

CHEMPLAST SANMAR LIMITED

Annual Report – 2017-18

CHEMPLAST SANMAR LIMITED

Directors' Report

The Directors have pleasure in presenting the Annual Report along with the accounts for the year ended 31st March 2018.

2017-18 was another historic year for Chemplast. The year witnessed record profits, surpassing the previous high achieved in 2016-17.

The Company recorded fifty glorious years of existence and the Golden Jubilee event was celebrated in a grand manner on 4th May 2017.

	Rs Crores	
Corporate Results	2017-18	2016-17
Sales and Other income	3147.88	3290.98
Profit before Interest, Depreciation and Taxes	545.84	508.37
Interest	77.26	72.60
Depreciation	75.36	68.72
Profit / (Loss) before tax and exceptional items	393.22	367.05
Exceptional Items	(27.67)	(48.57)
Profit / (Loss) before tax	365.55	318.48
Reversal/(Provision) for tax		
- Current Tax	(77.50)	(65.14)
- Deferred Tax	(109.45)	(103.10)
Profit / (Loss) after tax	178.61	150.24

Sales and Other Income for the period upto June 30, 2017 includes excise duty. From July 1, 2017, excise duty has been replaced with Goods and Services Tax (GST). GST is not includible in Sales and Other Income. Hence, Sales and other income for 2017-18 is not comparable with 2016-17

Exceptional items refer to compensation payable to employees who have opted for an early separation scheme announced by the company at Mettur Plant 3 (Previous Year – Mettur Plant 2)

The company earned an all time record profit before tax of Rs.393.22 crores (before exceptional items) for the year ended 31st March 2018, an increase of 7% compared to the previous year. This was mainly due to a smart increase in the volumes and

margins of Cuddalore operations, and overall reduction in operating costs. Post taxes and exceptional items, the net profit of the company is Rs.178.61 crores as against Rs.150.24 crores achieved in 2016-17.

With a view to conserve resources, the Directors do not recommend payment of dividend on equity shares for the year 2017-18. The Directors also do not recommend any transfer to reserves.

Operations

PVC Business

During the year under review, domestic demand for suspension resin grew at 4% compared to the 8% growth seen in the previous year. The suspension resin demand, which hit a roadblock in the second half of 2016-17 due to the temporary impact of demonetization, started to recover. During the year, the division registered a good improvement in margins due to strong PVC prices. India being the fastest growing PVC market, continued to see significant interest from PVC suppliers around the world. The worrying trend of some international suppliers dumping product in India, at less than fair prices, however continues.

PVC Paste demand grew at about 5% during the year. This is slightly above the 3% seen in the previous year. PVC Paste however registered lower margins compared to previous year due to higher feedstock prices during the year. As in Suspension PVC market, in paste PVC also, India continued to be the focus area for imports from the rest of the world. Here again, dumping at less than fair market prices continued to prevail.

Chlorochemical Business

Domestic demand for Methylene Dichloride improved and grew at a rate of 8%. Primarily, the growth was driven by increased consumption from medium sized pharma companies. Imports of Methylene Dichloride was marginally higher. International prices remained firm between US\$ 540-580 per MT CFR. Chloroform demand was good in Polytetrafluoroethylene (PTFE) sector, resulting in imports increasing. International price of Chloroform improved due to production curtailment in China post the environmental crack down. CTC demand also increased due to higher production of Synthetic Pyrethroids in India, another positive impact due to Chinese environment regulations. Overall realisation on Chloromethanes improved by 14% from Rs 30,500 per mt to Rs.34,900 per mt.

Demand for R-22 in Original Equipment Manufacturer Segment continued to taper down to almost less than 40 % of the total demand in India with new generation refrigerants gaining higher share. Demand was weak in replacement segment due to extended monsoon rains and increased consumption of substitutes. Overall, R-

22 sales dropped from 854 mt to 432 mt but realisation increased from Rs 319,000 per MT to Rs 370,800 per mt, driven largely by the higher feedstock prices.

Asian Caustic Soda prices went up to USD 680 - 700 per MT CFR during the year, from a level of USD 480-500 per MT CFR, largely driven by power restrictions and production curtailments in China (though came under stress towards the end of the year). We were thus able to record a substantial increase in Caustic realisation in the year under review. Demand from Alumina segment was good. Domestic price also went up in line with Asian markets.

Prospects

The prospects of the company look bright. The company expects to continue posting healthy profits in the coming years mainly on the back of robust PVC demand in India

Project

During 2016-17, the company had acquired Plant & Machinery and other assets including Knowhow, for setting up a Plant to produce 17000 MT of Hydrogen Peroxide (100% Concentration). These assets have since been dismantled, transported and relocated at Mettur. The project is expected to be commissioned by third quarter of 2018-19.

Environment

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

Finance

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

Change in the Nature of Business:

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

Awards

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

1. FICCI Sustainability Award for Safety -2017 - Karaikal
2. National Safety Council (NSC) Star Award for Health & Safety 2014 - Karaikal
3. Second Prize for the Industrial Garden Category, in the Farm Fest 2018, conducted by the Dept. of Agriculture, Govt. of Puducherry at Karaikal
4. State Government Safety Awards - 2013 - Scheme-II & III - Mettur Plant-III

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 2017-18 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 and 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 2018, the Company did not have any outstanding public deposit.

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

Particulars of loans, guarantees and investments 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 2018.

Subsidiary/ Associate Companies

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

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

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

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

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

Material Changes and Commitment affecting the financial position of Company that occurred after 31st March 2018

No material changes and commitments affecting the financial position of the Company has occurred between 1st April 2018 and the date of this report.

Directors and Key Managerial Personnel

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

Mr S V Mony and Mr V K Parthasarathy, 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 P S Jayaraman, Chairman, Mr M Chandrasekhar, Chief Financial Officer and Mr Satya Narayan Nayak Company Secretary.

Directors' Responsibility Statement

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

- a) In the preparation of the annual accounts for the year ended 31st March 2018 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 2018 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 four times.

Audit Committee

The Audit Committee of Directors consists of the following Directors:

Mr V K Parthasarathy, Chairman
Mr P S Jayaraman, and
Mr S V Mony

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following directors:

Mr S V Mony, Chairman
Mr V K Parthasarathy, and
Mr S Sankaran

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

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

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out evaluation of its own performance, the directors individually and evaluation of working of the committees of the Board during the financial year 2017-18 as per the criteria laid down by Nomination and Remuneration Committee. The evaluation process contained various aspects of the functioning of the Board and its committees, number of committees and their roles, frequency of meetings, level of participation, and independence of judgement, performance of duties and obligations.

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

Personnel

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

Particulars of employees

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

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

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

Vigil Mechanism / Whistle Blower Policy

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

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

This policy has been formulated with a view:

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

- To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization, who notice and report any unethical or improper practices, and
- To appropriately communicate the existence of such mechanism, within the organization and to outsiders.
- No personnel has been denied access to the Chairman of the Audit Committee in respect of reporting any of above instances.

Corporate Social Responsibility

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

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

Auditors

S R Batliboi & Associates LLP, Chartered Accountants, Chennai (firm registration No. 101049W/ E300004) were appointed as statutory auditors of the company at the 33rd Annual General Meeting (AGM) held on 27th September 2017, for a period of 5 (five) years commencing from the conclusion of 33rd AGM till the conclusion of the 38th AGM, subject to ratification by the members at every AGM to be held during this period. As per the amended provisions of Section 139, notified by Ministry of Corporate Affairs (MCA) which came into force from 7th May 2018, the requirement of ratification of appointment of Auditors at every AGM subsequent to their appointment, has been dispensed with.

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 and Cost Audit:

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

Pursuant to the provisions of Section 148(3) of the Act, the Board of Directors had appointed Geeyes & Co., (Firm Registration No. 00044), as Cost Auditors of the Company, for conducting the audit of cost records/ accounts for the financial year

ended 31st March 2018. The Cost Audit Report will be filed with the Ministry of Corporate Affairs within the prescribed time.

Cost Auditor

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:

- PVC Suspension & Paste
- Caustic Soda Lye & Flakes
- Chloromethane Products

are required to be audited. The Board of Directors had, on the recommendation of the Audit Committee, appointed M/s Geeyes & Co. to audit the cost accounts of the Company for the financial year 2018-19.

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 Dr. B Ravi, Company Secretary in Practice, Chennai to carry out the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as Annexure 4 and forms part of this Report.

Secretarial Standards

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

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March 2018 is attached as Annexure 2 to this Report and forms part of this Report.

Other Particulars

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

For and on behalf of the Board



P S JAYARAMAN
Chairman
DIN: 00011108

Chennai
June 23, 2018

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, 2018.

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. In Karaikal plant, Caustic Flaker Unit was put up with Pre Concentration Unit (PCU) which concentrates the caustic lye from 33% to 48% using hot vapour recovered from Flaker Unit. Since inception of the PCU, we could not do 100% vapour recovery because of problems in desuper-heating station and vapour pipeline sizing. This has limited the vapour recovery to 60%. Recovery of vapour beyond 60% resulted in heavy vibration of salt chest.

