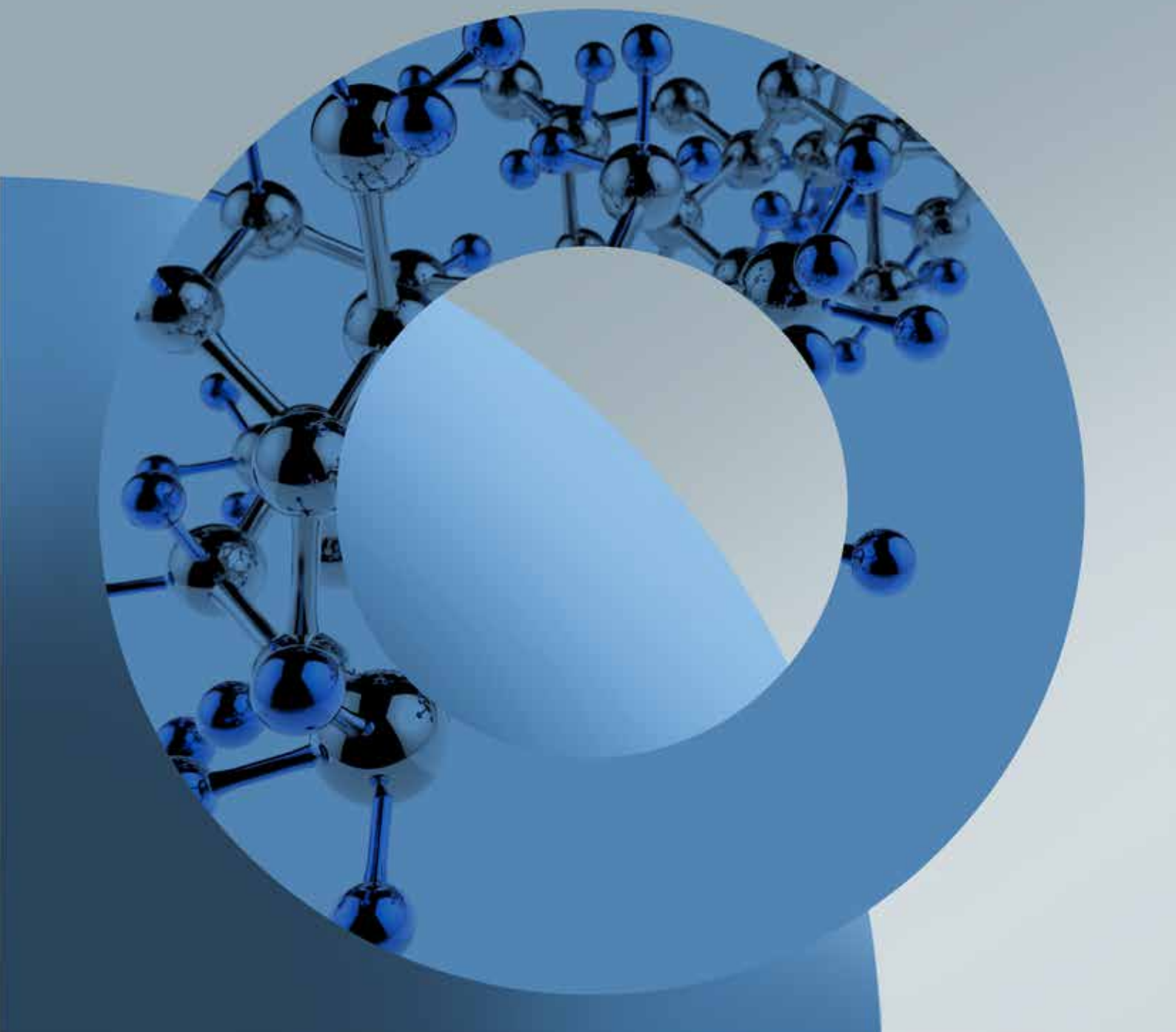
Chemplast Sanmar Limited

Annual Report 2021-22

SANMAR
CHEMPLAST SANMAR LIMITED

Profitable.
Responsible.
Sustainable.



COMPANY INFORMATION

Board of Directors
Mr Vijay Sankar
Non Executive Chairman

Mr Ramkumar Shankar
Managing Director

Mr Aditya Jain
Independent Director

Dr Amarnath Ananthanarayanan
Non Executive Director

Mr Chandran Ratnaswami
Non Executive Director

Dr (Mrs) Lakshmi Vijayakumar
Independent Director

Mr Prasad Raghava Menon
Independent Director

Mr Sanjay Vijay Bhandarkar
Independent Director

Chief Financial Officer
Mr N Muralidharan

Company Secretary and Compliance Officer
Mr M Raman

Statutory Auditors
S R Batliboi & Associates LLP
Chartered Accountants

Cost Auditors
N Sivashankaran & Co
Cost Accountants

Secretarial Auditors
B Ravi & Associates
Company Secretaries

Bankers
DBS Bank Limited

Indian Overseas Bank

CTBC Bank & Co Ltd

ICICI Bank Limited

Registered Office
9 Cathedral Road
Chennai 600086
Website: www.chemplastsanmar.com

Registrar and Share Transfer Agent
KFin Technologies Limited
Selenium Building, Tower-B,
Plot Nos.31 & 32
Financial District,
Nanakramguda,
Serilingampally
Hyderabad, Rangareddi,
Telangana 500 032

Corporate Identification Number
L24230TN1985PLC011637

Contents

N. Sankar

To be remembered and celebrated

Chairman Emeritus

N. Sankar leaves behind many legacies, which will continue to be a part of the DNA of The Sanmar Group.

One of his most memorable lines, for instance "Honesty and transparency are essential features of our approach to joint ventures".

He extended horizons, drawing from his extensive reading and interests in business, politics, sport, ecology and social issues. He didn't just converse; he backed it with initiatives related to the promotion of sport and social causes.

He recognised the power of globalisation even before the term had acquired popular currency, reflected in around 30 joint ventures with international partners, the oldest of which extends over 46 years; he extended these global technology alliances to a direct international presence in Egypt backed by sizable investment to expand capacity.

Even before the word 'governance' had come into active use, he had formed The Sanmar Group Corporate Board to segregate ownership and management through the proactive recruitment of professionals to manage Group companies.

He saw the future more clearly than most, responsible for original choices in the field of PVC manufacture including the extensively integrated manufacturing processes, environmental concern and the zero liquid discharge implementation well ahead of the industry or even regulatory requirement.

Coming from a prominent family of business achievers, Mr. Sankar went on to acquire academic credentials (B.Sc. (Tech) in Chemical Engineering from the AC College of Technology in Madras and Master's degree in Chemical Engineering from the Illinois Institute of Technology in Chicago), working through the rungs of the family business before commencing his entrepreneurial career in 1972.

His biggest achievement was knowing when to step back, handing over management responsibilities to the next generation while leaving The Sanmar Group secure, strong and sustainable.

Mr. Sankar passed away on April 17, 2022. His legacy lives on.

Profitable. Responsible. Sustainable.

This is the first annual report of Chemplast Sanmar Limited following the Company listing on the stock exchange post the IPO in August 2021.

During the last decade, the Company invested prudently in building the business.
It enhanced manufacturing capacities.
It balanced the overall portfolio, strengthening integration.
It prioritised the strategic role of ESG.
It right-sized the Balance Sheet.
It is well positioned for the next decade.

These initiatives were directed to achieve three distinctive Chemplast Sanmar objectives.

Profitability. Responsibility. Sustainability.

