv) Other financial liabilities	34	2,469.30	5,181.21
Other current liabilities	35	402.10	599.47
Current Tax Liabilities (Net)		392.79	221.53
		19,982.15	21,142.67
Total liabilities		48,360.08	49,155.28
Total equity and liabilities		**44,865.17**	**66,333.69**

* Refer to Note 39

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

As per 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: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

Chemplast Sanmar Limited

Consolidated Statement of Cash Flows for the year ended March 31, 2021

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

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)*
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	5,626.60	88.02
	Adjustments for:		
	Depreciation	1,310.86	1,290.66
	Interest and finance charges	4,333.62	2,118.80
	(Profit) / Loss on sale of Property, Plant & Equipment (net)	2.74	4.53
	Provision no longer required written back	(29.16)	(12.89)
	Fair value change in Investment	6.00	
	Distribution of profit received from partnership firm	-	(20.40)
	Interest Income	(123.12)	(83.24)
	Share of Loss from Joint Ventures / Associates	3,335.65	1,412.20
	Profit on redemption of investments in Joint Venture	(4,828.29)	(713.79)
	Difference in fair value of derivative instruments	686.40	(1,131.24)
	Unrealised (gain) / loss of foreign exchange transactions	730.87	1,262.12
	Government Grant Income	(5.81)	(26.93)
	Exceptional Item	(156.84)	(1,068.95)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**10,889.52**	**3,118.89**
	Adjustments for changes in:		
	Trade and other receivables	(391.37)	(259.82)
	Inventories	(872.40)	678.34
	Trade and other payables	1,743.60	(1,257.13)
	CASH GENERATED FROM OPERATIONS	**11,369.35**	**2,280.28**
	Income taxes paid (net)	(605.45)	(424.05)
	NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**10,763.90**	**1,856.23**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Redemption of investments in Joint Venture (net)	10,734.63	4,407.94
	Redemption of investments in compulsorily convertible preference shares in associate	16,821.95	-
	Investments made in compulsorily convertible preference shares in associate	-	(16,821.95)
	Investments made in equity shares of subsidiary	(3,003.45)	-
	Purchase of Property, Plant & Equipment	(553.93)	(645.37)
	Margin Deposits placed with/withdrawn from banks (net)	(2,600.71)	(842.61)
	Distribution of profit received from partnership firm	-	20.40
	Interest received	108.58	83.31
	Proceeds from sale of Property, Plant & Equipment	8.80	3.37
C.	**NET CASH FROM / (USED IN) INVESTING ACTIVITIES**	**21,515.87**	**(13,794.91)**
	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from non-convertible debentures	-	12,700.00
	Proceeds from Long term borrowings	2,000.00	8,354.98
	Repayment of long-term borrowings / non-convertible debentures	(2,544.30)	(1,095.05)
	Proceeds / (Repayment) from short-term borrowings (net)	(1,127.49)	(438.81)
	Redemption of instruments entirely equity in nature consequent to change in terms	(24,553.35)	(17,235.00)
	Payment of lease liability	(45.60)	(44.98)
	Interest and finance charges paid	(3,895.81)	(2,565.31)
	Issue of Zero Coupon Compulsorily Convertible Debentures to ultimate holding company	-	12,193.50
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(30,166.55)**	**11,869.33**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,113.22**	**(69.35)**
	Cash and cash equivalents at the beginning of the year	921.66	991.01
	Cash and cash equivalents at the end of the year	3,034.88	921.66

* Refer to Note 39

As per 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: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of

Chemplast Sanmar Limited

Ramkumar Shankar

Managing Director

DIN : 00018391

Amarnath Ananthanarayanan

Director

DIN : 02928105

M Chandrasekar

Chief Financial Officer

M Raman

Company Secretary

Memb No. ACS 06248

Chemplast Sanmar Limited
Consolidated Statement of changes in equity for the year ended March 31, 202
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Particulars	Equity Share Capital	Instruments entirely equity in nature	Other Equity								
			Reserves and Surplus						Share of Associate and Joint Venture	Asset Revaluation Reserve	Total
			Capital Reserve	Securities premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained earnings	General reserve			
Balance at April 1, 2019 (Restated)*	670.40	29,938.05	(32,307.19)	1,266.71	392.51	-	6,302.36	207.57	145.95	15,346.36	(8,645.73)
Profit/(Loss) for the year	-	-	-	-	-	-	(471.84)	-	-	-	(471.84)
Depreciation on revalued assets	-	-	-	-	-	-	408.53	-	-	(408.53)	-
Issue of Zero Coupon Compulsorily Convertible Debentures	-	12,193.50	-	-	-	-	-	-	-	-	-
Redemption consequent to change in terms of the instruments	-	(17,235.00)	-	-	-	-	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	1,270.00	(1,270.00)	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	(10.40)	-	135.91	603.52	729.03
Profit / (loss) on sale/redemption of investments of Joint Venture	-	-	-	-	-	-	105.54	-	(105.54)	-	-
Balance at March 31, 2020 (Restated)*	670.40	24,896.55	(32,307.19)	1,266.71	392.51	1,270.00	5,064.19	207.57	176.32	15,541.35	(8,388.54)
Profit for the year	-	-	-	-	-	-	4,100.85	-	-	-	4,100.85
Depreciation on revalued assets	-	-	-	-	-	-	412.10	-	-	(412.10)	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	(31.75)	-	31.75	-	-	-
Issue of Zero Coupon Compulsorily Convertible Debentures	-	-	-	-	-	-	-	-	-	-	-
Profit / (loss) on sale/redemption of investments of Joint Venture and Associate	-	-	-	-	-	-	(78.91)	-	78.91	-	-
Redemption consequent to change in terms of the instruments	-	(24,553.35)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	4.59	-	(255.23)	29.82	(220.82)
Balance at March 31, 2021	**670.40**	**343.20**	**(32,307.19)**	**1,266.71**	**392.51**	**1,238.25**	**9,502.82**	**239.32**	**-**	**15,159.07**	**(4,508.51)**

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.

* Refer Note 39

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E30000

per Aravind K
Partner
Membership No: 221268
Place: Chennai
Date: July 16, 2021

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

For and on behalf of the board of directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248

1 Corporate Information

Chemplast Sanmar Limited ("the Holding Company", "CSL") is a public limited Company incorporated and domiciled in Chennai. The registered office is located at Cathedral Road, Chennai and is into the production and sale of speciality chemicals. As of March 31, 2021, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies. As approved by the Board of Directors on March 30, 2021, the Company has acquired 100% of Equity Share Capital in Chemplast Cuddalore Vinyls Limited ("the Subsidiary Company","CCVL"), a company engaged in the business of manufacture and sale of Suspension PVC from Sanmar Engineering Services Limited.

2. Basis of Preparation

2.1. Statement of Compliance:

These financial statements of the Group have been prepared and presented from April 1, 2020 to March 31, 2021 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, 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 millions, except when otherwise indicated. These consolidated financial statements were authorized for issue by the Holding Company's Board of Directors on July 16, 2021.

2.2. Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Holding Company, its Subsidiary Company (Together called as The Group), Associate and Joint Venture as at March 31, 2021. Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee
Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
► The contractual arrangement with the other vote holders of the investee
► Rights arising from other contractual arrangements
► The Company, its Subsidiary, its Joint Venture and its Associates' voting rights and potential voting rights
► The size of the Company, its Subsidiary, its Joint Venture and its Associates' holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.
The Company, its Subsidiary, its Joint Venture and it's Associates re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group, its Joint Venture and it's Associates obtains control over the subsidiary and ceases when the Group, its Joint Venture and its Associates loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group, its Joint Venture and its Associates gains control until the date the Group, its Joint Venture and its Associates ceases to control the subsidiary.
Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.
Consolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent group.
Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Historical Audited Consolidated Financial Statements at the acquisition date.
(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
(c) Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-Group transactions that are recognized in assets, such as fixed assets, are eliminated in full). Intra-Group losses may indicate an impairment that requires recognition in the Historical Audited Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra Group transactions.
Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in the statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.
If the Group loses control over a subsidiary, it:

- ► Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- ► Derecognizes the carrying amount of any non-controlling interests
- ► Derecognizes the cumulative translation differences recorded in equity
- ► Recognizes the fair value of the consideration received
- ► Recognizes the fair value of any investment retained
- ► Recognizes any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities
A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Investments in Associate and Joint Venture
An associate is an entity over which the Group 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.
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.
The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.
The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.
If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If,

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

the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.
The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.
The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.
Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Particulars of consolidation
The Financial Statements of the following Joint Venture and Associates have been considered for consolidation:

Name of the Company	Percentage of voting Power as on	
	March 31, 2021	March 31, 2020
Chemplast Cuddalore Vinyls Limited (CCVL)	100%	-
Sanmar Group International Limited (SGIL) (Associate of CSL)	-	12.83%
Mowbrays Corporate Finance (MCF) (Joint Venture of CSL)	-	Equal share between 7 partners during the year ended March 31,2020
Sanmar Group International Limited (Associate of MCF)	-	28.55%*

Also Refer Note 39, 48(A) and 48(B)
*represents holding % of MCF in SGIL

2.3. Current versus non-current classification

The Group 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

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Based on the nature of products/activities, the Group 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 Group's business

The outbreak of Coronavirus pandemic has resulted in significant hardships in economic activities in the country including the Group's business too. The Government enforced lockdown from time to time has caused impact on the operations of the Group including stoppage of production, supply chain disruption etc., In addition, there is also significant volatility in prices of the petrochemical products, primarily driven steep reduction in global crude oil prices as well as lack of demand in the market.

As detailed in the relevant notes to the consolidated financial statements, the Group has made a detailed assessment of its liquidity position for the next one year and of the recoverability of the Group's assets comprising Property, plant and equipment, Investments and Inventories based on internal and external information up to the date of approval of these financial statements. Based on performance of sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to the Group'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 consolidated financial statements.