The desuper-heating station and the vapour pipeline were redesigned with new spray nozzles with a dedicated desuper-heating water system. Also the vapour condensor which was leaking heavily was replaced with a new one. With all the above modifications the PCU was restarted in the second week of Feb 2018 and established 100% vapour recovery consistently when the flaker operates to its full capacity. This has improved the steam efficiency of caustic soda plant from 1.229 MT/MT of Caustic to 1.066 MT/MT of Caustic. This has resulted in savings of Rs. 30.12 lakhs per annum

2. In Karaikal, desalination intake water TDS is varying widely. In monsoon it goes as low as 300 PPM and in rest of the year, it is around 32000 PPM. When we operate the Desalination plant with low TDS water, the recovery goes above the design value of 40% and damages the membrane due to lineation. Again when we operate the membrane with high TDS water, the permeate TDS goes as high as 3000 PPM against the design value of 500 PPM. The lineated membrane cannot be repaired. Hence, in the past, we were replacing the membrane every year. Now we have installed a system which maintains constant Feed water TDS (32000 PPM) at all times by recycling the reject water and some of the low TDS effluent. This system was commissioned in February 2017. Now, the permeate TDS is below 350 PPM. The above change has resulted in reduction of sea water intake quantity, reject water discharge quantity for the same quantity of permeate. Also the running hours of both intake

and reject water pump has got reduced. The annualized power reduction due to this is 49,207 units resulting in savings of Rs. 1.18 lakhs per annum

3. Our Coal based Power Plant has Air cooled condensers (ACC) for cooling the exhaust steam from the Steam Turbines. Each ACC has six numbers of Fans for maintaining the air flow. The motors connected to these fans are dual fixed speed motors and hence air flow could not be controlled. The Air flow was kept constant even during Nights (or) during winter / rainy seasons when the ambient itself was low. Also the air flow could not be reduced during any low load operation of the turbines. This has resulted in Energy loss in the ACC fans. Hence, we have provided Variable Frequency Drive (VFD) for two numbers of fans in STG 2 to regulate the speed of the motor and the air flow is being maintained to the optimum required levels. The annualized energy savings due to the introduction of two Nos. of VFD's is 1,76,660 units and this amounts to Rs.8.23 lakhs / annum.
4. In Caustic Plant Mettur, we have installed conventional 150 W Sodium vapour (SV) and 125 W Mercury vapour (MV) fittings in the plant location. As part of energy saving measures, we have commenced replacement of the fittings with 60 W LED Light fittings. Also, the life of a LED lamp is stated to 3-5 years against 1 year for a conventional fitting and this reduces the maintenance cost of repair apart from the power savings. The annualized energy savings due to the introduction of LED fittings is calculated as 13381 units and this amounts to Rs 0.62 lakhs / annum.

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

Particulars	Substitution/ Reduction in energy consumption per annum	Savings in Cost of Production (Annualized) (Rs Lakhs)
1. Improved steam efficiency in Pre Concentrate Unit (PCU) of Flaker	3765 MT	30.12
2. Reject water re-usage at Karaikal	0.49 Lakh Kwh	1.18
3. Installation of Variable Frequency Drive in Air cooled condensor Air fans - 2 no's in Coal Based Power Plant	1.77 Lakh Kwh	8.23
4. Conventional light fittings were changed by 60 W LED light fittings	0.14 Lakh Kwh	0.62

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Imported technology details:

Technology Imported	From	Year of Import	Technology Absorption
Manufacture of Hydrogen Peroxide	Peroxy Engineers & projects Pte Ltd, Singapore	February 2018	The plant is under construction and expected to be commissioned in the financial year 2018-19.

RESEARCH AND DEVELOPMENT (R&D)

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

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. Lakhs)

a. Foreign exchange outgo	1,89,430.09
b. Foreign exchange earnings	383.27

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management & Administration) Rules, 2014.

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Polyvinyl Chloride	201	84.61%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Sanmar Speciality Chemicals Limited	U24299TN1982PLC009443	Holding	99.00%	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017] - Equity				No. of Shares held at the beginning of the year [As on 31-March-2018] - Equity				% Change during the year
	Shares of Rs.10 each				Shares of Rs.10 each				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	7,79,99,995	-	7,79,99,995	97.50%	7,91,99,995	-	7,91,99,995	99.00%	1.50%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	7,79,99,995	-	7,79,99,995	97.50%	7,91,99,995	-	7,91,99,995	99.00%	1.50%

(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	7,79,99,995	-	7,79,99,995	97.50%	7,91,99,995	-	7,91,99,995	99.00%	1.50%
B. Public									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%

[illegible]

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sanmar Speciality Chemicals Limited*	7,80,00,000	97.50%	-	7,92,00,000	99.00%	-	1.50%

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

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year Equity Shares of Rs.10 each		Cumulative Shareholding during the year Equity Shares of Rs.10 each	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Sanmar Speciality Chemicals Limited						
	At the beginning of the year			7,80,00,000	97.50%		
	Changes during the year	24-03-18	Transfer	12,00,000	1.50%		
	At the end of the year			7,92,00,000	99.00%	7,92,00,000	99.00%

(iv) Shareholding Pattern of top ten Shareholders

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

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Sanmar Estates and Investments						
	At the beginning of the year			10,68,170	1.34%	10,68,170	1.34%
	Changes during the year	29-06-17	Transfer	2,67,000	0.33%	13,35,170	1.67%
		12-07-17	Transfer	89,000	0.11%	14,24,170	1.78%
		10-11-17	Transfer	(1,33,500)	-0.17%	12,90,670	1.61%
		28-02-18	Transfer	4,45,000	0.56%	17,35,670	2.17%
		24-03-18	Transfer	(12,00,000)	-1.50%	5,35,670	0.67%
	At the end of the year					5,35,670	0.67%
2	Ashok Leyland Limited						
	At the beginning of the year			3,56,000	0.45%		
	Changes during the year	28-02-18	Transfer	(3,56,000)	-0.45%		
	At the end of the year					-	0.00%
3	Asahi India Glass Limited			-	0.00%	-	0.00%
	At the beginning of the year			2,67,000	0.33%		
	Changes during the year	29-06-17	Transfer	(2,67,000)	-0.33%		
	At the end of the year					-	0.00%
4	Sanmar Foundries Limited			-	0.00%	-	0.00%
	At the beginning of the year			97,500	0.12%		
	Changes during the year	10-11-17	Transfer	1,33,500	0.17%		
	At the end of the year					2,31,000	0.29%
5	Ashley Alteams India Limited						
	At the beginning of the year			89,000	0.11%		
	Changes during the year	12-07-17	Transfer	(89,000)	-0.11%		
	At the end of the year					-	0.00%
6	Appu Hotels Limited						
	At the beginning of the year			89,000	0.11%		
	Changes during the year	12-07-17	Transfer	(89,000)	-0.11%		
	At the end of the year					-	0.00%
7	SCL Property Holdings Limited						
	At the beginning of the year			32,930	0.04%		
	Changes during the year			No change during 2017-18			
	At the end of the year					32,930	0.04%

(v) Shareholding of Directors and Key Managerial Personnel:

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

* Holding 1 equity share as a nominee of Sanmar Speciality Chemicals Limited. He has no beneficial shareholding interest in this share.

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,604.02	-	-	29,604.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	67.63	-	-	67.63
Total (i+ii+iii)	29,671.65		-	29,671.65
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	(6,113.49)	-	-	(6,113.49)
Net Change	(6,113.49)	-	-	(6,113.49)
Indebtedness at the end of the financial year				
i) Principal Amount	23,382.90	-	-	23,382.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	175.26	-	-	175.26
Total (i+ii+iii)	23,558.16	-	-	23,558.16

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Name	(Rs/Lac)
		Designation	
		P S Jayaraman	
		Chairman (Wholetime Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		174.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-
2	Stock Option		-
3	Sweat Equity		-
	Commission		-
4	- as % of profit		-
	- others, specify		-
5	Others (Contribution to PF and Gratuity)		10.71
	Total (A)		185.40
	Ceiling as per the Act		893.03

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
1	Independent Directors	S V Mony	V K Parthasarathy		-
	Fee for attending board/ committee meetings	0.40	0.50		0.90
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (1)	-	-	-	
2	Other Non-Executive Directors	M N Radhakrishnan	Lavanya Venkatesh		-
	Fee for attending board/ committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				186.30
	Overall Ceiling as per the Act				893.03

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name	M Chandrasekhar	Satya Narayan Nayak	(Rs/Lac)
	Designation	CFO	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39.20	19.68	58.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			
	- as % of profit			-
	- others, specify			-
5	Others (contribution to PF and Gratuity)	2.14	1.09	3.23
	Total	41.34	20.77	62.11

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY : N.A.					
Penalty					
Punishment					
Compounding					
B. DIRECTORS : N.A.					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT : N.A.					
Penalty					
Punishment					

**CORPORATE SOCIAL RESPONSIBILITY POLICY
AND RELATED INFORMATION**

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

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

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

Mr S Sankaran, Chairman
Mr V K Parthasarathy
Mr S V Mony

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

Average Profit for last three financial years – Rs.15,705.87 lakhs

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

Rs.314.12 Lakhs

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year as per the Companies Act, 2017-18; - Rs.314.12 lakhs
- (b) Amount actually spent: Rs.121.55 Lakhs
- (c) Amount unspent, if any : Rs.192.57 Lakhs
- (d) Manner in which the amount spent during the financial year is detailed below: An amount of Rs. 121.55 lakhs was spent during the year 2017-18 for various CSR Activities as per details given below:

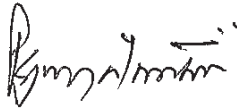
(1)	(2)	(3)	(4)	(5)	(6)
S. No.	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the State and District where projects or Programs was undertaken	Amount spent on the projects or programs sub-heads; (1) Direct expenditure on projects or programs (2) Over-heads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
1.	Drinking water supply & plantation of trees	Mettur, Salem dist, Tamil Nadu; Krishnagiri, Krishnagiri dist, Tamil Nadu. Cuddalore, Cuddalore dist, Tamil Nadu;	68.56		Direct
2.	Medical & Health care Expenses	Mettur, Salem dist, Tamil Nadu; Karaikal, Karaikal dist, Puducherry; Cuddalore, Cuddalore dist, Tamil Nadu; Vedaranyam, Nagapattinam dist, Tamil Nadu.	17.75		Direct
3.	Education and Training expenses	Mettur, Salem dist, Tamil Nadu; Karaikal, Karaikal dist, Puducherry; Cuddalore, Cuddalore dist, Tamil Nadu; Vedaranyam, Nagapattinam dist, Tamil Nadu	5.97		Direct
4.	Others	Mettur, Salem dist, Tamil Nadu; Karaikal, Karaikal dist, Puducherry; Cuddalore, Cuddalore dist,	29.27		Direct

		Tamil Nadu; Vedaranyam, Nagapattinam dist, Tamil Nadu.			
	Total		121.55		

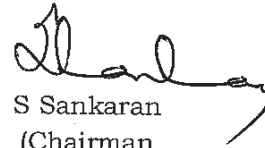
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

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

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



P S JAYARAMAN
Chairman



S Sankaran
(Chairman
CSR Committee)

Annexure 5

Policy on appointment of Directors and Remuneration policy:

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

(a) Appointment of Directors

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

The proposed appointee shall also fulfill the following requirements:

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

(b) Criteria of Independence

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

(c) Remuneration Policy

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

- (i) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- (ii) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- (iii) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

(d) Remuneration to Whole-time Directors

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

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

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

(e) Remuneration to other employees including Key Managerial Personnel

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Chemplast Sanmar Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Chemplast Sanmar Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 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 judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 40 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- 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**



per Bharath N S

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: June 23, 2018



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 fixed assets.
- (b) Fixed assets 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.
- (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, 2018 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, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause 148(1) of the Act related to the manufacture of the Company's products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax, cess and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, 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.