Profitable

Profitable growth

Cash generation
Rs. 696 crore, 2021- 22

EBITDA (including other income) margin of

21.3%, 2021-22

Responsible

Complete environment compliance

Increased product integration

High holistic resource utilisation

Sustainable

100%
net accruals reinvested in building the business

Addressing a growing customer appetite

CORPORATE SNAPSHOT

Chemplast Sanmar Limited.

One of the most exciting speciality chemical manufacturers in India.

One of the most profitable, on account of its extensive product integration.

One of the most sustainable, on account of extensive investments and compliances.

One of the most enduring, having been in business for more than five decades.

Vision

Combining integrity with excellence to ensure prosperity to all stakeholders on a continuous basis.

Listing

The Company raised Rs.3,850 crore through an initial public offering (IPO) in a combination of a primary issuance and an offer for sale. The proceeds of the primary issuance were used to redeem high-cost non-convertible debentures (NCD's) of Rs.1,238 crore raised in fiscal 2020. The Company's market capitalisation was Rs. 10,517 crs as on March 31, 2022.

Overview

Chemplast Sanmar is a part of SHL Chemicals Group, a constituent of The Sanmar Group, one of the oldest and most prestigious corporate institutions in South India. Fairfax India Holdings Corporation, a well-known international investor led by Mr. Prem Watsa, based in Canada, invested through its subsidiary, in the SHL Chemicals Group in 2016.

Presence

The Company is one of the most integrated chemical companies in India with an end-to-end manufacturing loop. Its manufacturing plants are located at Berigai, Mettur and Vedaranyam in Tamil Nadu as well as Karaikal in the Union Territory of Puducherry. The facility of its subsidiary Chemplast Cuddalore Vinyls Limited is located at Cuddalore, Tamil Nadu.

Credibility

In recognition of the Company's strong financial position, CRISIL Ratings upgraded its long-term rating for the bank facilities of Chemplast Sanmar to 'CRISIL AA-/Stable' from 'CRISIL A+/Positive' while maintaining the short-term rating at 'CRISIL A1+' which is the highest rating for short term debt.

Employees

As on March 31, 2022, the total number of employees was 1,335. The team comprised management graduates, engineers and graduates from other professionally qualified streams.

Products

Chemplast Sanmar is one of India's leading speciality chemical industry players, manufacturing speciality paste PVC resin and custom manufactured chemicals for use in pharmaceutical, agro-chemicals and fine chemicals. The Company also produces chlorochemicals, caustic soda, hydrogen peroxide, industrial salt and refrigerant gas, which complete the integration across its facilities. Chemplast Sanmar is the largest manufacturer of speciality paste PVC resin in India. Chemplast Cuddalore Vinyls Limited, a wholly-owned subsidiary of Chemplast Sanmar, is the country's second largest manufacturer of suspension PVC resin used in pipes, wire & cables, and PVC films, among others.

Customers

The Company has built long-standing relationships with customers from a range of industries like pipes, paper, artificial leather, pharmaceuticals and agro-chemicals. These enduring relationships have enhanced the Company's stability, broad-based diversity and deepened sustainability.

Integration

The Company's extensive product integration has enabled the Company to manufacture a range of raw materials in-house, strengthening resource security, widening the value chain and optimising working capital deployment.

Certifications

All the Company's manufacturing facilities (Berigai, Cuddalore, Karaikal and Mettur) are ISO-certified in environment, quality and occupational health and management safety system. Various plants of the Company have also been awarded the prestigious Sword of Honour award and the Five Star rating from the British Safety Council. Both Chemplast Sanmar Ltd. and its subsidiary Chemplast Cuddalore Vinyls Ltd. have earned the right to use the Responsible Care logo, among only a few chemical companies in India which have been permitted to do so.

Chemplast Sanmar Ltd., Marine Terminal Facility, Karaikal.

Accreditations and recognition, 2021-22

• Mettur Plant 3 was awarded a Silver EcoVadis medal by the EcoVadis International system evaluation in 2021.

• Mettur Plant 2 was audited by British Safety Council for the implementation of Occupational Health & Safety system; the Company retained its five star rating.

• Mettur Plant 2 received from the British Safety Council the prestigious apex award of Sword of Honour.

• Indian Chemical Council, after a stringent audit, approved the Company's use of the Responsible Care Logo till January 2025.

• Mettur Plants 1 and 2 received Star Award; the Berigai Plant received Appreciation award for Occupational Health and Safety Award 2020 from National Safety Council, Tamil Nadu Chapter.

How our stakeholder commitment translated into superior numbers

Supply chain

3,918
Rs. crore, total purchases, 2021-22

Employees

1,335
Team members

77
Rs. crore, employee remuneration, 2021-22

Customers

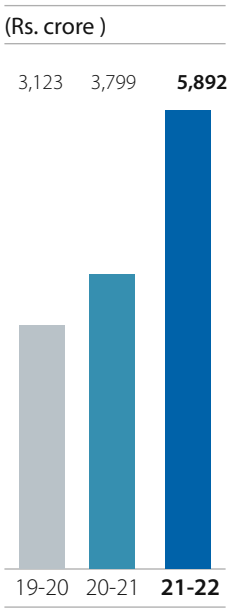
8
Countries where our customers are present

5,892
Rs. crore, Revenues from sales, 2021-22

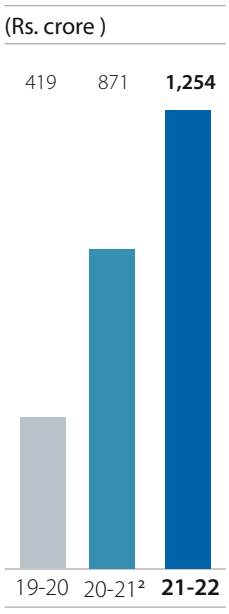
Communities

5
Rs. crore, CSR expenditure, 2021-22

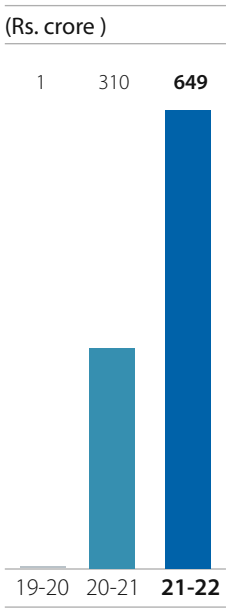
How we have grown across the years



Revenues

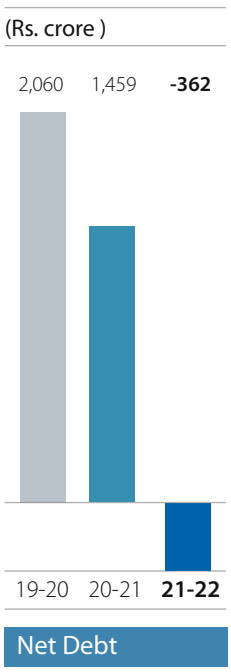


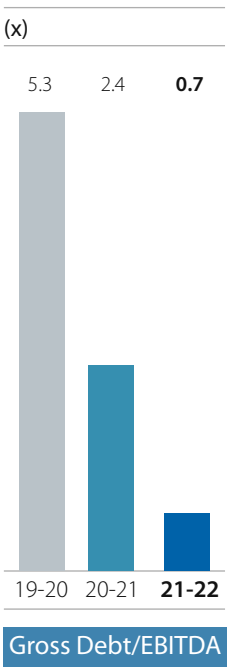
EBITDA[1]

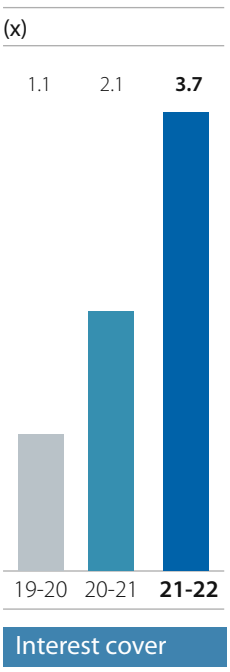


Net Profit [3]

Chemplast Cuddalore Vinyls Limited, Cuddalore.