2.5. Appropriateness of the Going Concern Assumption in the preparation of the financial statements:

During the year ended March 31, 2021, the Group has made a profit before share of profit / (loss) from associate and joint venture, exceptional items and tax of Rs. 4,133.96 million (Profit before share of profit / (loss) from associate and joint venture, exceptional items and tax of Rs. 786.43 million for the comparative year ended March 31, 2020) . The management expects the demand for the Group's products to continue in similar manner in the foreseeable future thereby reaching the estimated volume for Fiscal 2022 and considering the overall deficit in the PVC capacity in India, is confident that the Group would be able to operate its plant at optimal capacity to generate profitable operations for Fiscal 2022.

The Group also has a net current liability position of Rs.7,235.08 million as at March 31, 2021 (net current liability position of Rs. 14,184.29 million as at March 31, 2020) primarily facilitated by the extended credit terms offered by its key suppliers of inputs.

Due to the impact of Covid-19 on its operations and cash flow, the Group has availed the benefits of moratorium with regard to the interest payments in relation to the Non-Convertible Debentures issued by the Group and term loans availed from banks. The Group has made the interest payments as per the revised agreed terms. There is no deferred interest outstanding in respect of Non-Convertible Debentures as on March 31, 2021. The Group is in compliance with the revised terms and condition of the debenture agreement. Management has negotiated extension of due dates obtaining favorable credit terms with vendors for key raw materials to ensure adequate supply of inputs for operations, availed moratorium on facilities from its bankers for making payments of principal instalments and interest on its borrowings etc.

Thus, the management is of the view that the Group will be able to achieve cash-profitable operations and manage funds as necessary, in order to meet its liabilities as they fall due and accordingly, these Consolidated financial statements have been prepared on the basis that the Group will continue as a going concern for the foreseeable future.

3 Significant Accounting Policies

3.1. Business combination under common control

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party both before and after the business combination, and that control is not transitory.

The Group accounts for its business combination under common control using pooling of interest method of accounting as per Appendix C of Ind AS 103. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the definition for recognition are recognized at their carrying amount at the acquisition date. Transferor's reserves are preserved and are appeared in the financial statements of the transferee in the same form in which they appear in the financial statements of the transferor. Acquisition date is the beginning of the preceding period in case the common control is established prior to such

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date. However, if business combination had occurred after such date, the acquisition date is considered only from that date.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had begen combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred. Also refer note 39.

3.2. 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.

3.3. Measurement of fair values

A number of the Group'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 Group.

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 Group has an established control framework with respect to the measurement of fair values. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Group 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 categorized 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 Group 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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes 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 Group 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 summarizes 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 51)
► Quantitative disclosures of fair value measurement hierarchy (Note 36.10)

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► Investment in unquoted equity shares (Note 15)

3.4. 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 recognized when the Group 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 Group 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.

3.4.1. 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);

a. Debt instruments at amortized cost;

A 'Debt instrument' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 36.8.1.

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 recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group 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 statement of profit and loss. Fair value is determined in the manner described in Note 36.10.

3.4.1.1. Impairment of financial assets

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

• Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance:
The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.
The application of simplified approach does not require the Group to track changes in Credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Group 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 recognizing 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 Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original EIR. When estimating the cash flows, the Group 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 Group 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
As a practical expedient, the Group 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 analyzed.
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 statement of profit and loss. The balance sheet presentation for various financial instruments is described below:
• Financial assets measured as at amortized 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 Group does not reduce impairment allowance from the gross carrying amount.
For assessing increase in credit risk and impairment loss, the Group 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.

3.4.1.2. Derecognition of financial assets

The Group derecognizes 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized 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 recognized in other comprehensive income and accumulated in equity is recognized in the statement of profit and loss.

3.4.2. Financial liabilities and equity instruments

3.4.2.1. Classification as debt or equity

Debt and equity instruments issued by a Group 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.

3.4.2.2. 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 Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.4.2.3. 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 amortized 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 recognized 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 recognized.
Where a convertible debt instrument meets the criteria of an equity in its entirety, such instruments are classified under "Instruments entirely equity in nature".

3.4.2.4. 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 Group'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 Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and 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.

3.4.2.5. Financial Guarantees

Group as a beneficiary: Financial guarantee contracts involving the Group as a beneficiary are accounted as per Ind-As 109. The Group 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.
Group as a guarantor: The Group on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts, respectively. Wherever the Group has regarded its financial guarantee contracts as insurance contracts, at the end of each reporting period the Group performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of future cash flows), and any deficiency is recognised in statement of profit and loss.

Where they are treated as a financial instrument, the financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

3.4.2.6. 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 recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included

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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 36.10.

3.4.2.7. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group'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 derecognized and the consideration paid and payable is recognized in profit or loss.

3.4.3. 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.4.4. Effective interest method

The effective interest method is a method of calculating the amortized 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.

3.4.5. Derivative financial instruments

The Group 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 recognized 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 recognized in profit or loss immediately

3.5. Property, plant and equipment

3.5.1. Recognition and measurement

Property, Plant & Equipment are initially recognized 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 recognized 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 recognized in profit or loss, the increase is recognized in statement of profit or loss. A revaluation deficit if any, is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized 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 Group 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 Group 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.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

The Group, 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 - 13 years
Computers and peripherals	3 years
Office equipments	3 - 5 years
Furniture and fixtures	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized 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 derecognized.
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.

3.6. Non-Current Assets Held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the Balance sheet.

3.7. Inventories

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

3.8. Retirement and Employees benefits

Short term employees' benefits including accumulated compensated absence are recognized as an expense as per the Group'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.

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Post-Retirement benefits comprise of employees' provident fund and gratuity which are accounted for as follows:
Provident Fund / Employee State Insurance:
This is a defined contribution plan and contributions made to the fund are charged to revenue. The Group has no further obligations for future fund benefits other than annual contributions.
Gratuity:
The Group 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 Group makes 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.
Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Termination benefits

Termination benefits are recognized only when the Group 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.

3.9. Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group 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 Group 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. Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods

Revenue from sale of goods is recognized 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.

Contract Balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in Note 3.4.1.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Some contracts provide customers with volume rebate.

Volume Rebates / Price concessions / Special discounts:

The Group provides for volume rebates, price concessions, special discounts to certain customers once the quantity of goods sold during a period exceeds an agreed threshold. Rebates are offset against amounts receivable from customers. To estimate the variable consideration, the Group applies the most likely amount method or the expected value method to estimate the variable consideration in the contract.
Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less

Service Income

Income from services rendered is recognized 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

The share of income from the partnership firm is recognized based on distributions from the firm in accordance with the terms of the partnership deed when the Group's right to receive such distribution is established.

Interest income

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

3.10. Leases

Group as a lessor:

A lease is classified at the inception date as a finance lease or an operating lease. Leases in which the Group 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 Group to the lessee.

Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group recognizes 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 recognized, 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 Group 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 Group 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 Group 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.

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3.11. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the respective reporting dates.

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 recognized 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 recognized for all deductible temporary differences, the carry forward of any unused tax losses and unabsorbed depreciation. Deferred tax assets are recognized 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 utilized, 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 recognized only if there is a reasonable certainty, with respect to unabsorbed depreciation and business loss, that they will be realized

Current tax / deferred tax relating to items recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax / deferred tax items are recognized 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 Group 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 Group recognizes MAT credit as an asset, it is recognized by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group 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 recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

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 Group 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 Group applies significant judgment in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Group has determined, that it is probable that its tax treatments will be accepted by the taxation authorities.

3.12. 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 Group's cash management.

3.13. Provisions and contingencies

Provisions are recognized when the Group 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 recognized 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3.14. Government grants

Government grants are recognized 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 recognized 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 recognized 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 favorable interest is regarded as a government grant. The loan or assistance is initially recognized 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.

3.15. 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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 Group are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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 recognized in the statement of profit or loss when the asset is derecognized.

3.16. 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.

3.17. Impairment of non-financial assets

The Group 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 Group 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 Group'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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 Group 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.

3.18. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity holder of the Group 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 Group and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3.19. New and amended standards and interpretations:

The Company has applied for the first time, certain standards and amendments, by virtue of the applicability of Companies (Indian Accounting Standards) Amendment Rules, 2020 which are effective for annual reporting periods beginning on or after April 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Ind AS 103: Definition of a Business

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Group but may impact future periods should the Company enter into any business combinations.

Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform
The amendments to IND AS 109 and Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IND AS 1 and IND AS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Group.

Amendments to IND AS 116: Covid-19 Related Rent Concessions
The amendments provide relief to lessees from applying IND AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. This amendment had no impact on the financial statements of the Group.