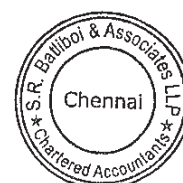
S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (b) According to the records of the Company, the dues outstanding of service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount in Rs. Lakhs	Period to which the amount relates	Forum where dispute is pending
TNVAT Act, 2007	Sales tax/ Penalty	577.45	2010-11 to 2014-15	High Court of Madras
Central Excise Act, 1944	Excise Duty / Service tax / Penalty	84.90	1975-76 to 2011-12	High Court of Madras
		783.15	1979-80 to 2015-16	CESTAT
		57.02	1991-92 to 2016-17	Commissioner of Central Excise (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. The Company did not have any outstanding debentures or loans from government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments 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 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, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, there are no transactions with the related parties which attract the provisions of Sections 177 and 188 of Companies Act, 2013.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.



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Chartered Accountants

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: **101049W/E300004**



per Bharath N S
Partner

Membership Number: 210934

Place of Signature: Chennai

Date: June 23, 2018



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

To the Members of Chemplast Sanmar Limited

We have audited the internal financial controls over financial reporting of Chemplast Sanmar Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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



per Bharath N S

Partner

Membership Number: 210934

Place of Signature: Chennai

Date: June 23, 2018




Chemplast Sanmar Limited
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue			
Revenue from operations	4	312540.42	326197.12
Other income	5	2247.41	2900.85
Total Income		314787.83	329097.97
Expenses			
Cost of materials consumed	6	180031.68	181359.68
Changes in inventories of finished goods and work-in-progress	7	4205.93	(3907.20)
Excise Duty		9557.34	35895.51
Employees' benefit expense	8	9272.09	8819.01
Other expenses	9	57136.98	56093.69
Depreciation expense	10	7536.21	6871.97
Finance costs	11	7725.51	7260.00
Total Expenses		275465.74	292392.66
Profit / (Loss) before tax and exceptional items		39322.09	36705.31
Exceptional items (Refer Note 43)		(2767.02)	(4857.22)
Profit / (Loss) before tax		36555.07	31848.09
Tax expense:			
Current Tax	12	(7749.67)	(6514.22)
Deferred Tax		(10944.86)	(10310.16)
Profit / (Loss) after tax		17860.54	15023.71
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans	13	3.25	(45.99)
- Income tax expense relating to above items		(1.14)	16.07
Total Other Comprehensive Income for the year		2.11	(29.92)
Total Comprehensive Income for the year		17862.65	14993.79
Basic and Diluted Earnings per share (equity shares, par value Rs 10/- each)	14	22.33	18.78


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

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


per Bharath N.S
Partner
Membership No: 210934
Place: Chennai
Date: June 23, 2018




M Chandrasekar
Chief Financial Officer



P S Jayaraman
Chairman
DIN : 00011108


Satya Narayan Nayak
Company Secretary

Chemplast Sanmar Limited
Balance Sheet as at March 31, 2018
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	10	101647.39	106663.84	110707.68
Capital work-in-progress		8180.54	607.76	864.28
Financial Assets				
(i) Investments	15	62.22	60.00	75.00
(ii) Other Financial Assets	16	1732.11	1578.59	1663.14
Deferred Tax Assets (Net)	17	-	-	3082.90
Other non-current assets	18	882.48	3070.28	641.85
Non-Current tax assets		103.00	201.30	200.20
		<u>112607.74</u>	<u>112181.77</u>	<u>117235.05</u>
Current assets				
Inventories	19	31305.95	32957.94	17734.34
Financial Assets				
(i) Investments	20	92793.00	60718.10	24214.46
(ii) Trade Receivables	21	6016.53	7350.77	7578.41
(iii) Cash and cash equivalents	22	15323.50	6221.80	15788.16
(iv) Other Bank balances	23	379.85	-	-
(v) Other Financial Assets	24	2891.02	3645.55	3364.20
Other current assets	25	1752.17	4151.93	6055.38
		<u>150462.02</u>	<u>115046.09</u>	<u>74734.95</u>
Total assets		<u>263069.76</u>	<u>227227.86</u>	<u>191970.00</u>
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	26	8000.00	8000.00	8000.00
Other Equity	27	41589.32	23726.67	8732.88
Total Equity		<u>49589.32</u>	<u>31726.67</u>	<u>16732.88</u>
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	28	16982.90	23204.02	29423.95
(ii) Other Financial Liabilities	29	5722.26	5765.34	2868.08
Deferred Tax Liabilities (Net)	17	18157.19	7211.19	-
Other non-current liabilities	30	9674.60	582.18	356.67
		<u>50536.95</u>	<u>36762.73</u>	<u>32648.70</u>
Current liabilities				
Financial Liabilities				
(i) Borrowings	31	28979.29	13099.51	33213.16
(ii) Trade Payables	32	96026.88	106785.75	75537.97
(iii) Derivative liabilities	33	71.27	5679.55	3108.66
(iv) Other financial liabilities	34	30874.89	25845.90	25666.95
Other current liabilities	35	4028.48	5104.18	3475.44
Current Tax Liability		2962.68	2223.57	1586.24
		<u>162943.49</u>	<u>158738.46</u>	<u>142588.42</u>
Total liabilities		<u>213480.44</u>	<u>195501.19</u>	<u>175237.12</u>
Total equity and liabilities		<u>263069.76</u>	<u>227227.86</u>	<u>191970.00</u>

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

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

[Signature]
per Bharath N.S.
Partner
Membership No: 210934
Place: Chennai
Date: June 23, 2018



[Signature]
M Chandrasekar
Chief Financial Officer

[Signature]

P S Jayaraman
Chairman
DIN : 00011108

[Signature]
Satya Narayan Nayak
Company Secretary

Chemplast Sanmar Limited

Statement of changes in equity for the year ended March 31, 2018

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

Particulars	Equity		Other Equity			Total
	Share Capital		Securities Premium	Capital Redemption Reserve	Retained earnings	
Balance at 1 April 2016	8000.00		12667.13	3712.95	(9722.93)	8732.88
Profit for the year 2016-17	-		-	-	15023.71	15023.71
Other Comprehensive Income (Refer Note 13)	-		-	-	(29.92)	(29.92)
Balance at 31 March 2017	8000.00		12667.13	3712.95	5270.86	23726.67
Profit for the year 2017-18	-		-	-	17860.54	17860.54
Other Comprehensive Income (Refer Note 13)	-		-	-	2.11	2.11
Balance at 31st March 2018	8000.00		12667.13	3712.95	23133.51	41589.32

Statement on Significant Accounting Policies and Notes to the

Financial Statements are an integral part of this Statement of Changes in Equity

This is the Statement of changes in equity referred to in our report of even date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

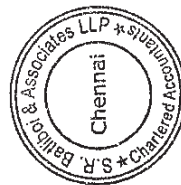
[Signature]
per **Bharath N.S**

Partner

Membership No: 210934

Place: Chennai

Date: June 23, 2018



[Signature]

P S Jayaraman

Chairman

DIN : 00011108

[Signature]
M Chandrasekar

Chief Financial Officer

[Signature]

Satya Narayan Nayak

Company Secretary

Chemplast Sanmar Limited

Statement of Cash Flows for the year ended March 31, 2018
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	39322.09	36705.31
Adjustments for:		
Depreciation	7536.21	6871.97
Interest and finance charges	7725.51	7260.00
(Profit) / Loss on sale of Property, Plant & Equipment (net)	(0.14)	(115.15)
Share of income from partnership firm	(778.22)	(1121.19)
Interest Income	(406.41)	(562.93)
Difference in fair value of derivative instruments	71.27	5679.55
Unrealised (gain) / loss of foreign exchange transactions	1232.60	(3615.92)
Government Grant Income	(13.68)	(98.73)
Exceptional Item	(2767.02)	(4857.22)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	51922.21	46145.69
Adjustments for changes in:		
Trade and other receivables	4416.09	978.30
Inventories	1651.99	(15223.60)
Trade and other payables	(6587.31)	38135.67
CASH GENERATED FROM OPERATIONS	51402.98	70036.06
Income taxes paid (net)	(6912.26)	(5877.99)
NET CASH FROM OPERATING ACTIVITIES	44490.72	64158.07
B. CASH FLOW FROM INVESTING ACTIVITIES		
Current Investments	(32074.90)	(36503.64)
Purchase towards Property, Plant & Equipment	(5807.94)	(4444.68)
Margin Deposits placed with bank	(379.85)	-
Share of income from partnership firm	778.22	1121.19
Interest Income	427.86	859.39
Investments Redeemed	-	15.00
Investments made in Non - Current Instruments	(2.22)	-
Proceeds from sale of Property, Plant & Equipment	34.92	196.63
NET CASH FROM / USED IN INVESTING ACTIVITIES	(37023.91)	(38756.11)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long term borrowings	-	500.00
Repayment of long-term borrowings	(6221.12)	(8153.91)
Proceeds / (Repayment) from short-term borrowings	15473.89	(19994.92)
Interest and finance charges paid	(7617.88)	(7319.49)
NET CASH USED IN FINANCING ACTIVITIES	1634.89	(34968.32)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	9101.70	(9566.36)
Cash and cash equivalents at the beginning of the year	6221.80	15788.16
Cash and cash equivalents at the end of the year	15323.50	6221.80

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per Bharath N.S
Partner

Membership No: 210934

Place: Chennai

Date: June 23, 2018



M Chandrasekar
M Chandrasekar
Chief Financial Officer

P S Jayaraman
P S Jayaraman
Chairman
DIN : 00011108

Satya Narayan Nayak
Satya Narayan Nayak
Company Secretary

R

Chemplast Sanmar Limited

Notes forming part of the accounts for the year ended March 31, 2018

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

1 Corporate Information

Chemplast Sanmar Limited ("the Company") is a public limited company incorporated and domiciled in Chennai. The registered office is located at Cathedral Road, Chennai. As of March 31, 2018, Sanmar Speciality Chemicals Limited owns 99.00% 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 Statement of Compliance:

The Company has prepared separate financial statements in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements upto and for the year ended March 31, 2018 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 47.