Notes:

All computations are on consolidated basis; Historical numbers are restated post CCVL acquisition in 2020-21

1 Includes other income

2 Excludes positive impact on account of write down of inventory made in 2019-20 - Rs.107 crore

3 Excludes Share of Profit / (Loss) from Joint Venture and Associate as these investments have been delinked during 2020-21

At Chemplast Sanmar, we possess a robust products portfolio

Our products ride economic growth and improved lifestyles

Our products may be B2B but they are important ingredients in products that are used every day by people

Our products enhance product longevity and functionality

Our products are customised around specific downstream needs

Our product basket comprises diverse grades, addressing specific needs

Our products have been marked by increasing quality benchmarks

Our products take the products and businesses of our customers ahead

PVC resin: Chemplast produces two kinds of PVC, suspension PVC resin (through subsidiary) and speciality paste PVC resin. Suspension PVC resin is used in the manufacture of window and door profiles, films and sheets, wires & cables and pipes & fittings. speciality paste PVC resin is an essential ingredient used in end-user industries such as tarpaulin, artificial leather, gloves, conveyor belts and coated fabrics.

Custom manufacturing: We produce starting materials and intermediates for multinational innovator companies in the pharmaceutical, agrochemical and fine chemical industries. We offer a variety of services across the value chain that comprise process research, process development and scale-up, analytical studies, plant engineering and commercial scale manufacturing.

Caustic soda: Caustic soda is produced as a joint product along with chlorine. Based on manufacturing capacity, Chemplast was the fourth largest producer of caustic soda in South India as on March 31, 2022. Caustic soda finds application in a variety of industries such as textiles, paper and pulp, water treatment, alumina, organic chemicals, inorganic chemicals, pharmaceuticals, and soaps, detergents.

Chloromethanes: Chemplast Sanmar is one of the earliest manufacturers of chloromethanes in India. Chloromethanes refers to a group of products comprising methyl chloride, methylene dichloride (MDC), chloroform, and carbon tetra chloride (CTC). Chloroform is used as a raw material in manufacturing fluoro polymers and as solvents in pharmaceuticals. CTC is primarily used as a raw material in the production of cypermethrin, an insecticide, and as unprocessed material in new generation refrigerants, namely hydrofluoroolefins. MDC is utilised as a solvent in pharmaceuticals, as raw material in refrigerants and agrochemicals, and as a foam blowing agent.

Hydrogen peroxide: Chemplast Sanmar is the largest manufacturer of hydrogen peroxide in Southern India. The product is used in various industries such as water treatment, paper & pulp bleaching and textile bleaching.

3E

Our manufacturing facilities have been built around the 3E's– excellence, endurance and environment-friendliness

Our manufacturing facilities are either integrated or proximate to resource access

Our plants have been invested with cutting-edge technologies, periodically upgraded

Our facilities enjoy attractive economies of scale, strengthening manufacturing efficiencies

Our production cycle is holistic, supported by resources and complementary infrastructure

Our capabilities represent Centres of Excellence in the product spaces of their presence

Our factories are marked by a high operational uptime, strengthening efficiencies and economies

Mettur, Tamil Nadu

Products
Caustic soda, chlorine, hydrogen, speciality paste PVC resin, chloromethanes, hydrogen peroxide and refrigerant gas
48.5 MW captive power plant

Installed annual capacity as on March 31, 2022

- **Speciality paste PVC resin:** 66 ktpa
- **Caustic soda:** 67 ktpa
- **Chloromethanes:** 35 ktpa
- **Hydrogen peroxide:** 34 ktpa
- **Refrigerant gas:** 2.5 ktpa

The site consists of four plants with a high degree of integration

A pioneering zero liquid discharge facility at this site ensures that all plants at this location are zero effluents emissive, reducing fresh water drawal

An extensive rain-water harvesting system enhances water conservation measures

Karaikal, Puducherry

Product segments
Caustic soda and ethylene dichloride (EDC)
Total annual installed capacity as on March 31, 2022: 52 ktpa for caustic soda and 84 ktpa for EDC

Comprises two captive power plants (3.5 MW and 8.5 MW)

Captive marine terminal facility with a 1.3 km long trestle platform

Terminal facility connected to the shoreline to import raw materials (ethylene) and export finished goods (caustic soda).

Double-walled insulated cryogenic tank to store ethylene.

Safety pressure relief, vacuum breaker and ambient ethylene monitors with safety rupture disc and boil-off recovery system are installed to maintain tank pressure and smokeless flaring systems

Access to Chemplast salt fields at Vedaranyam, a key raw material.

Berigai, Tamil Nadu

Product segment

Custom manufacturing

Installed production capacity of 1,068 tpa

Fully-equipped multi-purpose plant

Distributed control systems

Laboratory and pilot scale development of chemistries (cyanation, hydrogenation, distillation etc.)

Vedaranyam, Tamil Nadu

Product segment
Industrial Salt
Approval to extract up to 400 ktpa

Chemplast Sanmar has a Salt Pan facility with an approval to extract up to 400 ktpa of Industrial Salt to cater to the requirement for Caustic Soda plants at Mettur and Karaikal.

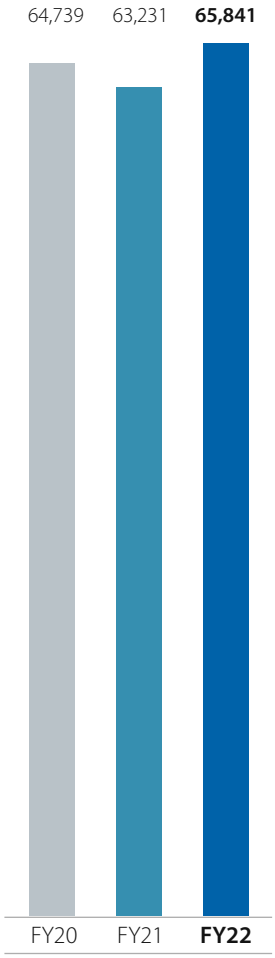
It has the washing facility to minimise the Calcium and Magnesium content in the Industrial Salt produced thus to facilitate the Brine sludge reduction while making the Brine treatment in the respective Caustic Soda Facilities.

Chemplast Sanmar at Vedaranyam, partnered with the Bombay Natural History Society (BNHS) in setting up a study centre at Kodiakarai. The BNHS-Sanmar centre is a boon for bird watchers who gather to watch migratory birds from across the globe swarming the swamps of Vedaranyam, during the northeast monsoon season. The centre spread across two-and-a-half acres of land purchased by BNHS is the first of its kind in the country.