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Chemplast Sanmar Limited

Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Note : 4		
Revenue from operations		
(i) Revenue from contract with customers*		
Revenue from the sale of goods	37,676.91	31,125.60
Revenue from the sale of traded goods	248.67	-
Revenue from the rendering of services	0.39	1.52
Leasing income	1.28	20.39
Agency commission	-	0.03
(ii) Other operating revenue		
Revenue from sale of scrap	31.43	34.67
Revenue from export incentives	28.58	45.40
	37,987.26	31,227.61

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

Revenue as per Contracted Price	38,597.01	32,032.34
Adjustments towards:		
Volume Rebates	246.98	326.80
Price concessions	339.32	325.53
Special discounts	83.46	232.47
Revenue as per statement of profit and loss	**37,927.25**	31,147.54

Contract Balances		
Particulars		
Trade Receivables (contract asset)	739.27	501.06
Advance from customers (contract liability)	200.65	378.63
Revenue recognised from opening contract liabilities#	378.63	135.69
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India	1,765.55	1,213.73
- Within India	36,221.71	30,013.88

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

Also includes revenue recognised from opening contract liabilities of subsidiary company

Note : 5		
Other income		
Distribution of profit received from partnership firm	-	20.40
Provisions no longer required written back	29.16	12.89
Amortization of Government grants	5.81	26.93
Recovery of bad debts	-	0.11
Interest Income on financial assets at amortised cost	123.12	83.24
Miscellaneous income	5.73	48.53
	163.82	192.10

Note : 6		
(a) Cost of materials consumed		
Inventories of materials at the beginning of the year	1,906.01	2,696.19
Add: Purchases	21,698.85	18,588.07
Less: Inventories of materials at the end of the year	2,947.25	1,905.70
	20,657.61	19,378.56
(b) Purchase of traded goods	310.78	-
	310.78	-

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Chemplast Sanmar Limited

Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Note : 7		
Changes in inventories of traded goods, finished goods and work in progress		
Inventories at the beginning of the year		
Work in progress	54.44	44.03
Finished goods	650.38	608.06
	704.82	652.09
Inventories at the end of year		
Work in progress	110.29	54.44
Finished goods	217.74	650.38
Traded goods	113.96	-
	441.99	704.82
	262.83	(52.73)

Note : 8		
Employees' benefit expense		
Salaries and wages	1,050.26	1,102.82
Contribution to provident and other funds	47.28	45.28
Gratuity Expense (Refer note 47)	17.17	14.55
Staff welfare expenses	21.12	20.88
	1,135.83	1,183.53

Note : 9		
Other expenses		
Power and fuel	2,995.33	3,384.09
Stores consumed	627.83	622.76
Commission on sales	86.13	92.06
Rent	4.83	2.02
Insurance	133.24	137.72
Rates and taxes	50.79	51.45
Repairs and maintenance		
- Machinery	337.59	338.97
- Building	54.23	98.45
- Others	95.59	111.72
Freight and handling	280.41	293.52
Difference in foreign exchange (net) *	548.60	624.54
Outside processing expenses	53.32	56.85
Operation & Maintenance expenses	153.69	148.17
Legal and professional fees	118.70	225.20
Payment to auditor^	9.32	10.78
Miscellaneous expenses (Also Refer Note 45)	455.99	516.16
	6,005.59	6,714.46

*Net of fair value loss on derivative instruments at FVTPL of Rs.686.40 Million (2019-20:Gain Rs. 1,131.24 Million)

^ Payment to auditor		
For Statutory Audit	6.66	7.90
For Tax Audit	1.07	0.97
For Limited Review	1.13	1.26
For Certification Services	0.32	0.42
For Other Services	0.10	0.15
For Reimbursement of Expenses	0.04	0.08
	9.32	10.78

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Chemplast Sanmar Limited

Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Note: 11		
Finance costs		
Interest on bank overdrafts and loans	3,756.37	1,675.20
Other finance costs	572.94	429.64
Bank charges	4.31	13.96
	4,333.62	2,118.80
Note: 12		
Income tax expenses		
Current Tax:		
Current Income tax charge	(811.70)	(298.81)
Adjustments in respect of current income tax of prior years	35.14	172.91
Deferred tax:		
Relating to origination and reversal of temporary differences	(592.35)	634.99
Income tax expense reported in statement of profit and loss	**(1,368.91)**	509.09
Other comprehensive income (OCI):		
Items that will not be reclassified to Profit or Loss in subsequent periods		
Net loss/(gain) on remeasurements of defined benefit obligations	(2.22)	5.03
Net loss/(gain) on recognition of deferred tax on revaluation of property, plant and equipment		
Share of OCI from Joint Venture and Associate	-	15.17
Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate	36.67	(6.42)
Adjustment of deferred tax liability relating to assets revalued on change in tax rates	29.82	603.52
Items that may be reclassified to profit or loss in subsequent periods		
Share of OCI from Joint Venture and Associate	78.73	(58.71)
Income tax charged to OCI	**143.00**	558.59

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2021

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

Accounting profit before tax	5,469.76	(980.93)
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) as follows:	(1,911.35)	342.78
Effects of:		
Availment of unrecognised MAT credit	174.77	88.41
Ineligible expenses	(29.89)	(31.82)
Distribution of Profit received from Partnership firm	-	6.02
Effect of different tax rates of subsidiaries	377.55	(159.56)
Adjustments in respect to current income tax of previous years	21.68	93.91
Leashold land rent charges claimable under Income Tax	(13.30)	(25.73)
Effect of change in substantively enacted tax rates	4.21	169.17
Impact of Government grant being recognised on below-par	1.46	6.90
Others	5.96	19.01
Net effective Income tax	**(1,368.91)**	509.09

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Chemplast Sanmar Limited

Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
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 2021		
Retained Earnings		
Re-measurement gains/(losses) on defined benefit obligations	4.59	(10.40)
Share of Associate and Joint Venture		
Share of OCI from Joint Venture that may not be reclassified to Profit or Loss in subsequent periods	-	(34.93)
Profit / (Loss) on sale/redemption of investments in Joint Venture that will not be reclassified to Profit or Loss in subsequent periods	(68.26)	18.63
Share of OCI from Joint Venture and Associate that may be reclassified to Profit or Loss in subsequent periods	(186.97)	152.21
Revaluation Surplus		
Adjustment of deferred tax liability relating to assets revalued on change in tax rates	29.82	603.52
	(220.82)	729.03

Note 14

Earnings per share [EPS]:

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the holding 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 holding 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.

Pursuant to sub-division of shares, Earnings Per Share (EPS) in respect of previous year have been restated as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. Refer Note 24.

The following reflects the income and share data used in the basic and diluted EPS computations:

Earnings per share :		
Profit/(Loss) after tax	4,100.85	(471.84)
Earnings used in the calculation of earnings per share	4,100.85	(471.84)
Weighted average number of Equity shares for Basic & Diluted EPS	134,080,000	225,698,852
Basic and diluted earnings per share		
Basic earnings per share	30.59	(2.09)
Diluted earnings per share	30.59	(2.09)

Chemplast Sanmar Limited

Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continuec

(All amounts are in Indian Rupees in Millions unless otherwise stated

Note : 10

Property, plant and equipment

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Helicopter	Total
Cost or valuation									
Balance as at April 01, 2019 (Restated)	10,893.61	405.10	2,375.54	18,148.15	30.35	17.70	45.68	282.45	32,198.58
Additions	9.67	10.24	77.25	1,515.99	18.83	3.67	28.49	-	1,664.14
Disposals	-	-	-	0.10	0.96	0.01	12.28	-	13.35
Balance as at March 31, 2020 (Restated'	10,903.28	415.34	2,452.79	19,664.04	48.22	21.36	61.89	282.45	33,849.37
Additions	-	52.84	15.90	414.00	8.66	1.14	4.12	-	496.66
Disposals	-	-	1.38	57.82	0.11	0.03	15.19	-	74.53
Assets reclassified as held for sale*	-	-	-	-	-	-	-	282.45	282.45
Balance as at March 31, 2021	10,903.28	468.18	2,467.31	20,020.22	56.77	22.47	50.82	-	33,989.05
Accumulated depreciation									
Balance as at April 01, 2019 (Restated)	-	-	14.52	179.53	9.39	7.11	14.89	50.13	275.57
Depreciation expense	-	4.75	113.86	1,110.27	4.87	2.42	7.39	16.70	1,260.26
Eliminated on disposals of assets	-	-	-	-	0.97	0.30	4.72	-	5.99
Balance as at March 31, 2020 (Restated'	-	4.75	128.38	1,289.80	13.29	9.23	17.56	66.83	1,529.84
Depreciation expense	-	4.93	112.87	1,123.28	11.96	3.17	7.07	16.71	1,279.99
Eliminated on disposals of assets	-	-	1.38	57.53	0.11	0.03	3.94	-	62.99
Assets reclassified as held for sale*	-	-	-	-	-	-	-	83.54	83.54
Balance as at March 31, 2021	-	9.68	239.87	2,355.55	25.14	12.37	20.69	-	2,663.30
Net Block									
Balance as at March 31, 2021	10,903.28	458.50	2,227.44	17,664.67	31.63	10.10	30.13	-	31,325.75
Balance as at March 31, 2020 (Restated'	10,903.28	410.59	2,324.41	18,374.24	34.93	12.13	44.33	215.62	32,319.53

Note:

* Refer Note 10.2

For details of charge on Property, Plant & Equipment refer Note 27

Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)

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	**March 31, 2021**	**March 31, 2020 (Restated)**
	INR Millions	INR Millions
Cost	14,229.58	14,089.90
Accumulated depreciation and impairment	3,465.01	2,926.41
Net carrying amount	**10,764.57**	**11,163.49**

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

The Group 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 Millions	*Rs Millions*	*Rs Millions*	*Rs Millions*
Assets measured at fair value:				
March 31,2021				
Revalued Property, Plant and Equipment				
Freehold Land	10,903.28	-	10,903.28	-
Leasehold Land	458.50	-	458.50	-
Buildings	2,227.44	-	-	2,227.44
Plant and Machinery	17,664.67	-	-	17,664.67
	31,253.89	-	11,361.78	19,892.11
Assets measured at fair value:				
March 31,2020 (Restated)				
Revalued Property, Plant and Equipment				
Freehold Land	10,903.28	-	10,903.28	-
Leasehold Land	410.59	-	410.59	-
Buildings	2,324.41	-	-	2,324.41
Plant and Machinery	18,374.24	-	-	18,374.24
	32,012.52	-	11,313.87	20,698.65

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.