The financial statements have been prepared on a historical cost basis, except for the following financial 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

The financial statements are presented in INR and are rounded off to the nearest lakh, except when otherwise indicated. These financial statements were authorised for issue by the Company's Board of Directors on June 23, 2018.

2.2 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.

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.



Chemplast Sanmar Limited

Notes forming part of the accounts for the year ended March 31, 2018

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

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 classes 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 45)
- Quantitative disclosures of fair value measurement hierarchy (Note 36.9)
- 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);
- c. Investments at cost.

a. Debt instruments at amortised cost;

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 36.2.1.

b. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 36.9.

c. Investments at cost:

Investment in jointly-controlled entities and associates are carried at cost in the Separate Financial Statements as permitted under Ind AS 27.



Chemplast Sanmar Limited

Notes forming part of the accounts for the year ended March 31, 2018

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

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 P&L. The balance sheet presentation for various financial instruments is described below:

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

3.3.1.2 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.3.2 Financial liabilities and equity instruments

3.3.2.1 Classification as debt or equity

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

3.3.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

3.3.2.3 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:



Chemplast Sanmar Limited**Notes forming part of the accounts for the year ended March 31, 2018**

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

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. For more information refer Note 36.2.2.

3.3.2.4 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 36.9.

3.3.2.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.3.3 Offsetting of financial instruments:

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

3.3.4 Effective interest method

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

3.3.5 Derivative financial instruments

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

3.4 Property, plant and equipment**3.4.1 Recognition and measurement**

Property, Plant & Equipment are valued at cost model net of accumulated depreciation and accumulated impairment losses, if any. 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.

Depreciation is calculated on the useful lives stipulated under Schedule II of the Companies Act, 2013, on a straight-line basis over the estimated useful lives of the assets as follows:

Particulars	Useful life
Buildings	30 years
Plant and equipment	1 year - 25 years
Vehicles	3 years - 6 years
Computers and peripherals and motor cars	3 years
Office equipments	3 years - 5 years
Furniture and fixtures	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



3.5 Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises all applicable costs incurred for bringing the inventories to their present location and condition and include appropriate overheads wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.6 Retirement and Employees benefits

Short term employees' benefits including accumulated compensated absence are recognized as an expense as per the Company's Scheme based on expected obligations on undiscounted basis. The present value of other long-term employees benefits are measured on a discounted basis as per the requirements of Ind AS 109.

Post-Retirement benefits comprise of employees' provident fund and gratuity which are accounted for as follows:

Provident Fund:

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

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company make annual contributions to gratuity funds administered by Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

Remeasurement comprising actuarial gains and losses and the return on assets (excluding interest) relating to retirement benefit plans, are recognized directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to statement of profit or loss.

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

3.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of 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.

The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, Sales Tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company 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 are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer usually on despatch of products to customers. 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.

Share of income from partnership firm

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

Interest income

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR).

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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:

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in Finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease charges are charged to Statement of Profit and loss on straight line basis over the lease term.



Chemplast Sanmar Limited

Notes forming part of the accounts for the year ended March 31, 2018

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

3.9 Taxes

Income Tax

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of any unused tax losses and unabsorbed depreciation. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

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 reassessed 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 recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

3.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.11 Provisions and contingencies

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

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

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



Chemplast Sanmar Limited

Notes forming part of the accounts for the year ended March 31, 2018

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

3.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.13 Intangible assets

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

The useful lives of intangible assets owned by the company are assessed as finite.

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.14 Borrowing costs:

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

3.15 Impairment of non-financial assets:

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

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

3.16 Earnings per share

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

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



Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

	Year ended March 31, 2018	Year ended March 31, 2017
Note : 4		
Revenue		
Revenue from the sale of goods*	312267.26	325966.09
Other operating revenue		
Revenue from sale of scrap	265.57	230.30
Revenue from export incentives	7.59	0.73
	<u>312540.42</u>	<u>326197.12</u>

*
Revenue from operations for the period up to June 30, 2017 includes excise duty. From July 1, 2017 excise duty and most Indirect taxes have been replaced with Goods and Service Tax (GST). GST is not includible in revenue from operations (Refer Note 3.7). In view of aforesaid changes in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017.

Note : 5

Other income

Share of income from partnership firm	778.22	1121.19
Gain on disposal of property, plant and equipment (net)	0.14	115.15
Provisions no longer required written back	756.67	330.58
Amortization of government grant	13.68	98.73
Recovery of bad debts	244.19	324.20
Interest Income on financial assets at amortised cost	406.41	562.93
Miscellaneous income	48.10	348.07
	<u>2247.41</u>	<u>2900.85</u>

Note : 6

Cost of materials consumed

Inventories of materials at the beginning of the year	19141.17	11777.72
Add: Purchases	183779.00	188723.13
Less: Inventories of materials at the end of the year	22888.49	19141.17
	<u>180031.68</u>	<u>181359.68</u>

Note : 7

Changes in inventories of finished goods and work in progress

Inventories at the beginning of the year		
Work in progress	215.28	220.42
Finished goods	6693.37	2190.68
	<u>6908.65</u>	<u>2411.10</u>
Inventories at the end of year		
Work in progress	321.75	215.28
Finished goods	1445.81	6693.37
	<u>1767.56</u>	<u>6908.65</u>
Excise duty on closing stock of finished goods	-	935.16
Less: Excise duty on opening stock of finished goods	(935.16)	(344.81)
	<u>(935.16)</u>	<u>590.35</u>
	<u>4205.93</u>	<u>(3907.20)</u>



Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

	Year ended March 31, 2018	Year ended March 31, 2017
Note : 8		
Employees' benefit expense		
Salaries and wages	8549.06	8099.88
Contribution to provident and other funds	353.50	354.83
Gratuity Expense	145.90	129.39
Staff welfare expenses	223.63	234.91
	<u>9272.09</u>	<u>8819.01</u>

Note : 9		
Other expenses		
Power and fuel	30163.27	26890.96
Stores consumed	5760.77	5560.07
Rent	493.45	583.58
Insurance	519.49	529.84
Rates and taxes	520.17	364.92
Repairs and maintenance		
- Machinery	3044.92	2581.47
- Building	653.94	668.35
- Others	963.88	1489.79
Freight and handling	3069.16	4276.32
Difference in foreign exchange (net) *	6328.86	7281.96
Payment to auditor ^	61.81	61.86
Miscellaneous expenses	5557.26	5804.57
	<u>57136.98</u>	<u>56093.69</u>

*Net of fair value gain on derivative instruments at FVTPL of Rs. 5608.28 lakhs (2016-17: Loss Rs. 2570.88 Lakhs)

^ Payment to auditor		
For Statutory Audit	45.00	45.00
For Tax Audit	7.00	7.00
For Other Services	9.00	9.00
For Reimbursement of Expenses	0.81	0.86
	<u>61.81</u>	<u>61.86</u>



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Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

(All amounts are in Indian Rupees in Lakhs 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									
Deemed cost as at April 01, 2016	8908.65	667.12	9551.61	88235.07	136.58	72.49	311.64	2824.52	110707.68
Additions	-	-	55.67	2655.79	21.29	51.98	124.88	-	2909.61
Disposals	-	-	4.76	93.09	-	-	42.90	-	140.75
Balance at March 31, 2017	8908.65	667.12	9602.52	90797.77	157.87	124.47	393.62	2824.52	113476.54
Additions	-	-	312.18	2113.54	46.65	33.63	48.54	-	2554.54
Disposals	14.70	-	-	109.21	0.30	-	23.69	-	147.90
Balance As at March 31, 2018	8893.95	667.12	9914.70	92802.10	204.22	158.10	418.47	2824.52	115883.18
Accumulated depreciation and impairment									
Balance at April 01, 2016	-	-	-	-	-	-	-	-	-
Depreciation expense	-	7.51	802.22	5791.71	30.09	22.87	50.55	167.02	6871.97
Eliminated on disposals of assets	-	-	0.02	55.39	-	-	3.86	-	59.27
Balance at March 31, 2017	-	7.51	802.20	5736.32	30.09	22.87	46.69	167.02	6812.70
Depreciation expense	-	7.51	692.40	6563.67	25.81	21.28	58.39	167.15	7536.21
Eliminated on disposals of assets	-	-	-	109.17	0.18	-	3.77	-	113.12
Balance As at March 31, 2018	-	15.02	1494.60	12190.82	55.72	44.15	101.31	334.17	14235.79
Net book value as at March 31, 2018	8893.95	652.10	8420.10	80611.28	148.50	113.95	317.16	2490.35	101647.39
Net book value as at March 31, 2017	8908.65	659.61	8800.32	85061.45	127.78	101.60	346.93	2657.50	106663.84

Capital Work in Progress

Net book value as at March 31, 2018	8,180.54	-	-	-	-	-	-	-	8180.54
Net book value as at March 31, 2017	607.76	-	-	-	-	-	-	-	607.76