Product group-wise performance

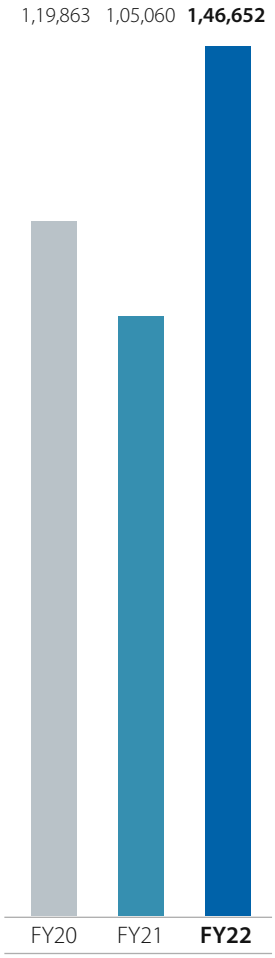
Sales Volume

(tonnes)



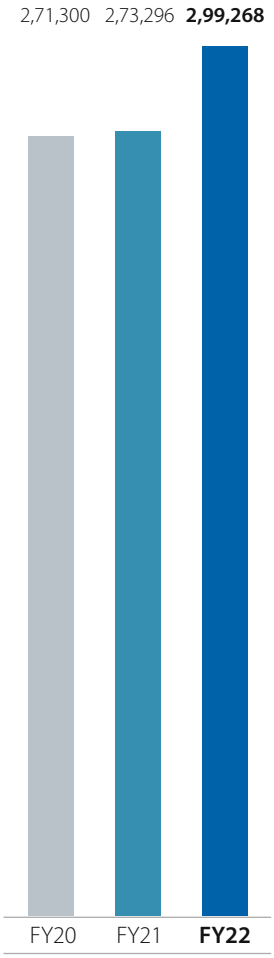
Speciality chemicals

(tonnes)



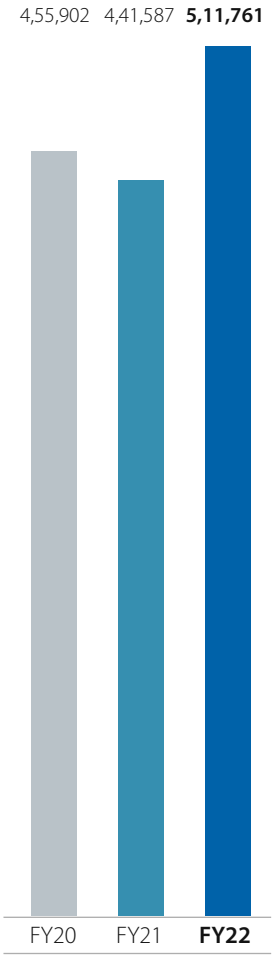
Non-speciality chemicals

(tonnes)



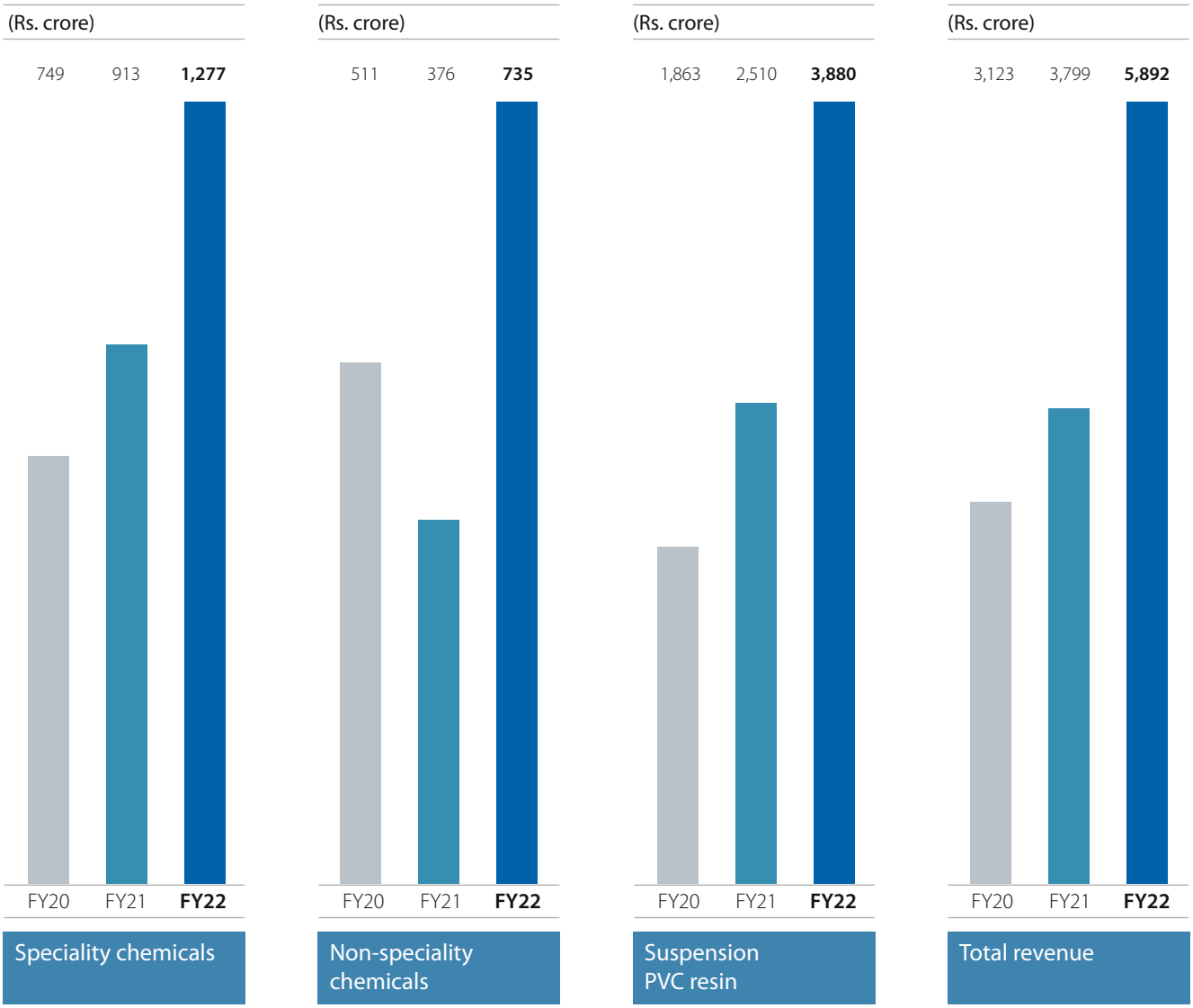
Suspension PVC resin

(tonnes)



Overall sales volume

Revenue


(Rs. crore)
749
913
1,277
FY20
FY21
FY22
Speciality chemicals
(Rs. crore)
511
376
735
FY20
FY21
FY22
Non-speciality chemicals
(Rs. crore)
1,863
2,510
3,880
FY20
FY21
FY22
Suspension PVC resin
(Rs. crore)
3,123
3,799
5,892
FY20
FY21
FY22
Total revenue

Chairman's message

The Sanmar Group's motto 'Where Integrity Meets Excellence' captures the essence of its philosophy.

Vijay Sankar
Chairman

The Sanmar Group has always taken pride in its governance and reputation with stakeholders across five decades.

Fairfax, a financial holding company in Canada, came in as a large long-term investor in our Holding Company, validating Sanmar's long-term competitiveness in the chemicals sector. This enhanced stability, credibility and liquidity while we were out of public visibility.

During the year under review, the Company made a public offer of equity shares and was listed once again. The rationale behind this decision was to strengthen the Balance Sheet and put the Company in a position to capitalise on myriad growth opportunities. The optimal way to capitalise effectively on the unfolding landscape was to go public, mobilise proceeds, repay debt, strengthen cash flows and re-balance the financial structure towards a larger role for accruals in financing our growth.

The result is that the Company is not just restructured; it is revitalised. It combines the experience of five decades in business with the soul of a start-up.

The Company is at the right place and at the right time. India's PVC (Speciality Paste PVC and Suspension PVC) and the Custom Manufacturing businesses are poised for unprecedented growth, not just for domestic supply but also as responsible global partners.

There is a distinctive opportunity to utilise the listed platform to build Chemplast Sanmar, one of India's leading chemical companies, not just with scale and profitability but also by ESG metrics. The management is optimistic that the runway is clear; a combination of cash flows, character, credentials and competitiveness is expected to enhance value-quicker and more sustainably.