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

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* (Restated)	211.15
Remeasurement	3.52
Depreciation	30.40
Balance at March 31, 2020 (Restated)	184.27
Depreciation	30.87
Balance As at March 31, 2021	**153.40**

Carrying amounts of Lease liability recognised and movement during the year

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Balance as at beginning of the year	188.08	203.61
Remeasurement	-	3.52
Accretion of interest	23.60	25.93
Payments	45.60	44.98
Balance as at end of the year	**166.08**	**188.08**
Current	25.08	21.98
Non-current	141.00	166.10

For maturity analysis refer to Note 36.9

***Note on Recognition of Right-of-use asset**

The Group 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.7.54 Million were reclassified as part of Right-of-use asset on the date of initial application.

The following are the amounts recognised in Profit or Loss

Particulars	As at March 31, 2021	Year ended March 31, 2020 (Restated)
Depreciation expense of right-of-use asset	30.87	30.40
Interest expense on lease liabilities	23.60	25.93
Expense relating to short term leases (included in other expenses)	4.83	2.02
Total amount recognised in Profit or Loss	**59.30**	**58.35**

Note : 10.2

Assets held for sale

Based on the management's approval taken before the year end, the Group has subsequent to the year end, sold Helicopter in its present condition and hence has identified the asset as asset held for sale as on March 31, 2021.

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Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020 (Restated)
Note : 15		
i) Investments at FVTPL		
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E (2 Equity shares)	0.44	0.44
Sai Regency Power Corporation Private Limited	-	6.00
	0.44	**6.44**
ii) Investments accounted for at equity method of accounting		
Investment in Jointly venture		
Mowbrays Corporate Finance	-	9,796.04
Investment in associates		
Compulsorily Convertible Preference Shares (CCPS)		
Sanmar Group International Limited	-	16,638.53
	-	**26,434.57**
Aggregate value of unquoted investments	**0.44**	**26,441.01**

Note : 16		
Other non-current financial assets		
(Unsecured, considered good)		
Security deposits	222.90	152.90
Margin deposits	0.59	0.79
Non-current bank deposits	0.48	0.50
Sundry receivables	5.62	5.61
Claims receivables	13.29	7.81
	242.88	167.61

Note : 17		
Other non-current assets		
Security Deposit - Government Authorities	47.50	48.39
Prepaid expenses	8.22	11.58
Capital Advances	45.79	32.48
	101.51	92.45

Note : 18		
Inventories		
Raw materials	726.88	555.25
Work-in-progress	110.29	54.44
Finished goods	217.74	650.38
Traded goods	113.96	-
Stores and spares	681.96	587.97
Intermediates	2,220.07	1,350.45
	4,070.90	**3,198.49**

As at March 31, 2020 Inventories with a value of Rs. 1,165.98 Million were carried at net realizable value. This is after considering a charge to the statement of profit and loss of Rs.1,068.95 Million (PY Rs.Nil) for the year ended March 31, 2020 towards write-down inventories to their net realisable value. During the year ended March 31, 2021, Rs. 812.72 Million (PY Rs. Nil) was utilized or released to the statement of profit and loss from such written-down value of inventory.

Note :

Inventories includes Goods in transit		
Raw Material	47.99	21.79
Intermediaries	1181.32	700.67
Stores and Spares	8.81	9.28
	1238.12	731.75

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

Note : 19
Trade receivables

Unsecured, considered good**		
Receivable from others	739.27	501.06
	739.27	501.06

** Trade Receivables are generally non interest bearing and have a credit period of 1-60 days

Note : 20
Cash and cash equivalents

Bank balances		
-in current account	834.84	876.48
-Deposits with original maturity of less than three months	2,179.50	-
Cheques on hand	14.75	41.29
Cash on hand	5.64	3.74
Stamps on hand	0.15	0.15
	3,034.88	921.66

Note : 21
Other bank balances

Margin deposits (Refer Note 27)	3,267.70	876.99
Deposits with original maturity of more than three months but less than 12 months	210.00	-
	3,477.70	876.99

Note : 22
Other current financial assets
(unsecured, considered good)

Security deposits	3.39	3.09
Sundry receivable	767.21	523.79
Claims receivables	102.52	105.26
Interest receivable	19.11	4.57
	892.23	636.71

Note : 23
Other current assets

Prepaid expenses	33.97	33.10
Balances with Government authorities	25.78	100.40
Advances given to suppliers	273.43	160.06
	333.18	293.56

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

Note : 24	As at March 31, 2021	As at March 31, 2020 (Restated)
Equity Share Capital		
Authorised		
400,000,000 equity shares of Rs.5/- each (Previous year 200,000,000 equity shares of Rs.10/- each)	2,000.00	2,000.00
3,500,000 cumulative redeemable preference shares of Rs.100/- each (Previous year 3,500,000 cumulative redeemable preference shares of Rs.100/- each)	350.00	350.00
	2,350.00	2,350.00
Issued		
134,080,000 equity shares of Rs.5/- each (Previous year 67,040,000 equity shares of Rs.10/- each fully paid up)	670.40	670.40
Subscribed and fully paid-up		
134,080,000 equity shares of Rs.5/- each (Previous year 67,040,000 equity shares of Rs.10/- each fully paid up)	670.40	670.40
	670.40	670.40

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 2019 (Restated)	67,040,000	670.40
Issued during the year	-	-
Balance at 31 March 2020 (Restated)	67,040,000	670.40
Sub-division of shares*	67,040,000	-
Balance As at March 31, 2021	134,080,000	670.40

* The Board of Directors of the the Holding Company in its meeting held on January 30, 2021 and shareholders in the Extraordinary General Meeting held on March 24, 2021 approved the sub-division of shares from rupee 10 per share to rupee 5 per share. As a result the number of equity shares of the Holding Company has increased from 67,040,000 to 134,080,000.

Shares Held by Holding company and its subsidiaries
Sanmar Holdings Limited and its nominees 134,080,000 equity shares (Previous Year 66,240,000 equity shares)

Rights, Preferences and Restrictions attached to shares
Equity Shares: The Holding Company has one class of equity shares having a par value of Rs. 5 per share (March 31, 2020: Rs. 10 per share). Each share holder is eligible for one vote per share held. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at March 31, 2021		As at March 31, 2020 (Restated)	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Holdings Limited and its nominees	132,480,000	98.81%	66,240,000	98.81%

Note : 25
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 01 April 2019 (Restated)	299,380,500	29,938.05
Issued during the year	121,935,000	12,193.50
Redeemed during the year	(172,350,000)	(17,235.00)
Balance at 31 March 2020 (Restated)	248,965,500	24,896.55
Redeemed during the year	(245,533,516)	(24,553.35)
Balance at 31 March 2021	3,431,984	343.20

Rights, Preferences and Restrictions attached to Compulsorily Convertible Debentures ('CCD')
(i) 735,000 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 31, 2029
(ii) 1,200,000 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 31, 2029
(iii) 1,496,984 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 20, 2029
(iv) The CCDs shall not carry any interest.
(v) The CCDs are not marketable securities and can be transferred only at the discretion of the issuer company of the Group.
(vi) The application for CCD shall be deemed to be the application for Shares when the conversion takes place.
(vii) The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.
(viii) The equity shares to be issued on conversion shall rank pari passu in all respects with the equity shares existing on the date of conversion.

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

Note: 26

Other Equity

	As at March 31, 2021	As at March 31, 2020 (Restated)
General Reserve	239.32	207.57
Retained earnings (Refer A below)	9,502.82	5,064.19
Share of Associate and Joint Venture (Refer E below)	-	176.32
Capital Reserve (Refer B below)	(32,307.19)	(32,307.19)
Capital Redemption Reserve	392.51	392.51
Debenture Redemption Reserve (Refer C below)	1,238.25	1,270.00
Asset Revaluation Reserve (Refer D below)	15,159.07	15,541.35
Securities premium	1,266.71	1,266.71
	(4,508.51)	(8,388.54)
(A) Retained Earnings		
Balances at the beginning of the year	5,064.19	6,302.36
Profit / (Loss) for the year	4,100.85	(471.84)
Depreciation on revalued assets	412.10	408.53
Profit / Loss on sale/redemption of investments in Joint Venture and Associate	(78.91)	105.54
Transfer to Debenture Redemption Reserve	-	(1,270.00)
Other Comprehensive Income	4.59	(10.40)
	9,502.82	5,064.19
(B) Capital Reserve		
Balances at the beginning of the year	(32,307.19)	(32,307.19)
Adjustment pursuant to Scheme of Arrangement	-	-
Balances at the end of the year	**(32,307.19)**	(32,307.19)
(C) Debenture Redemption Reserve		
Balances at the beginning of the year	1,270.00	-
Amounts transferred from retained earnings	-	1,270.00
Deductions during the year	(31.75)	-
Balances at the end of the year	**1,238.25**	1,270.00
(D) Asset Revaluation Reserve		
Balances at the beginning of the year	15,541.35	15,346.36
Depreciation on revalued assets	(412.10)	(408.53)
Other Comprehensive Income	29.82	603.52
Balances at the end of the year	**15,159.07**	15,541.35
(E) Share of Associate and Joint Venture		
Balances at the beginning of the year	176.32	145.95
Other Comprehensive Income	(255.23)	135.91
Reclass of profit on sale or redemption to retained earnings	78.91	(105.54)
Balances at the end of the year	-	176.32

Nature and purpose of reserves:

Asset Revaluation Reserve:

The Group 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 Group recognises the difference between the net assets less reserves acquired or transferred by the Group and as reduced by the shares capital issued or received respectively, pursuant to a common control business combination is adjusted to capital reserve.

Capital Redemption Reserve:

The Group 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 Group to create DRR out of profits of the Group 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 Group has created DRR equal to 10% of the outstanding debentures as at year end.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is free reserve available for distribution as recommended by Board in accordance with requirements of the Companies Act, 2013.