Note:

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

* As on April 1, 2016, the asset was under finance lease. The hire purchase arrangement was settled during the financial year 2016-17 and the said asset became a fully owned asset thereafter. The minimum lease rental outstanding is as follows:

	Total Minimum Hire Purchase Payments outstanding		Present Value of Minimum Hire Purchase Payments	
	31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-17
Within one year	-	-	604.84	-
Later than one year and not later than five years	-	-	-	598.43
	-	-	604.84	598.43



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Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

	Year ended March 31, 2018	Year ended March 31, 2017
Note : 11		
Finance costs		
Interest on bank overdrafts and loans	4592.42	4795.39
Other finance costs	3006.90	2320.57
Bank charges	126.19	144.04
	<u>7725.51</u>	<u>7260.00</u>
Note: 12		
Income tax expenses		
<u>Current Tax:</u>		
Current Income tax charge	7749.67	6514.22
<u>Deferred tax:</u>		
Relating to origination and reversal of temporary differences	10944.86	10310.16
Income tax expense reported in statement of profit and loss	<u>18694.53</u>	<u>16824.38</u>
<u>Other comprehensive income (OCI):</u>		
Net loss/(gain) on remeasurements of defined benefit obligations	1.14	(16.07)
Income tax charged to OCI	<u>1.14</u>	<u>(16.07)</u>

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2018

The tax on the company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (34.608%) as follows:

Accounting profit before tax	36555.07	31848.09
Profit before Income tax multiplied by standard rate of corporate tax in India (34.608%) as follows:	12650.98	11021.99
Effects of:		
Non-recognition of Minimum Alternate Tax Entitlement	5835.00	6514.22
Share of Profit from Partnership firm	(269.33)	(388.02)
Effect of change in substantively enacted tax rates on deferred tax	174.59	-
Others	303.29	(323.81)
Net effective Income tax	<u>18694.53</u>	<u>16824.38</u>

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 2018	Retained Earnings	Total
Re-measurement gains/(losses) on defined benefit obligations	2.11	2.11
During the year ended 31 March 2017	Retained Earnings	Total
Re-measurement gains/(losses) on defined benefit obligations	(29.92)	(29.92)



Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

Year ended
March 31, 2018

Year ended
March 31, 2017

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.

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

Earnings per share :

Profit/(Loss) after tax	17860.54	15023.71
Earnings used in the calculation of earnings per share	17860.54	15023.71
Weighted average number of Equity shares for basic & Diluted EPS	80000000	80000000

Basic and diluted earnings per share

Basic earnings per share	22.33	18.78
Diluted earnings per share	22.33	18.78

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Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Note : 15			
Investments at FVTPL			
Investments in the shares of bodies corporate			
<u>Unquoted fully paid equity shares</u>			
Sai Regency Power Corporation Private Limited (600000 Equity shares)	60.00	60.00	75.00
TCI Sanmar Chemicals S.A.E (1 Equity share)	2.22	-	-
	<u>62.22</u>	<u>60.00</u>	<u>75.00</u>

Note : 16			
Other non-current financial assets			
(Unsecured, considered good)			
Security deposits	1470.11	1385.31	1398.99
Margin deposits	5.58	3.92	3.92
Non-current bank deposits	66.87	65.26	65.26
Sundry receivables	53.49	44.11	60.48
Claims receivables	136.06	79.99	134.49
	<u>1732.11</u>	<u>1578.59</u>	<u>1663.14</u>

Note : 17			
Deferred tax liabilities / (Assets) (Net)			
A. Deferred tax liability			
Difference between book and tax written down value	21546.25	21338.95	21438.31
B. Deferred tax assets			
Unabsorbed Depreciation / Brought Forward Losses	-	(11494.27)	(23517.66)
Unabsorbed Business Loss	-	-	-
Employees Separation Scheme	(1945.05)	(1344.87)	-
Others	(1444.01)	(1288.62)	(1003.55)
	<u>18157.19</u>	<u>7211.19</u>	<u>(3082.90)</u>

Note:
Unrecognised Minimum Alternate Tax Credit

Financial year	As at March 31, 2018	Year of Maturity	As at March 31, 2017	Year of Maturity	As at April 01, 2016	Year of Maturity
2007-08	-	-	161.87	2017-18	161.87	2017-18
2015-16	1211.07	2030-31	1211.07	2030-31	1211.07	2030-31
2016-17	6525.46	2031-32	6525.46	2031-32		
2017-18	5835.00	2032-33				
Total	<u>13571.53</u>		<u>7898.40</u>		<u>1372.94</u>	

Note : 18
Other non-current assets

Security Deposit - Government Authorities	514.23	613.51	641.21
Capital Advances	368.25	2456.77	0.64
	<u>882.48</u>	<u>3070.28</u>	<u>641.85</u>

Note : 19
Inventories

Raw materials	1273.53	1088.28	435.03
Work-in-progress	321.75	215.28	220.42
Finished goods	1445.81	6693.37	2190.68
Stores and spares	6649.90	6908.12	3545.52
Intermediates	21614.96	18052.89	11342.69
	<u>31305.95</u>	<u>32957.94</u>	<u>17734.34</u>



Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Note :			
Inventories includes Goods in transit			
Raw Material	-	389.17	5.66
Intermediaries	11262.17	5825.64	4409.60
Stores and Spares	191.81	2.40	13.51
	<u>11453.98</u>	<u>6217.21</u>	<u>4428.77</u>
Note : 20			
Current Investments at cost			
(Non-trade - Unquoted)			
Investment in partnership firm *	92793.00	60718.10	24214.46
	<u>92793.00</u>	<u>60718.10</u>	<u>24214.46</u>
* Refer Note 39 for details of Investments			
Note : 21			
Trade receivables			
Unsecured, considered good**			
Receivable from related party (Refer Note 38)	12.95	25.47	34.55
Receivable from others	6003.58	7325.30	7543.86
	<u>6016.53</u>	<u>7350.77</u>	<u>7578.41</u>
** Trade Receivables are non interest bearing and are generally on terms of 0-60 days			
Note : 22			
Cash and cash equivalents			
Bank balances			
-in current account	14531.15	6103.45	774.22
-Deposits with original maturity of less than three months	-	-	14326.93
Cheques on hand	778.91	104.44	656.84
Cash on hand	12.97	12.55	29.19
Stamps on hand	0.47	1.36	0.98
	<u>15323.50</u>	<u>6221.80</u>	<u>15788.16</u>
Note : 23			
Other bank balances			
Margin deposits	379.85	-	-
	<u>379.85</u>	<u>-</u>	<u>-</u>
Note : 24			
Other current financial assets			
Security deposits	22.00	14.24	115.73
Sundry receivable	1672.96	2505.72	1912.41
Claims receivables	1016.81	986.07	871.11
Unbilled revenue	125.87	64.69	93.66
Interest receivable	53.38	74.83	371.29
	<u>2891.02</u>	<u>3645.55</u>	<u>3364.20</u>
Note : 25			
Other current assets			
Prepaid expenses	468.54	391.97	230.61
Balances with Government authorities	560.05	2713.48	5348.96
Advances given to suppliers	723.58	1046.48	475.81
	<u>1752.17</u>	<u>4151.93</u>	<u>6055.38</u>



Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued

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

Note : 26	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity Share capital			
Authorised			
20,00,00,000 equity shares of Rs.10/- each	20000.00	20000.00	20000.00
35,00,00,000 cumulative redeemable preference shares of Rs.100/- each	3500.00	3500.00	3500.00
	<u>23500.00</u>	<u>23500.00</u>	<u>23500.00</u>
Issued			
(8,00,00,000 equity shares of Rs.10/- each)	<u>8000.00</u>	<u>8000.00</u>	<u>8000.00</u>
Subscribed and fully paid-up			
8,00,00,000 equity shares of Rs.10/- each	8000.00	8000.00	8000.00
(8,00,00,000 equity shares of Rs.10/- each fully paid up)	<u>8000.00</u>	<u>8000.00</u>	<u>8000.00</u>

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 2016	80000000	8000.00
Issued during the year	-	-
Balance at 31 March 2017	<u>80000000</u>	<u>8000.00</u>
Issued during the year	-	-
Balance at 31 March 2018	<u>80000000</u>	<u>8000.00</u>

Shares Held by Holding company and its subsidiaries

7,92,00,000 equity shares (Previous year 7,80,00,000) are held by the holding company, Sanmar Speciality Chemicals Limited and its nominees.

Rights, Preferences and Restrictions attached to shares

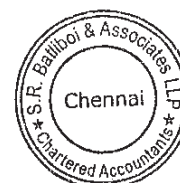
Equity Shares: The company has one class of equity shares having a par value of Rs. 10 per share. Each share holder is eligible for one vote per share held. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Speciality Chemicals Limited and its nominees of face value of Rs.10 each	79200000	99.00%	78000000	97.50%

Note: 27
Other Equity

General Reserve	2075.73	2075.73	2075.73
Retained earnings (Refer A below)	23133.51	5270.86	(9722.93)
Capital Redemption Reserve	3712.95	3712.95	3712.95
Securities premium	12667.13	12667.13	12667.13
	<u>41589.32</u>	<u>23726.67</u>	<u>8732.88</u>
(A) Retained Earnings			
Balances at the beginning of the year	5270.86	(9722.93)	
Profit / (Loss) for the year	17860.54	15023.71	
Other Comprehensive Income	2.11	(29.92)	
Balances at the end of the year	<u>23133.51</u>	<u>5270.86</u>	



Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Note : 28			
Non Current Borrowings			
Secured – at amortized cost			
Bank loans	12054.93	16859.65	23522.72
Loans from financial Institutions	3674.30	5112.17	6607.60
Hire Purchase Obligations	-	-	573.51
SIPCOT Soft Loan	7653.67	7632.20	7469.50
(A)	<u>23382.90</u>	<u>29604.02</u>	<u>38173.33</u>
Less:			
Current maturities of borrowings			
Bank loans	4900.00	4900.00	6675.87
Loans from financial Institutions	1500.00	1500.00	1500.00
Hire Purchase Obligations	-	-	573.51
SIPCOT Soft Loan	-	-	-
(B)	<u>6400.00</u>	<u>6400.00</u>	<u>8749.38</u>
(A) - (B)	<u>16982.90</u>	<u>23204.02</u>	<u>29423.95</u>

Summary of borrowing arrangements

A. Term loans from banks and financial institutions amounting to Rs 12054.93 Lakhs and Rs.3674.30 Lakhs respectively (previous year Rs 16859.65 Lakhs and Rs. 5112.17 Lakhs respectively) is secured by equitable mortgage of specific land and buildings.