I must thank our investors for their trust in our company. I am optimistic that we will be able to live up to the expectations of all our stakeholders and build the Company into one that enhances value for all stakeholders in a sustainable way into the long-term.

The Managing Director's overview

I welcome shareholders to a new phase in your Company's growth journey – faster and more derisked – that could translate into enhanced value in their hands across the foreseeable future.

Ramkumar Shankar
Managing Director

I welcome shareholders to my first communication following our company's re-listing in 2021.

I am often asked out of a sense of curiosity, expectation and excitement: 'How will the Company perform?'

My answer has always been optimistic due to the nature of our business and competitive advantages when seen from a long-term perspective.

However, our company's story is made compelling by a unique interplay, and have dedicated this communication to explaining how this convergence is expected to drive the Company's long-term sustainability.

The principal driver of our long-term competitiveness and sustainability is not just what we do but how we do it. This is a subject of growing importance where lenders, employees, resource providers, communities and shareholders – in short, all our stakeholders – are keenly studying our words and our deeds to be assured that they are indeed working with a like-minded company that can be trusted across the long-term.

Your company was among the first in India's chemical sector to graduate to the demanding zero liquid discharge standard when this concept was largely unheard of in India.

Who we are has been faithfully encapsulated in our Vision Statement which reads 'Combining Integrity with Excellence to ensure Prosperity to all Stakeholders on a Continuous Basis'.

The placement, in the Vision Statement, of 'integrity' before 'excellence', is deliberate. At Chemplast Sanmar, there is a commitment to doing the right things the right way, which is critical in a business where we engage with hazardous chemical resources and reactions. There is a priority to placing strategic integrity over tactical responsiveness and, in this regard, it would be necessary to communicate that the Company has wilfully given up several sales opportunities rather than doing business in an undesirable manner. Over the decades, we are proud to have built a company that places its reputation at a level higher than profitability, translating into respect across all stakeholders. I would not be exaggerating if I referred to a Sanmar Way of Doing Business or even a Sanmar Way of Life, which encapsulates everything fair, correct, honourable and responsible.

At Chemplast Sanmar, we believe that once the values have been enunciated and demonstrated, the Company begins to attract its principal asset – its people. The quality of talent that is attracted and indeed, retained, is critical to the building of any business; this is even more so in our business where we invest large outlays in building multi-decade infrastructure, where the cost of an error can be extensive and enduring. Therefore, we seek to recruit, train and retain subject matter experts; more than that, we seek to engage professionals to whom we can provide a secure and exciting career. The success of our intent is reflected in the record: most of our senior management professionals have spent more than a couple of decades with us. We provide a platform for career building, which is a validation that we are doing the right things in the right way and that we are aligning corporate and personal values.

This brings me to the third intangible element of what makes our company sustainable – relationships. We have always believed that working together represents progress, where we draw on the partner's knowledge and capabilities. Our competence in this regard makes us one of the few companies in India to have grown its business around the capacity to work with stakeholders well into the long-term. Over the years, we have been able to draw on the technology capability offered by our partners (and in some cases even improve upon them), making it possible for us to capitalise faster on market opportunities.

The fourth element of our business sustainability is responsibility, a feature of our business that is becoming increasingly important. In the past, responsibility was largely about being responsible to the providers of risk capital; there has been an extensive rethink since on the importance of this word. Responsibility in today's sensitised environment refers to the capacity to address the needs of all stakeholders. It is being increasingly recognised that a value under-delivery to any stakeholder can affect business reputation and lead to censure.

The one aspect of this sense of responsibility that is becoming increasingly visible is the need to be environmentally completely above board at all times and across all functions. The Company is committed to doing the right things in an increasingly sensitised world; it is committed to extending beyond the law of the day to

address the world of tomorrow, complying with a high standard even before it has become legal or statutory.

I am proud to communicate that your Company has been living this ethic for decades. Your company was among the first in India's chemical sector to graduate to the demanding zero liquid discharge standard when this concept was largely unheard of in India. The Company took this decisive step to provide all its stakeholders with complete assurance of the integrity of its operations, strengthening their engagement. Besides, your Company invested in a captive power plant that used expensive air-cooled condensers over the legacy water-cooled equivalent, conserving a considerable quantity of water. Your company selected to procure low ash, low sulphur coal from Indonesia rather than consume cheaper high ash coal available locally. Your company commissioned manufacturing facilities in coastal locations, coupled with desalination plants that would not stress groundwater reserves and leave adequate resources for neighbouring communities. Your company selected to pass its operations under the inspection of some of the most demanding global certifications related to safety and workplace hygiene; the result is that an increasing number of your Company's plants are certified by British Safety Council, generating a five-star rating, in addition to Sword of Honour, EcoVadis and Responsible Care certifications. Your company started the practice of publishing annual sustainability reports in a self-disclosure approach more than a decade before it became the norm. Your company engaged a Big Four auditor, showcasing that its accounting practices were in line with demanding global and Indian standards.

Even though these initiatives were implemented because they were the right things to do without consideration of payback, the reality is that these sizable proactive investments have more than paid back in various ways: ensured uninterrupted operations, embellished the Company's reputation, improved workplace safety, enhanced employee morale, strengthened credit rating, lowered long-term resource costs, holistically protected the business model and empowered the Company to get quicker permissions to expand capacities. In turn, these initiatives have helped advance revenues and bring our products faster to markets. Even as these initiatives were done from a larger responsibility perspective, they have translated into attractive profitability.

Outcomes

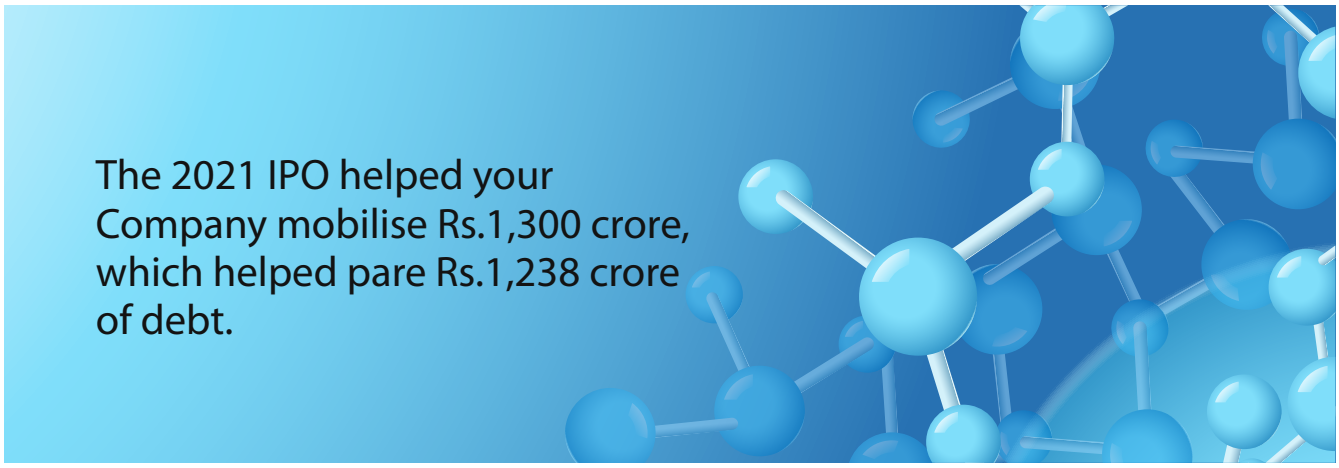
Your company finds itself in a sweet spot for various reasons. India continues to be under-fed in the products manufactured by your Company. This substantial excess of demand over supply is likely to persist or grow. Your company enjoys a robust foundation of sustainable cost leadership. There is attractive room within the system to scale the business at a relatively low investment and quick turnaround time.