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

		As at March 31, 2021	As at March 31, 2020 (Restated)
Note : 27			
Non Current Borrowings			
Redeemable, Non-convertible debentures			
17.50% Debentures (1270 Debentures of face value of Rs.9,750,000 each, Previous Year - 1270 Debentures of face value of Rs.10,000,000 each)*		12,117.16	12,409.46
Term loan from Banks		6,126.05	7,954.09
Term loan from Financial Institutions		1,974.13	-
SIPCOT Soft Loan		884.94	868.82
	(A)	21,102.28	21,232.37
Less:			
Current maturities of borrowings			
17.50% Debentures		280.67	342.70
Term loan from Banks		232.17	629.21
Term loan from Financial Institutions		343.95	-
	(B)	856.79	971.91
	(A) - (B)	20,245.49	20,260.46

Summary of borrowing arrangements

Debentures outstanding

17.50% Debentures outstanding of Rs.12,117.16 Million (March 31, 2020: Rs.12,409.46 Million) is repayable in 7 unequal annual installments commencing from 21-Dec-2020

Security particulars of debentures

Non-convertible debentures amounting to Rs.12,700 Million is secured by :

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

b) A first ranking charge on all the Holding 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 Holding Company's Current Assets, both present and future;

d) A first ranking exclusive pledge over the equity shares held by the Immediate Holding Group, Sanmar Holdings Limited in the Holding Company, comprising at least 26% of the paid up equity share capital of the Holding 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.

*The Holding Company on the basis of waiver obtained from Debenture Trustees towards deferment of a part of interest payments due for the periods till September 2020 and for computation of certain financial covenants as at March 31, 2021, is in compliance with the terms of the Debenture Deed as at March 31, 2021.

Term Loan from Banks

A. Term loan from banks of the subsidiary company amounting to Rs. 6,126.05 Million (March 31, 2020: Rs. 7,954.09 Million) is secured by first pari passu charge over moveable and immoveable property. plant and equipment, second pari passu charge over current assets and exclusive charge over debt service reserve bank account.

B. Corporate Guarantee of Sanmar Engineering Service Limited for Rs.8.250 Million towards the term loan, but limited to current outstanding of Rs.6,126.05 Million.

C. The Bank has a put option on the term loan at the end of 7 years from the date of first disbursement.

Soft loan from SIPCOT

A. Term loans from SIPCOT of the subsidiary company amounting to Rs. 884.94 Million (March 31, 2020: Rs. 868.82 Million) is secured by first pari passu charge on specific land, buildings and plant and machinery.

Term loan from Financial Institution

A. Term loan from financial institution of the subsidiary amounting to Rs. 1,974.13 Million (March 31, 2020: Nil) is secured by first pari passu charge over entire moveable fixed assets of the Borrower, both present and future, first pari passu charge over the entire immoveable fixed assets (leasehold and freehold lands admeasuring about 190 acres) of the Borrower, both present and future, Second pari passu charge over current assets of the Borrower, both present and future and exclusive charge over debt service reserve bank account.

B. Corporate Guarantee of Sanmar Engineering Service Limited towards the term loan aggregating to Rs.2,000 Million.

Repayment of loans

(a) Repayment of term loan from banks of the subsidiary in 40 structured quarterly installments commenced from February 2020. The subsidiary company had opted for moratorium for the quarterly instalments that were due in May-20 and Aug-20, under the regulatory package notified by the Reserve Bank of India as part of COVID-19 relief measures.

*The subsidiary company has obtained a condonation during the current interim period in respect of the previous year for breach of financial covenants from the Bank and hence it has continued to present the Borrowings as Non-Current Borrowings.

Note: Interest rate of the above term loan is 11.75%

(b) Soft loan from SIPCOT repayable in the 10th year of drawal.

(c) Repayment of term loan of the subsidiary company from financial institution in 23 equated quarterly installments will commence from May 2021.

Note: Interest rate of the above term loan is 10.75%

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

	As at March 31, 2021	As at March 31, 2020 (Restated)
Note : 28		
Other non-current financial liabilities		
Trade Deposits	43.28	46.59
Accrued salaries and benefits	408.44	452.55
Other Payables	166.07	142.47
Lease Liability (Refer note 10.1)	141.00	166.10
	758.79	807.71

Note : 29
Deferred tax liabilities / (Assets) (Net)

A. Deferred tax liability		
Difference between book and tax written down value of Property, Plant & Equipment	7,392.55	7,602.46
Payments allowable in full under Income Tax but amortised over a period in books	98.00	75.60
Share of Profit / Loss) from Joint Venture and Associate	-	(379.02)
MTM/Forward Premium claimable in future	(12.25)	187.20
Difference in allowable expenditure on forward exchange contracts	12.71	(193.02)
Expenses allowable on payment basis	(234.28)	(35.27)
Employees Separation Scheme	(57.62)	(59.17)
Unabsorbed Depreciation / Carried Forward Business Losses	-	(438.78)
Others	0.91	(9.33)
	7,200.02	6,750.67

Note:
Unrecognised Minimum Alternate Tax Credit

Financial year	Year of Maturity	As at March 31, 2021	As at March 31, 2020 (Restated)
2015-16	2030-31	-	1.69
2016-17	2031-32	479.47	652.55
2017-18	2032-33	805.04	805.04
Total		1,284.51	1,459.28

Reconciliation of deferred tax liabilities (net):	As at March 31, 2021	As at March 31, 2020 (Restated)
Opening Balance	6,750.67	7,944.25
Change in Statement of Profit and Loss	592.35	(634.99)
Change in Other Comprehensive Income	(143.00)	(558.59)
Closing Balance	7,200.02	6,750.67

Note : 30
Other non-current liabilities

Government grant*	132.29	138.10
Other liabilities	41.34	55.67
	173.63	193.77

* Note: Government Grant have been received for investment in property, plant & equipments. Grants are initially recognised where there is a reasonable assurance that the Group will comply with all attached conditions.

Note : 31
Current Borrowings
Secured – at amortized cost

Cash credit and working capital loan	-	250.00
Buyer's credit	-	918.95
	-	1,168.95

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 Group (excluding specifically charged land and buildings).

Note : 32
Trade payables

Payable to others*	16,561.46	13,971.51
	16,561.46	13,971.51

* General Terms: The average credit period varies for each product between 1 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 Group 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. 67.69 Million (Previous year Rs. 35.15 Million) (Also refer Note 42)

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

	As at March 31, 2021	As at March 31, 2020 (Restated)
Note : 33		
Derivative Instruments		
Derivative Liability / (Asset) #	156.50	(529.91)
	156.50	(529.91)

While the Group 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 : 34		
Other current financial liabilities		
Current maturities of borrowings		
- 17.50% Debentures	280.67	342.70
- Term loan from Banks	232.17	629.21
- Loan from Financial Institution	343.95	-
Trade Deposits	1.21	0.56
Payable / Accrual towards Capital Expenditure*	252.64	173.07
Accrued salaries and benefits	542.49	353.68
Lease Liability (Refer note 10.1)	25.08	21.98
Amount due towards business combination (Refer Note 40)	-	3,003.45
Other Payables	791.09	656.56
	2,469.30	5,181.21

* Includes dues for payment to Micro and Small enterprises Rs.10.37 Million (March 31, 2020: Nil) (Also refer Note 42)

Note : 35		
Other current liabilities		
Government grant	5.81	5.81
Advance from customers	200.65	378.63
Withholding and other tax payables	41.49	38.61
Other Liabilities	154.15	176.42
	402.10	599.47

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

Note:36
Financial instruments
36.1 Capital management

The Group 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 Group consists of debt, which includes the borrowings (Note 27, 31 and 34), cash and cash equivalents (Note 20) and equity attributable to equity holders of the Group, comprising issued capital, premium,and retained earnings.

Gearing ratio

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2021 and March 31, 2020 were as follows:

	As at March 31, 2021	As at March 31, 2020 (Restated)
Borrowings	21,102.28	22,401.32
Cash and Cash Equivalents	3,034.88	921.66
Net debt	18,067.40	21,479.66
Equity (ii)	(3,494.91)	17,178.41
Gearing Ratio	(5.17)	1.25

(i) Debt is defined as long- and short-term borrowings (excluding derivatives)
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

36.2 Categories of financial assets and liabilities carried at amortised cost

	As at March 31, 2021	As at March 31, 2020 (Restated)
36.2.1 Financial assets at amortised cost		
Cash and cash equivalents (Note 20)	3,034.88	921.66
Other bank balances (Note 21)	3,477.70	876.99
Trade receivables (Note 19)	739.27	501.06
Other financial assets (Note 16 & 22)	1,135.11	804.32
Total	8,386.96	3,104.03
36.2.2 Financial liabilities- At amortised cost		
Borrowings (Note 27, 31 & 34)	21,102.28	22,401.32
Trade payables (Note 32)	16,561.46	13,971.51
Other financial liabilities (Note 28 & 34)	2,651.97	5,359.71
Total	40,315.71	41,732.54

36.3 Financial risk management objectives

The Group'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 Group's operations. The Group's principal financial asset include investment, loans, trade and other receivables, cash & cash equivalents that derive directly from its operations.

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

The Group 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 Group'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 Group's exposure to market risk or the manner which these risk are managed and measured.

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

36.4 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.

36.5 Foreign currency risk management

The Group 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 Group 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 Group. Exchange rate exposures are managed with in approved policy parameters.

36.5.1 Foreign currency sensitivity analysis

The following table details the Group'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 currency exchange rate	Impact on post tax profits and equity	
		March 31, 2021	March 31, 2020 (Restated)
USD	1%	73.77	94.33

36.6 Commodity price risk

The Group imports Ethylene, Ethylene Dichloride (EDC) for manufacture of PVC . Methanol for manufacture of Chloromethanes and coal for its Captive Power Plant.