I. Repayment of loans from Banks

(a) Loan amounting to Rs. 12054.93 Lakhs (Previous year Rs. 16859.65 Lakhs) - repayment in 22 quarterly un-equal installments.

II. Repayment of loans from financial institutions

(a) Loan amounting to Rs. 3674.30 Lakhs (Previous year Rs. 5112.17 Lakhs) - repayment in 22 quarterly un-equal installments.

B. Term loans from SIPCOT amounting to Rs. 7653.67 Lakhs (Previous year Rs. 7632.20 Lakhs), is secured by first pari passu charge on specific land, buildings and plant and machinery. The loan drawn is repayable in the 10th year of eligibility.

C. Hire purchase loan from financial Institution amounting Rs. 573.51 Lakhs as at 01.04.2016 was secured by first charge on helicopter. The hire purchase arrangement was settled during the financial year 2016-17 and the said asset became a fully owned asset thereafter.

Note: Repayment schedule indicated above is from the date of drawal of the loan or from the end of moratorium period which ever applicable.

Note: Interest rate of the above term loans ranges from 10.00% to 11.50%

Note : 29
Other non-current financial liabilities

Trade Deposits	275.27	336.20	335.24
Accrued salaries and benefits	3722.59	3612.74	483.71
Other Payables	1724.40	1816.40	2049.13
	<u>5722.26</u>	<u>5765.34</u>	<u>2868.08</u>

Note : 30
Other non-current liabilities

Government grant*	215.79	229.47	-
Advance against Sale of assets	9000.00	-	-
Other liabilities	458.81	352.71	356.67
	<u>9674.60</u>	<u>582.18</u>	<u>356.67</u>

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

Note : 31
Current Borrowings
Secured – at amortized cost

Buyer's credit	28979.29	13099.51	33213.16
	<u>28979.29</u>	<u>13099.51</u>	<u>33213.16</u>

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).



Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Note : 32			
Trade payables			
Trade payables*	96026.88	106785.75	75537.97
	<u>96026.88</u>	<u>106785.75</u>	<u>75537.97</u>

* General Terms: The average credit period varies for each product between 180 to 270 days. No interest is charged for the initial period of 60 days. Thereafter interest is charged at LIBOR + Spread on the outstanding balance.

* The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

* Refer Note 42 for dues related to Micro and Small enterprises.

Note : 33

Derivative Instruments

Derivative Liability #	71.27	5679.55	3108.66
	<u>71.27</u>	<u>5679.55</u>	<u>3108.66</u>

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

- Loan from Banks	4900.00	4900.00	6675.87
- Loan from Financial Institution	1500.00	1500.00	1500.00
- Hire Purchase Obligations	-	-	573.51
Advance from Holding company	12500.00	12500.00	12500.00
Interest accrued but not due on loans	175.26	67.63	127.12
Trade Deposits	42.84	54.27	51.00
Payable / Accrual towards Capital Expenditure	2331.28	100.42	77.10
Accrued salaries and benefits	5892.88	3692.15	1216.48
Other Payables	3532.63	3031.43	2945.87
	<u>30874.89</u>	<u>25845.90</u>	<u>25666.95</u>

Note : 35

Other current liabilities

Government grant	13.68	13.68	-
Other Liabilities	1988.24	3040.08	1944.31
Advance from customers	1792.06	1246.99	937.99
Withholding and other tax payables	234.50	803.43	593.14
	<u>4028.48</u>	<u>5104.18</u>	<u>3475.44</u>

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Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued
(All amounts are in Indian Rupees in Lakhs 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 28, 31 and 34), cash and cash equivalents (Note 22) and equity attributable to equity holders of the Company, comprising issued capital, premium, capital redemption reserve and retained earnings.

Gearing ratio

During the year 2017-18, the Company's strategy was to reduce the dependency on debt. The gearing ratios at March 31, 2018, March 31, 2017 and April 1, 2016 were as follows*:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Borrowings	52362.19	42703.53	71386.49
Cash and Cash Equivalents	15323.50	6221.80	15788.16
Net debt	37038.69	36481.73	55598.33
Equity (ii)	49589.32	31726.67	16732.88
Gearing Ratio	0.75	1.15	3.32

(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, 2018	As at March 31, 2017	As at April 01, 2016
36.2.1 Financial assets at amortised cost			
Cash and bank balances (Note 22)	15323.50	6221.80	15788.16
Other Bank Balances (Note 23)	379.85	-	-
Trade receivables (Note 21)	6016.53	7350.77	7578.41
Other financial assets (Note 16 & 24)	4623.13	5224.14	5027.34
Total	26343.01	18796.71	28393.91
36.2.2 Financial liabilities- At amortised cost			
Borrowings (Note 28, 31 & 34)	52362.19	42703.53	71386.49
Trade payables (Note 32)	96026.88	106785.75	75537.97
Other financial liabilities (Note 29 & 34)	30197.15	25211.24	19785.65
Total	178586.22	174700.52	166710.11

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 investment, loans, trade and other receivables, cash & cash equivalents that derive directly from its operations.

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

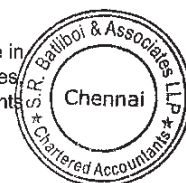
The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework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

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

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

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.



Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

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

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	Effect on Profit before Tax and Pre Tax Equity	
		March 31, 2018	March 31, 2017
USD	1%	1218.44	1213.07

36.6 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. It also uses sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term loans.

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

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

Particulars	Increase/ (Decrease) in basis points	Effect on Profit before tax	
		March 31, 2018	March 31, 2017
INR	100	157.29	219.72

36.7 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.

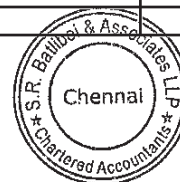
None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2018, that defaults in payment obligations will occur.

36.7.1 Trade receivables

Customer credit risk is managed by each business unit subject to 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, 2018	5653.11	363.42	-	6016.53
Trade Receivables as of March 31, 2017	7101.46	249.31	-	7350.77



Chemplast Sanmar Limited**Notes to financial statements for the year ended March 31, 2018 - continued**

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

36.7.2 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.

36.8 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, 2018	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	53896.59	5722.26	59618.85
Interest bearing (excluding interest accrual)	95655.74	23382.90	119038.64
			178657.49
March 31, 2017	Less than a year	More than a year	
Non-interest bearing (including derivatives)	50496.30	5765.34	56261.64
Interest bearing (excluding interest accrual)	94514.41	29604.02	124118.43
			180380.07
April 1, 2016	Less than a year	More than a year	
Non-interest bearing (including derivatives)	34354.63	2868.08	37222.71
Interest bearing (excluding interest accrual)	94422.73	38173.33	132596.06
			169818.77

36.9 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, 2018		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments			62.22
Financial liabilities measured at fair value			
Derivative liabilities	-	71.27	-
	Fair value hierarchy as at March 31, 2017		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments			60.00
Financial liabilities measured at fair value			
Derivative liabilities	-	5679.55	-
	Fair value hierarchy as at April 1, 2016		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments			75.00
Financial liabilities measured at fair value			
Derivative liabilities		3108.66	



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Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued

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

36.10 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, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets						
Investments	92855.22	60778.10	24289.46	92855.22	60778.10	24289.46
Other financial assets:						
Deposits	1944.41	1468.73	1583.90	1944.41	1468.73	1583.90
Sundry receivables	1905.70	2689.35	2437.84	1905.70	2689.35	2437.84
Claims receivable	1152.87	1066.06	1005.60	1152.87	1066.06	1005.60
Trade receivables	6016.53	7350.77	7578.41	6016.53	7350.77	7578.41
Cash and cash equivalents	15323.50	6221.80	15788.16	15323.50	6221.80	15788.16
Total	119198.23	79574.81	52683.37	119198.23	79574.81	52683.37
Financial liabilities						
Borrowings:						
Floating rate borrowings	44708.52	35071.33	62769.97	44708.52	35071.33	62769.97
Fixed rate borrowings	7653.67	7632.20	8043.01	4056.91	3581.39	3018.64
Obligations under hire purchase contracts	-	-	573.51	-	-	573.51
Trade payables	96026.88	106785.75	75537.97	96026.88	106785.75	75537.97
Other financial liabilities:						
Accrued salaries and benefits	9615.47	7304.89	1700.19	9615.47	7304.89	1700.19
Advance from holding company	12500.00	12500.00	12500.00	12500.00	12500.00	12500.00
Payable / Accrual towards Capital Expenditure	2331.28	100.42	77.10	2331.28	100.42	77.10
Other payables	5750.40	5305.93	5508.36	5750.40	5305.93	5508.36
Derivatives not designated as hedge						
Foreign exchange forward contracts	71.27	5679.55	3108.66	71.27	5679.55	3108.66
Total	178657.49	180380.07	169818.77	175060.73	176329.26	164794.40

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 to financial statements for the year ended March 31, 2018 - continued**

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

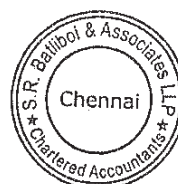
Note:37

The company has considered business segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system.

Segment Revenue, Segment Results, Segments Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis.