Besides, your Company possesses a substantially improved Balance Sheet, strong market leadership and sustainable prospects.

Your company will continue to expand in all segments of the chlorovinyl space and significantly increase its presence in the custom manufacturing space; these markets are under-served and growing, widening our opportunity canvas. Your company enjoys a leadership position (1, 2 or 3) in these target spaces with a growing wallet share. Besides, your Company enjoys leadership within India and is not dependent on demand from other global pockets.

Best of all, your Company's Balance Sheet challenges are over. The 2021 IPO helped your Company mobilise Rs.1,300 crore, which helped pare Rs.1,238 crore of debt. The result is evident - by the close of the year under review, your Company had no long-term net debt on its books and a large addressable market.

I welcome shareholders to a new phase in your Company's growth journey – faster and more derisked – that could translate into enhanced value in their hands across the foreseeable future.



For those who believe that Chemplast Sanmar is only about products and output, we have a different reality to communicate.

The bottom-line at the Company is passion

A passion to excel

A passion to achieve global benchmarks

A passion to make the world cleaner and greener

A passion to run a quality business

A passion to create new markets

A passion to seek the sustainable over the fleetingly profitable

A passion to delight customers as opposed to merely servicing them

Chief Financial Officer's review

Performance overview

Your company delivered a standout performance during the year under review: yet another year of profitable growth, revenues rising 55% and EBITDA (including other income) growing by 44%. The year under review was the best in the Company's existence by revenues, EBITDA and cash profit.

N. Muralidharan
CFO

Drivers of our outperformance

Our outperformance was the result of a combination of factors – high capacity utilisation levels, strong volume off-take and higher realisations for most of our key products and more importantly our preparedness to capitalise on the positive market dynamics.

While the commodity price movements definitely helped, what was equally important was that the Company was prepared to seize the opportunities presented by the favourable market conditions. This was a result of years of hard work and investment in all the right areas which empowered the Company to capitalise extensively on the improvement in realisations during the last financial year.

The competitive advantage

The competitive advantage that translated into the Company's outperformance was the result of a combination of prudent initiatives taken to build the business in a stable and responsible manner. This comprised a selection of the right business, marked by an excess of demand over supply, and high entry barriers; it comprised a web of relationships related to technology transfers and financial stability; it comprised a backward integration of facilities that progressively secured the Company's access to resources and power; it comprised a commitment to build our business with complete respect for the environment, health and safety protocols.

Capital Structure and protecting Balance Sheet integrity

The Company generated Rs.1,254 crore in EBITDA (including Other Income) during the year under review; interest cover (a measure of liquidity) was a healthy 3.7 times in 2021-22 and the Company strengthened reserves by Rs.2,043 crore With such strong operating performance and repayment of debt using the IPO proceeds, the Balance Sheet and cash position of the Company are robust.

The Company expects to generate resources to fund the capacity expansions from within, creating a foundation of the low-cost growth in capacity, lower break-even point and faster project payback – strengthening business sustainability.

The Company is debt free on a stand-alone basis. This provides ample flexibility from a capital structuring perspective to fund the proposed expansion plans. The expansion plans will be funded without compromising on the Balance Sheet integrity.

Projected capital expenditure

The Company has lined up Rs.725 crore in capital expenditure across three years that should start translating into commissioned projects from 2022-23 onwards.

The Company's investment in enhancing suspension grade PVC capacity by 10% is likely to be commissioned during the first quarter of 2022-23.

The Company's investment in enhancing paste PVC capacity by 62% is likely to be commissioned by 2023-24.

The Company is also setting up a multipurpose facility for custom manufacturing operations which is likely to

The Company has lined up Rs.725 crore in capital expenditure across three years that should start translating into commissioned projects from the current year.

Chief Financial Officer's review continued

be commissioned in H1 of 2023-24.

Credit Rating:

On the back of the strong performance over the last couple of years and the significant deleveraging using the IPO proceeds, CRISIL has upgraded the long-term ratings for both the Company and its wholly-owned subsidiary to AA-/Stable while retaining the short term rating at the highest level of CRISIL A1+

The Company intends to retain a strong credit rating and thereby enhance its capacity to mobilise debt at low cost and maintain its financial reputation.

Proposed capital allocation

Apart from the announced expansion plans, the Company is also evaluating growth opportunities in its key product groups. The Company intends to invest in products enjoying traction, competitive advantage and a long-term demand-supply gap.

The Company intends to grow its speciality chemicals business by enhancing existing capacities and extending into synergic areas, capitalising on the high margin nature of the business, backward integration and long-standing customer relationships.

The Company is also looking at opportunities across the Suspension PVC chain. The Company perceives this as a key growth driver for the future.

Outlook

The Company's prospects continue to be robust on account of the favourable outlook for all its key businesses.

- **Paste PVC:** The Company expects margins to sustain over the medium to long-term driven by the tightness in global demand supply.
- **Custom manufacturing:** Revenue growth is likely to be sustained at a healthy growth with the commissioning of the new multi-purpose facility in 2023- 24 and introduction of number of new products
- **Suspension PVC:** The Company is in the process of enhancing capacity by 10% during Q1 2022-23; margins are likely to remain healthy in the medium to long term given the global imbalance with demand growth expected to exceed supply growth.
- **Caustic soda:** Realisations and demand are likely to remain strong on account of sustained downstream offtake.
- **Chloromethanes:** As new capacities coming up in India settle into the market, margins are expected to stabilise and then improve, as the downstream demand continues to expand.
- **Hydrogen peroxide:** The Company expects to report a higher capacity utilisation in 2022-23.

Value Creation for Shareholders

The Earnings Per Share (EPS) increased by 43% for the year under review primarily on account of the robust performance coupled with the deleveraging using IPO proceeds.

We are committed to creating and enhancing the value for all our stakeholders and look forward to your continued support going forward.

Chemplast Sanmar Ltd., Mettur.

Our wholly-owned subsidiary

Chemplast Cuddalore Vinyls Limited

Overview

Chemplast Cuddalore Vinyls Limited (CCVL) the wholly owned subsidiary of Chemplast Sanmar Limited is the second largest manufacturer of suspension PVC resin in India (installed capacity 300 ktpa). The subsidiary continues to address requirements in downstream applications in pipes, wires, cable coating and PVC film sectors.

Favourable momentum

India is one of the fastest growing suspension PVC markets in the world, marked by a dearth of cost-effective substitutes on the one hand and a growing appetite from the infrastructure sector.

When compared with the global average of 6 kg, India's per capita S-PVC consumption is 2.4 kg. This indicates an extensive under-penetration of the product.

A growing demand for S-PVC is being derived from the irrigation, urban infrastructure, water conveyancing and real estate sectors.

Besides, the likely phasing out of Calcium Carbide based PVC facilities in China, as part of their decarbonisation efforts as also due to efforts to reduce usage of mercury as per the requirements of the Minamata Convention, is expected to further tighten global supplies.

During 2021-25, India's urban infrastructure investment is estimated at Rs.2.9 lakh crore, 1.35 times the investment of the previous five years.

The Union Budget 2022-23 allocated Rs. 48,000 crore to complete 80 lakh houses under PM Awas Yojana (Source: CRISIL), widening the market for the Company's product and applications.

Performance

The Company produced 2,98,353 tonnes of S-PVC during the year under review compared with 2,62,978 tonnes in the previous year. Average realisation per tonne grew to Rs. 1,29,725 in 2021-22 against Rs. 91,856 in 2020-21

Competitive advantages

The Company's suspension PVC plant in Cuddalore possesses a captive import terminal facilitating VCM imports for the onward production of S-PVC.