A) Ethylene, EDC :

Prices of PVC manufactured by the Group are monitored by Group'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 Group 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 2020-21 :

Product	Change in Price	Impact on post tax profits and equity	
		March 31, 2021	March 31, 2020
Coal	5%	30.92	39.66
Methanol	5%	6.71	8.94
Total		37.63	48.60

36.7 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group 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 Group's profit / (loss) would increase or decrease as below:

Particulars	Increase/ (Decrease) in basis points	Impact on post tax profits and equity	
		March 31, 2021	March 31, 2020 (Restated)
INR	100	60.19	61.19

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

36.8 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group'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 Group'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 Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

None of the Group's 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, 2021, that defaults in payment obligations will occur.

36.8.1 Trade receivables

Customer credit risk is managed by the Group'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 Group 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, 2021	739.18	0.09	-	739.27
Trade Receivables as of March 31, 2020 (Restated)	467.75	33.31	-	501.06

36.8.2 Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group'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.

36.9 Liquidity risk management

The Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group'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 Group can be required to pay.

March 31, 2021	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	5,719.54	283.93	6,003.47
Interest bearing	13,467.72	20,720.35	34,188.07
	19,187.26	21,004.28	40,191.54
March 31, 2020 (Restated)	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	15,064.02	352.62	15,416.64
Interest bearing	2,254.20	20,715.55	22,969.75
	17,318.22	21,068.17	38,386.39

36.10 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 31,2021		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments	-	-	0.44
Derivative assets	-	156.50	-

	Fair value hierarchy as at March 31,2020 (Restated)		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments	-	-	6.44
Derivative assets	-	529.91	-

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Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)

36.11 Fair values

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

	Carrying value		Fair value	
	As at March 31, 2021	As at March 31, 2020 (Restated)	As at March 31, 2021	As at March 31, 2020 (Restated)
Financial assets				
Investments	0.44	6.44	0.44	6.44
Other financial assets:				
Deposits	3,495.06	1,034.27	3,495.06	1,034.27
Sundry receivables	791.94	533.97	791.94	533.97
Claims receivable	115.81	113.07	115.81	113.07
Trade receivables	739.27	501.06	739.27	501.06
Cash and cash equivalents	3,034.88	921.66	3,034.88	921.66
Total	**8,177.40**	3,110.47	**8,177.40**	3,110.47
Financial liabilities				
Borrowings:				
Floating rate borrowings	8,100.18	7,954.09	8,100.18	7,954.09
Fixed rate borrowings	13,002.10	14,447.23	13,002.10	14,447.23
Trade payables	16,561.46	13,971.51	16,561.46	13,971.51
Other financial liabilities:				
Accrued salaries and benefits	950.93	806.23	950.93	806.23
Payable / Accrual towards Capital Expenditure	252.64	173.07	252.64	173.07
Other payables	1,001.65	846.18	1,001.65	846.18
Lease Liability	166.08	188.08	166.08	188.08
Derivatives not designated as hedge				
Derivative (asset) / liability	156.50	(529.91)	156.50	(529.91)
Total	**40,191.54**	37,856.48	**40,191.54**	37,856.48

i. The management assessed that cash and cash equivalents, short-term investments, trade receivables, trade payables, other current financial liabilities, other current financial assets, current sundry receivables,current deposits, accrued salaries and benefits 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. Fixed rate Borrowings 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.

(All amounts are in Indian Rupees in Millions unless otherwise stated

Note : 37

Related party transactions

List of parties where control exists

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

Joint Ventures

Mowbrays Corporate Finance (Upto December 15, 2020)

Fellow Subsidiaries

Sanmar Group International Limited (Upto March 17, 2020 and from March 31, 2021)

TCI Sanmar Chemicals S.A.E.

Sanmar Overseas Investments AG

Associates

Sanmar Group International Limited (From March 18, 2020 to March 30, 2021)

Sanmar Estates and Investments (Upto March 17, 2020)

Key Management Personnel

Vijay Sankar (From April 26, 2021)

P S Jayaraman (Upto January 31, 2021)

Ramkumar Shankar (From April 1, 2020)

S Sankaran (Upto March 16, 2020)

Lavanya Venkatesh (Upto April 26, 2021)

V K Parthasarathy (Upto April 26, 2021)

Amarnath Ananthanarayanan

Chandran Ratnaswami (From April 26, 2021)

Dr. Lakshmi Vijayakumar (From April 26, 2021)

Aditya Jain (From April 26, 2021)

Sanjay Vijay Bhandarkar (From April 26, 2021)

Prasad Raghava Menon (From April 26, 2021)

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 period ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties
This assessment is undertaken in each financial year through examining the financial position of related party and the market in which the related party operates.

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Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated

Description	Parties where control exists		Joint Venture / Fellow Subsidiaries / Associates		Key Management Personnel	
Transactions during the year	2020-21	2019-20 (Restated)	2020-21	2019-20 (Restated)	2020-21	2019-20 (Restated)
Distribution of profits from Joint Venture						
Mowbrays Corporate Finance	-	-	-	20.40	-	-
Debenture Interest						
Sanmar Engineering Services Limited	-	81.93	-	-	-	-
Profit / (Loss) on sale of redemption/sale of Joint Venture (including OCI share)						
Mowbrays Corporate Finance	-	-	**1,702.21**	738.84	-	-
Sanmar Group International Limited	-	-	**3,021.15**	-	-	-
Share of profit / (loss) from Associate and Joint Venture (including OCI share)						
Mowbrays Corporate Finance	-	-	**(763.62)**	(1,067.96)	-	-
Sanmar Group International Limited	-	-	**(2,837.73)**	(183.42)	-	-
Expenses Recovered						
Sanmar Engineering Services Limited	**0.08**	-	-	-	-	-
Remuneration						
Ramkumar Shankar	-	-	-	-	**14.81**	-
P S Jayaraman	-	-	-	-	**17.55**	20.46
Repayment of Advance for issue of ZCCD						
Sanmar Holdings Limited	-	6,375.00	-	-	-	-
Investment made during the year in Joint Venture						
Mowbrays Corporate Finance	-	-	-	9,188.13	-	-
Investment redeemed during the year in Joint Venture						
Mowbrays Corporate Finance	-	-	**10,734.63**	13,596.06	-	-
Investment made during the year in CCPS						
Sanmar Group International Limited	-	-	-	16,821.95	-	-
Investment redeemed during the year In CCPS						
Sanmar Group International Limited	-	-	**16,821.95**	-	-	-
Redemption of debentures						
Sanmar Engineering Services Limited	**24,553.35**	10,860.00	-	-	-	-
Issue of Compulsorily Convertible Debentures						
Sanmar Engineering Services Limited	-	12,193.50	-	-	-	-
Balances as at year end						
Investments	-	-	**0.44**	26,435.01	-	-
Sundry receivable	-	-	**731.72**	502.63	-	-

Note : 38 Details of Investment

	As at March 31, 2021	As at March 31, 2020 (Restated)
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E.*	0.44	0.44
(2 (2) Equity shares, fully paid up, par value EGP 1000 each)		
Sai Regency Power Corporation Private Limited	-	6.00
600,000 Shares of face vale Rs 10 each (Previous year 600,000 Shares of face vale Rs 10 each)		

*The Group has pledged the entire investment held in the equity shares of TCI Sanmar Chemicals in favour of investee's lenders pursuant to the contractual requirements contained in respect of the borrowings availed by the investee.

The Holding Company has pledged its entire shareholding in its wholly owned subsidiary company Chemplast Cuddalore Vinyls Limited in favour of Housing Development Finance Corporation Limited (HDFC) with regard to the facility of Rs.12,200 Million availed by Sanmar Engineering Services Limited from HDFC. The Principal amount due to HDFC by SESL as on March 31.2021 was Rs.12,200 Million. (March 31, 2020 Nil)

Note: 39

Business combinations under common control

Acquisition of Chemplast Cuddalore Vinyls Limited

As approved by the Board of Directors on March 30, 2021, the Holding Company has invested on March 31, 2021, Rs 3,003.45 Million (including stamp duty) for acquisition of 100% of Equity Share Capital amounting to Rs. 3,030.30 million in Chemplast Cuddalore Vinyls Limited ("CCVL"), a company engaged in the business of manufacture and sale of Suspension PVC. The Group has recognised an amount of Rs 26.85 Million in the capital reserve with respect to the aforesaid acquisition. The Company also invested in zero coupon compulsorily convertible debentures aggregating to Rs 12,553.35 million in CCVL.

The acquisition of CCVL is considered to be a business combination under common control as the Holding Company and CCVL are both ultimately controlled by the Sanmar Engineering Services Limited. The Group adopts pooling of interest in respect of the acquisition of business combination under common control as prescribed in Appendix C to Ind AS 103 "Business combinations of entities under common control".

As such, the consolidated financial statements as at and for the year ended March 31, 2021 incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the beginning of the earliest financial years presented.

Transaction costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination is recognised as an expense in the year in which it is incurred. The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date

(All amounts are in Indian Rupees in Millions unless otherwise stated

Note : 40
Contingent liabilities *

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
A. Claims against the Group not acknowledged as debts :		
- On account of Direct Taxes	67.26	61.25
- On account of Indirect Taxes	277.22	275.75
- On account of other disputes	143.96	148.98
Total	**488.44**	485.98

*
-The Group is of the opinion that the above demands are not sustainable and expects to suceed in its appeals
-It is not practicable for the Group 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 Group does not expect any reimbursement in respect of the above contingent liabilities

Note : 41
Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances'	350.57	311.78
	350.57	311.78

Note : 42
Dues to micro and small enterprises
As at March 31, 2021, 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 32 and 34 have been determined to the extent such parties have been identified on the basis of information available with the Group.