Assets and Liabilities that cannot be allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

Description	Commodity		Specialities		Unallocable		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue (Net of Excise Duty)	198408.19	191246.50	104574.89	99055.11	-	-	302983.08	290301.61
Total Revenue	198408.19	191246.50	104574.89	99055.11	-	-	302983.08	290301.61
Segment result (Profit before interest and Exceptional item)	18883.90	14477.88	27259.05	27895.64	904.65	1591.79	47047.60	43965.31
Finance Costs	-	-	-	-	7725.51	7260.00	7725.51	7260.00
Exceptional Items	-	-	2767.02	4857.22	-	-	2767.02	4857.22
Profit before tax	18883.90	14477.88	24492.03	23038.42	(6820.86)	(5668.21)	36555.07	31848.09
Provision for tax								
Current	-	-	-	-	7749.67	6514.22	7749.67	6514.22
Deferred	-	-	-	-	10944.86	10310.16	10944.86	10310.16
Profit / (Loss) after tax	18883.90	14477.88	24492.03	23038.42	(25515.39)	(22492.59)	17860.54	15023.71
Other Comprehensive Income								
- Remeasurement of Defined Benefit Plans	-	-	-	-	3.25	(45.99)	3.25	(45.99)
- Income tax expense relating to above items	-	-	-	-	(1.14)	16.07	(1.14)	16.07
Profit after OCI	18883.90	14477.88	24492.03	23038.42	(25513.28)	(22522.51)	17862.65	14993.79
OTHER INFORMATION								
Segment assets	65616.58	71057.21	83598.34	82023.47	113854.84	74147.18	263069.76	227227.86
Total assets	65616.58	71057.21	83598.34	82023.47	113854.84	74147.18	263069.76	227227.86
Segment liabilities	111003.40	114633.71	66866.62	53272.15	4953.23	7884.12	182823.25	175789.98
Unallocated corporate liabilities	-	-	-	-	-	-	18157.19	7211.19
Total liabilities	111003.40	114633.71	66866.62	53272.15	4953.23	7884.12	200980.44	183001.17
Capital expenditure	491.02	297.43	2022.61	4689.22	40.91	145.90	2554.54	5132.55
Depreciation and amortisation	2404.25	2410.06	4889.39	4219.46	242.57	242.45	7536.21	6871.97



Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued

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

Note: 38
Related party transactions
List of parties where control exists

Sanmar Speciality Chemicals Limited
Sanmar Engineering Services Limited

Immediate Holding Company

Fellow Subsidiary till 18.04.2016

Ultimate Holding Company from 18.04.2016

Intermediate Holding Company from 19.09.2017

Chemplast Cuddalore Vinyls Limited (Previously Kalamkriya Limited)

Jointly Controlled Entities

Mowbrays Corporate Finance

Fellow Subsidiaries

Sanmar Overseas Investments AG

TCI Sanmar Chemicals S.A.E.

Key Management Personnel

P S Jayaraman

Terms and conditions of transactions with related parties:

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017, April 1, 2016: Rs. Nil).

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

Description	Parties where control exists		Jointly Controlled Entities / Fellow Subsidiaries		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Transactions during the year						
Expenses						
Chemplast Cuddalore Vinyls Limited	11.87	-				
Purchase of Property, Plant & Equipment						
Sanmar Speciality Chemicals Limited	488.25	0.11				
Purchase of Scrips						
Sanmar Engineering Services Limited	12.84	-				
Sanmar Speciality Chemicals Limited	-	57.88				
Sales						
TCI Sanmar Chemicals S.A.E.				20.57		
Sanmar Speciality Chemicals Limited	320.18	378.88				
Share of Income from partnership firm						
Mowbrays Corporate Finance			778.22	1,121.19		
Expenses Paid						
Sanmar Speciality Chemicals Limited	2.58	1.17				
Expenses Recovered						
Sanmar Speciality Chemicals Limited	0.33	-				
Investment made during the year						
Mowbrays Corporate Finance			162016.40	178885.72		
Investment redeemed during the year						
Mowbrays Corporate Finance			129941.50	142382.08		
Remuneration						
P S Jayaraman					174.80	156.60
Balances as on 31st March 2018						
Advance from holding company						
Sanmar Speciality Chemicals Limited	12500.00	12500.00				
Investments			92793.00	60718.10		
Sundry Receivables			1573.60	2204.15		
Trade Receivables	13.00	25.47				
Trade Payables	0.04	0.12				
Deposit	20.98	20.98				

Note:39
Details of Investment

As at
March 31, 2018

As at
March 31, 2017

(Amount in INR)
As at
April 1, 2016

Partners' Name

Chemplast Sanmar Limited

9279300100.00

6071810500.00

2421446500.00

Sanmar Speciality Chemicals Limited

97370100.00

70000100.00

100.00

Sanmar Engineering Services Limited

7400100.00

100.00

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



Chemplast Sanmar Limited**Notes to financial statements for the year ended March 31, 2018 - continued**

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

Note:40**Contingent liabilities and contingent assets:****Contingent liabilities ***

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A. Claims against the company not acknowledged as debts :			
- On account of Direct Taxes	-	-	180.90
- On account of Indirect Taxes	4076.81	4698.26	4742.04
- On account of other disputes	1584.78	641.52	735.43
Total	<u>5,661.59</u>	<u>5,339.78</u>	<u>5,658.37</u>

*

-The company is of the opinion that the above demands are not sustainable and expects to succeed in its appeals.

-It is not practicable for the company to estimate the timing of the cash flows, if any, in respect of above, pending resolution of the respective appellate proceedings with various forums / authorities.

-The company does not expect any reimbursement in respect of the above contingent liabilities.

Note 41**Capital commitments :**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2600.99	739.10	250.63
	<u>2600.99</u>	<u>739.10</u>	<u>250.63</u>

Note 42**Dues to micro and small enterprises**

As at March 31, 2018, 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 have been determined to the extent such parties have been identified on the basis of information available with the Company.

Note: 43

Exceptional items before tax of Rs. 2767.02 Lakhs (Previous year Rs.4857.22 Lakhs) refers to compensation payable to employees who have opted for an early separation scheme announced by the company

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Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

Note:44

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, 2018 by LIC of India.

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

	March 31, 2018 %	Valuation at March 31, 2017 %	April 01, 2016
Discount rate(s)	7.50%	8.00%	8.00%
Expected return on plan assets	8.00%	8.35%	8.35%
Expected rate(s) of salary increase	7.50%	8.00%	8.00%
Attrition rate	1% - 3%	1% - 3%	1% - 3%

Cost of defined benefit plans are as follows.

	Year ended March 31, 2018	Year ended March 31, 2017
Current service cost	114.39	111.79
Interest on obligation	142.30	147.89
Expected return on plan assets (to the extent it represents an adjustment to interest cost)	(112.52)	(129.35)
Net cost recognised in the Income Statement	144.17	130.33
Expected return on plan assets (to the extent it does not represent an adjustment to interest cost)	4.92	(4.04)
Actuarial (gains)/losses recognized in the year	(8.18)	50.03
Net gain recognised in the Other Comprehensive Income	(3.26)	45.99

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Present value of funded defined benefit obligation	1528.33	1778.78	1848.66
Fair value of plan assets	1514.45	1795.90	1851.93
Net Liability / (Asset)	13.88	(17.12)	(3.27)

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

	Year ended March 31, 2018	Year ended March 31, 2017
Opening fair value of plan assets	1795.90	1851.93
Expected return on plan assets	107.60	133.39
Actuarial (gains)/losses	3.07	(8.44)
Contributions from the employer	110.74	295.62
Benefits paid	(502.86)	(476.60)
Closing fair value of plan assets	1514.45	1795.90



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Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

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

	Year ended March 31, 2018	Year ended March 31, 2017
Opening defined benefit obligation	1778.78	1848.66
Current service cost	114.39	111.79
Interest cost	142.30	147.89
Actuarial (gains)/losses	(5.11)	41.59
Transfer of obligations	0.83	105.45
Benefits paid	(502.86)	(476.60)
Closing defined benefit obligation	1528.33	1778.78
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	(0.74)	-
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	(4.36)	41.59
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]	-	-
Year 1	39.07	46.80
Year 2	517.83	673.23
Year 3	107.53	161.06
Year 4	126.98	134.31
Year 5	105.76	156.36
Years 6 through 10	605.30	673.43

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.

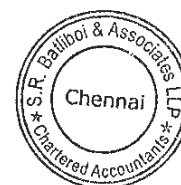
The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation.

The Company expects to make a contribution of Rs.209.45 Lakhs to the defined benefit plans during the next financial year.

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

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	(14.13)	6.04	(107.84)
Decrease in discount rate by 1 %	17.10	(7.08)	124.91
Increase in salary escalation by 1 %	17.13	9.38	125.28
Decrease in salary escalation by 1 %	(14.42)	(8.25)	(110.18)

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Note: 45

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 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 46

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.

Note 46 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: 47

First time adoption of IND AS

These financial statements, for the year ended March 31, 2018, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.



Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a. Ind AS 103 Business Combinations has not been applied to acquisitions, which are considered businesses under Ind AS that occurred before 1 April 2016. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

b. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its Property, Plant and Equipment, Intangible assets and Investment property as recognised in its Indian GAAP financials as deemed cost at the transition date.

c. The Company has adopted the exemption of recognition of Government grant as given under Ind-AS 20 in respect of a below-par loan from a government company existing at the date of transition to Ind-AS.

Estimates:

The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

Effect of the Transition to Ind AS:

Reconciliations of the Company's balance sheets prepared under Indian GAAP and Ind AS as of April 1, 2016 and March 31, 2017 are also presented as Note 49. Reconciliations of the Company's income statements for the year ended March 31, 2017 prepared in accordance with Indian GAAP and Ind AS are presented as Note 49.

Note 48: Standards issued but not effective:

Certain new standards, interpretations and amendments to existing standards have been published by the Ministry of Corporate Affairs ("MCA") that are not yet effective up to the date of issuance of the Company's financial statements. Those which are considered to be relevant to our operations are set out below:

1) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

2) Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. While the company is in the process of performing a detailed evaluation of the impact on adoption of Ind AS 115, it does not expect to have any significant impact on such adoption.