A majority of the Company's customers are located in South and East India, helping reduce logistics costs.

Cuddalore facility has enough land and infrastructure available to support low cost brown-field expansions in the future.

Outlook

The Company is in the process of augmenting its manufacturing capacity by 31kt to address the 7.5-8.5% expected CAGR demand growth, growing the sector to a size of 4,200-4,300 ktpa by 2024-25 (Source: CRISIL).

Industry segment

96%
Pipes and fittings

~2%
Window profiles and tubings

~2%
PVC doors, mats, wires and cables and roofing sheets

Capacity

~99%
Capacity utilisation achieved in 2021-22

10%
Additional capacity being added in 2022-23

At Chemplast Sanmar, we have been living a culture of governance for decades

At Chemplast Sanmar, it would be simplistic to state that we are engaged in the business of manufacturing speciality chemicals; we are engaged in the business of trust.

Trust is the bottom-line why customers buy from us, why employees engage with us, why vendors sell to us, why investors provide risk capital, why bankers extend debt and why communities support us.

The governance core

At Chemplast Sanmar, governance is not a ticking of the boxes; it is an ethic to be lived. The effectiveness of this ethic is derived from professional managers being provided responsibility, authority and accountability; promoters see their roles as stakeholder trustees; the Company invests in technology-driven processes that enhance the predictability of business outcomes.

The right way

At Chemplast Sanmar, governance is doing the right things in the right way – a coming together of intent and process, a matching of the 'what' with the 'how'. This approach enhances organisational predictability, stability and consistency. This clarity attracts like-minded stakeholders who select to work with us for years, the basis of business stability.

Think long-term

At Chemplast Sanmar, we bring a multi-decade mindset to our business. This approach has influenced our capital allocation (in assets, technologies, brands, people, locations, products and trade partners). The result is that if there is a choice between an arbitrage-driven opportunity and an opportunity to build long-term value, the latter will win each time.

Vertically integration

At Chemplast Sanmar, manufacturing operations are vertically integrated, resulting in a stable supply of raw materials, backward integration, competitive cost structure, complete by-products utilisation, incremental revenues from the sale of joint products and flexible manufacturing planning.

Board of Directors

At Chemplast Sanmar, our strategic direction is influenced by our Board of Directors. We have placed a premium on Board composition, which comprises professionals and industrialists of standing who have enriched our strategic canvas, values and business understanding.

Health, safety and environment

At Chemplast Sanmar, a manifestation of our trust-driven culture lies in an impeccable Health, Safety & Environment track record. Our operations are clean and environmentally responsible.

Eco-system

At Chemplast Sanmar, we recognise that we are engaged in business not merely to generate a financial surplus but to address the needs of all our stakeholders – employees, vendors, customers, community, shareholders and the government – in a sustainable way.

Process-driven

At Chemplast Sanmar, we invest consistently in processes and systems, especially information technology, secured through checks and balances. This combination infuses predictability into outcomes, which is the basis of all our outperformance.

Singular focus

At Chemplast Sanmar, our long-term success is derived from our core competence. We are positioned not as much as a large speciality chemicals and custom manufacturing company as much as a knowledge-centric value-added products company, selecting to invest in research and integration as growth drivers.

Data-driven

At Chemplast Sanmar, we are data-driven, drawing information from deep within our operations, which are converted into trend lines to inspire benchmarks and also for them to be used in informed decision-making.

Controlled growth

At Chemplast Sanmar, sustainability is derived from steady growth as opposed to a pursuit of one-off profitability spikes. This steady growth is derived from a capital allocation discipline that channelises accruals into investments and debt moderation, strengthening profitability and growth from within.

Audit and compliance-driven

At Chemplast Sanmar, we have a strong audit and compliance discipline, enhancing the predictability of our operational processes. Our process automation has helped us graduate from a paper-driven to digital discipline, marked by alerts, stage-wise escalation of issues and no transgression.

Our leadership

The Board of Directors of Chemplast Sanmar combines management executives and Independent Directors with substantial expertise and experience in industry.

The Company's key management team comprised ten members with an average 30 years of industrial experience by the close of the year under review.

The key management team members occupy leadership roles in industry associations. This combination of our Board of Directors and experienced management team has empowered its foresight and responsiveness.

Mr. Vijay Sankar
Non Executive Chairman

Mr. Vijay Sankar is a Chartered Accountant and MBA from Kellogg School of Management. He is on the Boards of companies like The KCP Limited, Oriental Hotels Limited, Kaveri Retreats & Resorts Limited and Transport Corporation of India Limited. Mr. Vijay Sankar possesses a vast experience in handling multiple businesses.

Mr. Ramkumar Shankar
Managing Director

Mr. Ramkumar Shankar is a qualified Chartered Accountant and Cost Accountant. He was the President of the Alkali Manufacturers' Association of India in the year 2014-15. He is a member of the CII National Committee on Chemicals and Petrochemicals.

Mr. Aditya Jain
Independent Director

Mr. Aditya Jain holds a Master's degree in Business Administration from Brunel University. He serves as the Chairman and Editorial Director of International Market Assessment India.

Dr. Amarnath Ananthanarayanan
Non Executive Director

Dr. Amarnath Ananthanarayanan is a Ph.D from The State University of New Jersey. His expertise comprises financial services, manufacturing and academics. He was a recipient of Udyog Rattan Award conferred by The Institute of Economic Studies.

Mr. Chandran Ratnaswami
Non Executive Director

Mr. Ratnaswami is a B.Tech from IIT Madras and MBA from University of Toronto. He is the CEO of Fairfax India Holding Corporation and Managing Director of Hamblin Watsa Investment Counsel.

Dr. (Mrs) Lakshmi Vijayakumar
Independent Director

Dr. Lakshmi Vijayakumar holds a Post Graduate Diploma in Psychological Medicine from University of Madras. She is a medical practitioner and honorary associate professor in the University of Melbourne. She is the founder of an NGO called SNEHA in Chennai.

Mr. Prasad Raghava Menon
Independent Director

Mr. Menon is the former CEO of Tata Power, Tata Chemicals and the Former Chairman of Tata Vistara, he holds a Bachelors' degree from IIT Kharagpur. He is serving as an Independent Director at Dr. Reddy's Laboratories Limited and Data Patterns India Limited.

Mr. Sanjay Vijay Bhandarkar
Independent Director

Mr. Bhandarkar is the former MD of Rothschild India. He holds a Post Graduate Diploma in Management from XLRI, Jamshedpur. He is serving as Director at Tata Power, Tata Power Renewable Energy, Tata Projects, HDFC AMC, New Age Power, Walwhan Renewable Energy and NIIF Limited.

DIRECTORS' REPORT

The Directors have pleasure in presenting the Thirty-Eighth Annual Report along with the Audited Financial Statements for the year ended 31st March 2022. During this financial year, the Company, on successful completion of the public offering of Shares, listed its Equity Shares on National Stock Exchange of India Limited and BSE Limited.

The Directors with deep sorrow and regret, inform the members of the Company that Mr N Sankar, Chairman Emeritus of the Company, passed away on 17th April 2022. Mr Sankar's association with the Company was for over 5 decades and for many years, he was the Chairman / Managing Director of the Company. He was instrumental in the growth and success of the Company. The Board of Directors places on record its deep appreciation of the valuable contributions of Mr N Sankar.