Note: 43
Impairment assessment

The Group 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 Group'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 Group 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 Group'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, 2021.

Note: 44

Exceptional items before tax for the year ended March 31, 2021 is Rs. 156.84 Million refers to compensation payable to employees who have opted for an early separation scheme announced by the Group.
Previous year:
The sudden steep fall in prices of crude oil and the global crisis on COVID-19, leading to lock down of major economies including India, had led to collapse of Petrochemical prices during March'20 and April'20 by almost 50%. Since both inputs and finished products price levels had been deflated, as a measure of conservatism, and in line with generally accepted accounting principles, the Group had written down the carrying value of stocks of major intermediates and finished products, to levels corresponding to the net realizable value of finished products, leading to an exceptional charge of Rs.1,068.95 Million for the year ended March 31, 2020.

Note: 45
Miscellaneous expenses includes Rs.53.94 Million (March 31, 2020: Rs. 76.5 Million) towards expenditure on CSR against Rs. 50.14 (March 31, 2020: Rs.75.10 Million) to be spent as per the Companies Act 2013.

Note: 46
Previous year's figures have been regrouped wherever necessary

Chennai

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

Note : 47

Employee benefit cost

Defined benefit plans

Gratuity:

This is a defined benefit plan and the Group'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, 2021 by a private actuary.

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

	Valuation at	
	March 31, 2021	March 31, 2020 (Restated)
	%	%
Discount rate(s)	6.97%	6.70%
Expected return on plan assets	6.97%	6.70%
Expected rate(s) of salary increase	7.00%	6.70%
Attrition rate	2.00%	2.00%

Cost of defined benefit plans are as follows.

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Current service cost	17.01	14.67
Interest on obligation	10.15	10.39
Expected return on plan assets *(to the extent it represents an adjustment to interest cost)*	(9.99)	(10.51)
Net cost recognised in the Statement of Profit and Loss	**17.17**	**14.55**
Expected return on plan assets *(to the extent it does not represent an adjustment to interest cost)*	-	-
Actuarial (gains)/losses recognized in the year	(6.81)	15.44
Net gain recognised in the Other Comprehensive Income	**(6.81)**	**15.44**

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Present value of funded defined benefit obligation	164.86	170.50
Fair value of plan assets	193.18	141.51
Net Liability / (Asset)	(28.32)	28.99

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Opening fair value of plan assets	141.51	148.11
Expected return on plan assets	9.99	10.51
Actuarial (gains)/losses	(1.24)	(1.11)
Contributions from the employer	39.69	0.69
Transfer of obligations		0.49
Benefits paid	3.23	(17.18)
Closing fair value of plan assets	193.18	141.51

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

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

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Opening defined benefit obligation	170.50	147.11
Current service cost	17.01	14.67
Interest cost	10.15	10.39
Actuarial (gains)/losses	(8.05)	14.33
Transfer of obligations	3.23	1.18
Benefits paid	(27.98)	(17.18)
Closing defined benefit obligation	164.86	170.50
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	0.23	0.04
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	(8.29)	14.29
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]	-	-
Year 1	8.48	13.89
Year 2	16.99	26.12
Year 3	21.72	13.13
Year 4	18.84	21.85
Year 5	16.27	15.47
Years 6 through 10	62.47	66.78

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 Group expects to make a contribution of Rs.23.39 Million 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 %	(2.26)	1.54	(13.96)
Decrease in discount rate by 1 %	1.94	0.42	16.42
Increase in salary escalation by 1 %	1.94	2.19	16.46
Decrease in salary escalation by 1 %	(2.30)	0.05	(14.26)

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Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)
Note: 48

(A) Investment in Joint Venture
Investment in partnership firm - Mowbrays Corporate Finance (MCF)

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Total partners	2	7
Opening Carrying Value of Investments	**9,796.04**	14,533.10
Redemption of investments	(10,734.63)	(4,407.94)
Share of Profit/(Loss) of an Joint Venture	(699.12)	(1,183.65)
Less: Share of realised profits from Joint Venture	-	(20.40)
Share of Other Comprehensive Income of a Joint Venture		
Items that may be reclassified to profit or loss in subsequent years	(64.50)	186.19
Items that will not be reclassified to Profit or Loss in subsequent years	-	(50.10)
Gain on disposal of investment in Joint Venture (Refer (i) and (ii) below)	1,702.21	738.84
Closing Carrying Value of Investments	-	9,796.04

(i) CCVL, the subsidiary company has exited as a partner from Mowbrays Corporate Finance with effect from December 19, 2019 and as per the terms mutually agreed, the subsidiary company's investment in this joint venture has been redeemed at its original cost. Pursuant to this, the Group has recognised a gain of Rs.738.84 million arising from the Group's exit from this partnership firm in the consolidated financial statements for the year ended March 31, 2020.
(ii) The Holding Company has exited as a partner from Mowbrays Corporate Finance with effect from December 15, 2020 and as per the terms mutually agreed, the Group's investment in this joint venture will be redeemed at its original cost. Pursuant to this, the Group has recognised a gain of Rs.1702.21 million arising from the Group's exit from this partnership firm in the consolidated financial statements for the year ended March 31, 2021.

Statement of Profit & Loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Revenue from Operations	-	40.26
Other income		
Total Income	-	40.26
Expenses		
Finance costs	0.00	0.01
Other expenses	0.01	0.01
Total Expenses	**0.01**	0.02
Profit / (Loss) before share of (profit)/loss of an associate, exceptional items and tax	(0.01)	40.25
Share of profit/(loss) of an associate	(1,398.40)	(5,483.50)
Profit / (Loss) on sale/redemption of investments of Associate	-	1,314.58
Profit / (Loss) before exceptional items and tax	**(1,398.41)**	(4,128.67)
Exceptional items	-	-
Profit before tax	**(1,398.41)**	(4,128.67)
Tax Expense		
(1) Current tax	-	14.10
(2) Deferred tax	-	-
Total Tax Expense	-	14.10
Profit / (Loss) for the year	**(1,398.41)**	(4,142.77)
Group's share of Profit / (Loss) for the year	**(699.12)**	(1,183.65)
Other Comprehensive Income		
Items that may be reclassified to profit or loss in subsequent years, net of tax		
- Share of OCI of an Associate	(129.01)	651.66
Group's share for the year	**(64.50)**	186.19
Items that will not be reclassified to Profit or Loss in subsequent years, net of tax		
- Profit / (Loss) on sale/redemption of investments of Associate	-	(175.35)
Group's share for the year	-	(50.10)
Total Other Comprehensive Income for the year	**(129.01)**	476.31
Group's share of OCI for the year	**(64.50)**	136.09
Total Comprehensive Income for the year	**(1,527.42)**	(3,666.47)
Group's share of Total Comprehensive Income for the year	**(763.62)**	(1,047.56)

Note: Profits of the partnership firm are shared by the partners on their respective aggregate daily balances. Losses and gain by way of recoupment of past losses by disposals are shared equally by the partners. The carrying value at each reporting dates are adjusted for the share of realised profits from the partnership firm in the respective years.

Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)
Note: 48 (continued)
(B) Investment in an Associate
Investment in Equity instruments of an Associate company
Sanmar Group International Limited

1,682,195,623 (March 31,2020: 1,682,195,623) Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each	16,821.95	16,821.95
Group share of %	44.75%	44.75%

The Group has a 44.75% (March 31,2020: 44.75%) interest in Sanmar Group International Limited (SGIL), which is involved in the investment activities. The Group's interest in SGIL is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in SGIL:

The Group has investments in compulsorily convertible preference shares of SGIL. Based on the terms of issue of these instruments, the Group has the power to participate in the various decisions of this Group such as declaration of dividends, changes to the capital structure and making of investments. Hence, the Group has considered SGIL as an Associate.

Particulars	As at March 31, 2021	As at March 31, 2020 (Restated)
Current assets	7,020.96	7,904.60
Non Current assets	93,420.26	100,214.19
Current liabilities	(28,571.69)	(30,564.49)
Non Current liabilities	(61,651.14)	(60,996.14)
Equity	10,218.39	16,558.17
Group's share	4,572.73	7,409.78

Statement of Profit & Loss

	Year ended March 31, 2021	Year ended March 31, 2020 (Restated)
Revenue from operations	23,043.77	18,439.16
Other income	14.06	0.99
Total Income	**23,057.83**	18,440.15
Expenses		
Cost of materials consumed	10,923.37	12,728.34
Changes in inventories of finished goods and work-in-progress	99.21	125.16
Employees' benefit expense	1,079.62	999.87
Other expenses	7,823.77	8,641.06
Depreciation expense	3,813.42	3,442.04
Finance costs	4,056.28	5,773.07
Total Expenses	**27,795.67**	31,709.54
Profit / (Loss) before tax and exceptional items	**(4,737.84)**	(13,269.39)
Exceptional items	-	(1,519.45)
Profit / (loss) before tax	**(4,737.84)**	(14,788.84)
Tax expense:		
Current Tax	0.01	(0.13)
Deferred Tax	(1,153.85)	764.69
Profit / (loss) for the year after tax	**(5,891.68)**	(14,024.28)
Profit / (loss) for post acquisition in 2019-20	-	(881.31)
Group's share of Profit / (loss) for the year	**(2,636.53)**	(208.15)
Other comprehensive loss that may be reclassified to profit or loss in subsequent years, net of tax		
- Foreign currency translation reserve	(449.60)	1,666.65
Other Comprehensive Income for post acquisition in 2019-20	-	104.73
Companies share of Other Comprehensive Income for the year	**(201.20)**	24.73
Opening Carrying Value of Investments	16,638.53	-
Investments made during the year	-	16,821.95
Add: Share of Profit/(Loss) of an Associate for the year	(2,636.53)	(208.15)
Add: Share of OCI of associate pertaining to items that may be reclassified to profit or loss in subsequent years	(201.20)	24.73
Less: Redemption of investment in Associate *	(16,821.95)	-
Gain on disposal of investment in Associate *	3,021.15	-
Closing Carrying Value of Investments	-	16,638.53
Goodwill included in carrying value of investments	-	9,228.75

* As per the terms mutually agreed the Group has redeemed its investments in CCPS held in Sanmar Group International Limited with effect from March 31, 2021 at its original cost. Pursuant to this, the Group has recognised a gain of Rs.3021.15 million arising from the above redemption in the consolidated financial statements for the year ended March 31, 2021.