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Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

Equity Reconciliation as at April 01, 2016

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

Note: 49

49.1	Particulars	Note	Previous GAAP*	Ind AS Adjustments	As per Ind AS
	ASSETS				
	Non-current assets				
	Property, plant and equipment		110707.68	-	110707.68
	Capital work-in-progress		864.28	-	864.28
	Financial Assets				
	(i) Investments		75.00	-	75.00
	(ii) Other Financial Assets		1663.14	-	1663.14
	Deferred Tax Assets (Net)	E	4549.00	(1466.10)	3082.90
	Other non-current assets	A	870.47	(228.62)	641.85
	Non - Current tax assets		200.20	-	200.20
			<u>118929.77</u>	<u>(1694.72)</u>	<u>117235.05</u>
	Current assets				
	Inventories		17734.34	-	17734.34
	Financial Assets				
	(i) Investments		24214.46	-	24214.46
	(ii) Trade Receivables		7578.41	-	7578.41
	(iii) Cash and cash equivalents		15788.16	-	15788.16
	(iv) Derivative Instruments		-	-	-
	(v) Others Financial Assets		3364.20	-	3364.20
	Other current assets	A	7947.17	(1891.79)	6055.38
			<u>76626.74</u>	<u>(1891.79)</u>	<u>74734.95</u>
	Total assets		<u>195556.51</u>	<u>(3586.51)</u>	<u>191970.00</u>
	EQUITY AND LIABILITIES				
	Equity				
	Equity Share capital		8000.00	-	8000.00
	Other Equity		10108.01	(1375.13)	8732.88
	Total equity		<u>18108.01</u>	<u>(1375.13)</u>	<u>16732.88</u>
	Liabilities				
	Non-current liabilities				
	Financial Liabilities				
	(i) Borrowings	A	29868.44	(444.49)	29423.95
	(ii) Other Financial Liabilities	D	2986.10	(118.02)	2868.08
	Other non-current liability		356.67	-	356.67
			<u>33211.21</u>	<u>(562.51)</u>	<u>32648.70</u>
	Current liabilities				
	Financial Liabilities				
	(i) Borrowings	A	34504.61	(1291.45)	33213.16
	(ii) Trade Payables	C	78993.03	(3455.06)	75537.97
	(iii) Derivative Instruments	C	-	3108.66	3108.66
	(iv) Other financial liabilities	A	25677.97	(11.02)	25666.95
	Other current liabilities		3475.44	-	3475.44
	Current Tax Liability		1586.24	-	1586.24
			<u>144237.29</u>	<u>(1648.87)</u>	<u>142588.42</u>
	Total liabilities		<u>177448.50</u>	<u>(2211.38)</u>	<u>175237.12</u>
	Total equity and liabilities		<u>195556.51</u>	<u>(3586.51)</u>	<u>191970.00</u>

* Previous GAAP figures are reclassified to correspond to Ind AS classifications other than those mentioned in notes.

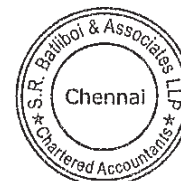


Chemplast Sanmar Limited
Notes to financial statements for the year ended March 31, 2018 - continued
Equity Reconciliation as at March, 2017

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

49.2	Particulars	Note	Previous GAAP *	Ind AS Adjustments	As per Ind AS
	ASSETS				
	Non-current assets				
	Property, plant and equipment		106663.84	-	106663.84
	Capital work-in-progress		607.76	-	607.76
	Financial Assets				-
	(i) Investments		60.00	-	60.00
	(ii) Other Financial Assets		1578.59	-	1578.59
	Deferred Tax Assets (Net)				-
	Other non-current assets	A	3236.10	(165.82)	3070.28
	Non - Current tax assets		201.30	-	201.30
			<u>112347.59</u>	<u>(165.82)</u>	<u>112181.77</u>
	Current assets				
	Inventories		32957.94	-	32957.94
	Financial Assets				
	(i) Investments		60718.10	-	60718.10
	(ii) Trade Receivables		7350.77	-	7350.77
	(iii) Cash and cash equivalents		6221.80	-	6221.80
	(iv) Derivative Instruments		-	-	-
	(v) Others Financial Assets		3645.55	-	3645.55
	Current Tax Assets				-
	Other current assets	A	4214.72	(62.79)	4151.93
			<u>115108.88</u>	<u>(62.79)</u>	<u>115046.09</u>
	Total assets		<u>227456.47</u>	<u>(228.61)</u>	<u>227227.86</u>
	EQUITY AND LIABILITIES				
	Equity				
	Equity Share capital		8000.00	-	8000.00
	Other Equity		24712.33	(985.66)	23726.67
	Total equity		<u>32712.33</u>	<u>(985.66)</u>	<u>31726.67</u>
	Liabilities				
	Non-current liabilities				
	Financial Liabilities				
	(i) Borrowings	A	23958.72	(754.70)	23204.02
	(ii) Other Financial Liabilities		5765.34	-	5765.34
	Deferred Tax Liabilities (Net)	E	5823.19	1388.00	7211.19
	Other non-current liability	B	352.71	229.47	582.18
			<u>35,899.96</u>	<u>862.77</u>	<u>36762.73</u>
	Current liabilities				
	Financial Liabilities				
	(i) Borrowings		13099.51	-	13099.51
	(ii) Trade Payables		106785.75	-	106785.75
	(iii) Derivative Instruments		5679.55	-	5679.55
	(iv) Other financial liabilities	D	25965.33	(119.43)	25845.90
	Other current liabilities	B	5090.47	13.71	5104.18
	Current Tax Liability		2223.57	-	2223.57
			<u>158844.18</u>	<u>(105.72)</u>	<u>158738.46</u>
	Total liabilities		<u>194744.14</u>	<u>757.05</u>	<u>195501.19</u>
	Total equity and liabilities		<u>227456.47</u>	<u>(228.61)</u>	<u>227227.86</u>

*Previous GAAP figures are reclassified to correspond to Ind AS classifications other than those mentioned in notes



Chemplast Sanmar Limited
Statement of Profit and Loss for the year ended March 31, 2017
Reconciliation of statement of profit or loss and other comprehensive Income for the year ended 31 March 2017
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

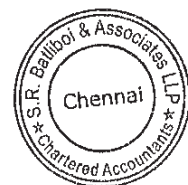
49.3	Particulars	Note	Previous GAAP for year ended March 31, 2017*	Ind AS Adjustments	IND AS for year ended March 31, 2017
	Revenue				
	Revenue from operations		326197.12	-	326197.12
	Other income	B	2802.12	98.73	2900.85
	Total Income		328999.24	98.73	329097.97
	Expenses				
	Cost of materials and services consumed		181359.68	-	181359.68
	Changes in inventories of finished goods and work-in-progress		(3907.20)	-	(3907.20)
	Excise Duty		35,895.51	-	35895.51
	Employee benefits expense	D	8965.08	(146.07)	8819.01
	Other expenses	C	56273.80	(180.11)	56093.69
	Depreciation expense		6871.97	-	6871.97
	Finance costs	A	7192.45	67.55	7260.00
	Total Expenses		292651.29	(258.63)	292392.66
	Profit before exceptional items and taxes		36347.95		36705.31
	Exceptional items		(4857.22)	-	(4857.22)
	Tax expense:				
	Current Tax		(6514.22)	-	(6514.22)
	Deferred Tax	E	(10372.19)	62.03	(10310.16)
	Profit / (Loss) after tax and exceptional items		14604.32	419.39	15023.71
	Other Comprehensive Income:				
	Items that will not be reclassified to Profit or Loss in subsequent periods				
	- Remeasurement of Defined Benefit Plans	F	-	(45.99)	(45.99)
	- Income tax expense relating to above items		-	16.07	16.07
	Total Comprehensive Income		14604.32	389.47	14993.79

Basic and Diluted Earnings per share (equity shares, par value

Rs 10/- each)

Basic	18.28	18.78
Diluted	18.28	18.78

*Previous GAAP figures are reclassified to correspond to Ind AS classifications other than those mentioned in notes



Chemplast Sanmar Limited

Notes to financial statements for the year ended March 31, 2018 - continued

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

49.4 Notes to reconciliation

A Borrowings

Under Previous GAAP, the Company amortized the ancillary borrowing cost over the tenure of the borrowings. Under IND AS, the Company has recorded the borrowings at amortised cost using effective interest rate.

B Government Grants

Under IND AS, the fair value of a below par interest borrowing from a Government Company is recognised as a Government Grant. The grant is amortised to the Statement of Profit and Loss on a systematic basis over the tenure of grant.

C Trade Payable and Derivative Liabilities

Under Previous GAAP, premium on forward exchange contracts were amortised over the term of contract. Under IND AS, the fair value of forward exchange contract is recorded and the foreign currency denominated balances are restated at closing rates.

D Other financial liabilities

Under Previous GAAP, the Company recognized the long term employee benefits payable at transaction cost. Under IND AS, the Company has recorded the long term employee benefits at its fair value i.e., present value of benefit expected to be settled at future date.

E Deferred tax

Under Previous GAAP, deferred taxes were computed on the basis of timing differences of carrying balances. However under IND AS, temporary differences between tax base and carrying values are considered. On transitional adjustments, the corresponding deferred taxes have been recognized.

F Defined benefit obligations

Under Previous GAAP, the Company recognized actuarial gains/losses and expected rate of return on defined benefit plans in the statement of profit and loss. Under IND AS, the Company has recognized the remeasurement of defined benefit obligations and plan assets in other comprehensive income.

G Statement of Cash flows

The transition from Previous GAAP to IND AS has not had a material impact on the statement of cash flows.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

per Bharath N.S
Partner

Membership No: 210934

Place: Chennai

Date: June 23, 2018



P S Jayaraman

P S Jayaraman

Chairman

DIN : 00011108

M Chandrasekar

M Chandrasekar
Chief Financial Officer

Satya Narayan Nayak

Satya Narayan Nayak
Company Secretary