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

Note:49 Segment Reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the management to make decisions for performance assessment and resource allocation. Segment performance is evaluated based on the profit or loss of reportable segment and is measured consistently. The Operating segments have been identified on the basis of the nature of products.

a. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

b. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure

c. Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.

d. Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

e. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

The Board of Directors of the Group whom 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 into manufacture and sale of speciality chemicals and commodity chemicals as per the requirement of Ind-AS 108 "Operating Segments". The Group's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

Description	Specialities		Commodity		Inter segment elimination		Unallocated		Total	
	2020-21	2019-20 (Restated)	2020-21	2019-20 (Restated)	2020-21	2019-20 (Restated)	2020-21	2019-20 (Restated)	2020-21	2019-20 (Restated)
Revenue (Net of Goods and Services Tax)										
External revenue	12,880.11	12,439.08	25,107.15	18,788.53	-	-	-	-	37,987.26	31,227.61
Inter segment revenue	7.27	154.00	0.24	0.99	(7.51)	(154.99)	-	-	-	-
Segment revenue	**12,887.38**	**12,593.08**	**25,107.39**	**18,789.52**	**(7.51)**	**(154.99)**	-	-	**37,987.26**	**31,227.61**
Other income	57.78	78.53	106.04	113.86	-	(0.29)	-	-	163.82	192.10
Segment results	**12,945.16**	**12,671.61**	**25,213.43**	**18,903.38**	**(7.51)**	**(155.28)**	-	-	**38,151.08**	**31,419.71**
Segment result (Profit before interest and exceptional item)	3,092.40	2,344.10	5,375.30	561.44	(0.12)	(0.31)	-	-	8,467.58	2,905.23
Less: Finance Costs	2,536.69	954.20	1,796.93	1,164.60	-	-	-	-	4,333.62	2,118.80
Share of Profit/(Loss) from Joint Venture and Associate	-	-	-	-	-	-	(3,335.65)	(1,412.20)	(3,335.65)	(1,412.20)
Profit on redemption/sale of investments in Joint Venture and Associate	-	-	-	-	-	-	4,828.29	713.79	4,828.29	713.79
Exceptional Items	(156.84)	-	-	(1,068.95)	-	-	-	-	(156.84)	(1,068.95)
Profit before tax	**398.87**	**1,389.90**	**3,578.37**	**(1,672.11)**	**(0.12)**	**(0.31)**	**1,492.64**	**(698.41)**	**5,469.76**	**(980.93)**
Provision for tax										
Current	(133.10)	(298.81)	(678.60)	-	-	-			(811.70)	(298.81)
Deferred	135.36	(102.56)	(233.29)	521.54	-	-	(494.42)	216.01	(592.35)	634.99
Income Tax relating to earlier years	35.14	(1.12)	-	174.03	-	-			35.14	172.91
Profit / (Loss) after tax	**436.27**	**987.41**	**2,666.48**	**(976.54)**	**(0.12)**	**(0.31)**	**998.22**	**(482.40)**	**4,100.85**	**(471.84)**
Other Comprehensive Income										
Items that will not be reclassified to Profit or Loss in subsequent years										
- Remeasurement of Defined Benefit Plans	5.08	(11.56)	1.73	(3.87)	-	-	-	-	6.81	(15.43)
- Share of OCI from Joint Venture and Associate	-	-	-	-	-	-	-	(50.10)	-	(50.10)
- Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate	-	-	-	-	-	-	(104.93)	25.05	(104.93)	25.05
- Deferred tax expense on the above items	(1.78)	4.04	(0.44)	0.99	-	-	36.67	8.75	34.45	13.78
- Adjustment of deferred tax liability relating to assets revalued on change in tax rates	-	-	29.82	603.52	-	-			29.82	603.52
Items that may be reclassified to profit or loss in subsequent years										
- Share of OCI from Joint Venture and Associate	-	-	-	-	-	-	(265.70)	210.92	(265.70)	210.92
- Deferred tax expense on the above items	-	-	-	-	-	-	78.73	(58.71)	78.73	(58.71)
Other Comprehensive Income	**3.30**	**(7.52)**	**31.11**	**600.64**	-	-	**(255.23)**	**135.91**	**(220.82)**	**729.03**
Total Comprehensive Income	**439.57**	**979.89**	**2,697.59**	**(375.90)**	**(0.12)**	**(0.31)**	**742.99**	**(346.49)**	**3,880.03**	**257.19**
Other Information										
Segment assets	42,839.08	26,505.72	17,584.27	13,611.66	(15,558.18)	(218.26)	-	-	44,865.17	39,899.12
Unallocated corporate assets	-	-	-	-	-	-	-	26,434.57	-	26,434.57
Total assets	**42,839.08**	**26,505.72**	**17,584.27**	**13,611.66**	**(15,558.18)**	**(218.26)**	-	**26,434.57**	**44,865.17**	**66,333.69**
Segment liabilities	22,632.31	25,298.55	25,728.72	24,453.70	(0.96)	(217.95)	-	-	48,360.07	49,534.30
Unallocated corporate Liabilities	-	-	-	-	-	-	-	(379.02)	-	(379.02)
Total liabilities	**22,632.31**	**25,298.55**	**25,728.72**	**24,453.70**	**(0.96)**	**(217.95)**	-	**(379.02)**	**48,360.07**	**49,155.28**
Capital expenditure	369.16	1,541.48	127.50	122.66	-	-	-	-	496.66	1,664.14
Depreciation and amortisation	877.15	874.17	433.71	416.49	-	-	-	-	1,310.86	1,290.66

Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Note 50

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended 31st March 2021 and 31st March 2020.

Name of entity	For the year ended March 31, 2021							
	Net Assets		Share in Profit or loss		Other Comprehensive Income		Total Comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Consolidated Profit and Loss	Amount	as % of Consolidated Other Comprehensive Income	Amount	as % of Consolidated Total Comprehensive Income	Amount
Parent								
Chemplast Sanmar Limited	(578.93%)	20,233.19	63.54%	2,605.78	(6.24%)	13.77	67.51%	2,619.55
Subsidiary								
Chemplast Cuddalore Vinyls Limited	678.93%	(23,728.10)	117.80%	4,830.72	(14.09%)	31.11	125.30%	4,861.83
Joint Venture								
Mowbrays Corporate Finance	0.00%	-	(17.05%)	(699.12)	29.21%	(64.50)	(19.68%)	(763.62)
Associate								
Sanmar Group International Limited	0.00%	-	(64.29%)	(2,636.53)	91.11%	(201.20)	(73.14%)	(2,837.73)
Total	**100.00%**	**(3,494.91)**	**100.00%**	**4,100.85**	**100.00%**	**(220.82)**	**100.00%**	**3,880.03**

Name of entity	For the year ended March 31, 2020 (Restated)							
	Net Assets		Share in Profit or loss		Other Comprehensive Income		Total Comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Consolidated Profit and Loss	Amount	as % of Consolidated Other Comprehensive Income	Amount	as % of Consolidated Total Comprehensive Income	Amount
Parent								
Chemplast Sanmar Limited	9.02%	1,549.97	(254.98%)	1,203.11	(7.88%)	(57.48)	445.44%	1,111.50
Subsidiary								
Chemplast Cuddalore Vinyls Limited	(62.91%)	(10,806.14)	55.69%	(262.75)	85.83%	625.69	141.12%	362.94
Joint Venture								
Mowbrays Corporate Finance	57.03%	9,796.04	291.33%	(1,374.62)	21.59%	157.37	(473.28%)	(1,217.25)
Associate								
Sanmar Group International Limited	96.86%	16,638.53	7.96%	(37.58)	0.47%	3.45	(13.27%)	(34.13)
Total	**100.00%**	**17,178.41**	**100.00%**	**(471.84)**	**100.00%**	**729.03**	**100.00%**	**257.19**

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Note: 51
Significant accounting judgements, estimates and assumptions

The preparation of the Group'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 Group'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 Group 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 Group. 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 47

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 36 for further disclosures.

Fair value measurement of property, plant and equipments
The Group 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 Group 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.

Revenue from contract with customers
The Group estimates variable considerations to be included in the transaction price for the sale of goods and volume rebates. The Group's expected rebates and discounts are analysed on a per customer basis for contracts that are subject to the applicable thresholds. Determining whether a customer will be likely entitled to rebate and discounts will depend on the customer's rebates entitlement and total purchases to date.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to for its borrowings.

Useful life of PPE
Estimated useful life of certain items of PPE are based on economic life of these assets as estimated by the management basis a technical assessment and usage and replacement policy of such assets. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

Chennai

Chemplast Sanmar Limited
Notes forming part of Consolidated financial statements for the year ended March 31, 2021 - continued
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Note 52

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 Group make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Group 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.

Note 53

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

per Aravind.K
Membership No: 221268
Partner
Date:
Place: Chennai
Date: July 16, 2021

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

For and on behalf of the Board of Directors of
Chemplast Sanmar Limited

Ramkumar Shankar
Managing Director
DIN : 00018391

Amarnath Ananthanarayanan
Director
DIN : 02928105

M Chandrasekar
Chief Financial Officer

M Raman
Company Secretary
Memb No. ACS 06248