Financial Summary – Standalone and Consolidated

₹ In Crores

Particulars	Stand-alone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Sales and Other income	2,044.80	1,294.55	5,949.47	3,815.11
Profit before interest,depreciation and taxes	**660.20**	**396.96**	**1,254.28**	**977.84**
Interest	135.75	253.67	321.60	433.36
Depreciation	90.82	87.72	137.13	131.09
Profit before share of Profit / (Loss) from Joint Venture and associate and tax	**433.63**	**55.57**	**795.55**	**413.40**
Share of Profit / (Loss) from Joint Venture and Associate	-	-	-	(333.57)
Profit on redemption/sale of investments in Joint Venture	-	-	-	482.83
Profit / (Loss) before tax and exceptional items	**433.63**	**55.57**	**795.55**	**562.66**
Exceptional Items	-	(15.68)	-	(15.68)
Profit / (Loss) before tax	**433.63**	**39.89**	**795.55**	**546.98**
Tax Expenses	(54.15)	3.74	(146.90)	(136.89)
Profit / (Loss) after tax	**379.48**	**43.63**	**648.65**	**410.09**
Total Other Comprehensive Income for the year	126.00	0.33	134.81	(22.08)
Total Comprehensive Income for the year	505.48	43.96	783.46	388.00
Basic and Diluted Earnings per share (equity shares, par value ₹ 5/- each)	25.54	3.25	43.66	30.59

Financial Performance – Standalone

During the year under review, our manufacturing facilities were not affected due to COVID-19 as against a month of shut down due to COVID-19 lockdowns in the previous year. While during the year, there were some timing issues on demand due to the second and third waves of the pandemic, for the year as a whole, there was a minimal impact. The Company achieved strong revenue growth of 58%, which was both due to volume and price increases. EBITDA growth was at 66% over the previous year. The company earned a profit before tax of ₹ 433.63 crores (before exceptional items) for the year ended 31st March 2022 as against ₹ 55.57 crores in 2020-21. The robust improvement in PBT was mainly due to the significant increase in EBITDA by ₹ 263.24 crores as also the reduction in finance cost by ₹ 117.92 crores. The growth in EBITDA in 2021-22 was mainly due to better performance across most of the products on account of improved demand and higher realisations. The reduction in finance cost was primarily due to prepayment of Non-Convertible Debentures in full at the end of Aug 2021 by utilising the proceeds from the IPO. The profit after tax and exceptional items for 2021-22 was ₹ 379.48 Crores, as against ₹ 43.63 Crores in 2020-21.

Financial Performance – Consolidated

At the consolidated level, the company posted a strong revenue growth of 56% and EBITDA growth of 28%, which was both due to volume and price increases. The company earned a PBT of ₹ 795.55 crores (before exceptional items) for the year ended 31st March 2022 as against ₹ 562.66 crores in 2020-21. The previous year profits included the positive impact on account of inventory write down of ₹ 106.89 crores made in the FY20. The robust improvement in PBT was mainly due to the significant increase in EBITDA by ₹ 276.43 crores as also the reduction in finance cost by ₹ 111.76 crores. The growth in EBITDA in 2021-22 was mainly due to better performance across most of the products on account of improved demand and higher realisations. The reduction in finance cost was mainly due to prepayment of Non-Convertible Debentures in full at the end of Aug 2021 by utilising the proceeds from the IPO. The profit after tax and exceptional items for 2021-22 was ₹ 648.65 Crores, as against ₹ 410.09 Crores in 2020-21.

Dividend and Transfer to Reserves

Considering the growth plans and the consequential need to conserve resources, the Directors have decided not to recommend any dividend for the financial year 2021-22. The Directors also do not recommend any transfer to reserves.

Share Capital

During the year, the Company made an Initial Public Offering of 7,11,64,509 Equity Shares of the face value of ₹ 5/- each at an issue price of ₹ 541/- per Equity Share, comprising offer for sale of 4,71,34,935 shares by Promoters and fresh issue of 2,40,29,574 shares. The Equity Shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange Limited ("NSE") on August 24, 2021.

The Company's paid-up equity share capital stood at ₹ 79.06 Crores as on March 31, 2022, consisting of 158,109,574 equity shares of ₹ 5/- each.

Consequent on the Initial Public Offering during the year, the subscribed, paid up and issued share capital of the company stood increased from ₹ 67.04 Crores in 2020-21 to ₹ 79.06 Crores in 2021-22. As on 31st March, 2022, the paid-up capital of the Company was ₹ 79.06 Crores.

The details of utilisation by the Company of the IPO proceeds of ₹ 1,265.86 Crores (net of share issue expenses), are as follows:

₹ In Crores

Objects of the issue	IPO Proceeds	Utilisation upto 31 Mar, 2022
Early redemption of Non-Convertible Debentures issued by our Company, in full	1238.25	1238.25
General corporate purposes	27.61	27.61
Total	**1265.86**	**1265.86**

Statement of Company's Affairs

Chemplast Sanmar Ltd (CSL) is a leading speciality chemicals manufacturer in India with focus on speciality paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is the largest manufacturer of speciality paste PVC resin in India. In addition, CSL is also the third largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide in South India and one of the oldest manufacturers of Chloromethanes in India.

I. Speciality Chemicals

PVC Paste Resin

(FY = Financial Year and Q=Quarter)

Overall, domestic demand for Speciality Paste PVC Resin in FY 2021-22 registered a strong growth of 22%, reaching 138kt, compared to market size of 114kt in FY 2020-21. The year opened with a strong demand but the second wave of COVID-19 in Q1 FY22 resulted in reduction in operating rates of consuming plants. In addition, the demand from the auto sector (which is a significant consumer of leather upholstery) was affected by the chip shortage that continued throughout the year. From Q2 onwards, demand recovered as the end-use industries also resumed optimal operations. Q3 saw a temporary impact on demand due to the restrictions on operations of artificial leather units in the National Capital Region due to poor air quality. This led to a build-up in inventory by December, which was liquidated in Q4. The third wave in Q4 (Omicron) was much milder due to the effective vaccination program in India and did not have much impact on demand. With the re-opening of schools, the footwear demand saw a resurgence, which had a beneficial impact on paste PVC demand as well. This was also coupled with the continuing logistics problems affecting ocean shipments which resulted in lower arrival of imports there by pushing up the demand for domestic material.

With this, the domestic demand has recovered to pre-pandemic levels. The company's production increased to 65,167mt in FY22, from 59,860mt in FY21 while sales increased to 64,838mt in FY22 from 62,592mt in FY21.

Custom Manufactured Chemicals

The Custom Manufactured chemicals comprises of intermediates for global innovators and originators for Pharmaceutical and Agrochemical markets. The Company markets and sells unique chemistry and process capabilities to its customers based on which, customers approach the Company with projects for products that they wish to outsource. Therefore unlike other chemical companies, the Company do not have a catalogue of products to sell. The Company is well renowned in the industry for our ability to handle various chemistries and chemicals. Examples include – Cyanation, Hydrogenation, Diazotization, Mercaptans. Significant expertise is available within the Chemplast ecosystem in processing and handling complex chemicals such as Chlorine, Ethylene di chloride, Fluorine, Peroxides, Chlorosilanes and Sodium Cyanide to name a few. Therefore the Company offers a world-class research and development capability combined with a broad range of chemical technologies at production scale. In addition, the Company is also well known for our Environmental and Safety stewardship. In fact customers use this as a first criteria for screening before they decide to work with a supplier. The Company is also unique in having access to many basic starting materials important for this business – such as Caustic, Chlorine, Hydrogen & Chloromethanes and ability to handle gases like Ethylene. The Company has long standing partnerships and relationships with global innovator companies in the agro chemical and pharmaceutical spaces. In fact many of our customers have been with the Company for over a decade. It takes anywhere between 1 to 2 years to develop the product, but once the Company starts manufacturing a product, it stays with the company for a long time. And the Company focusses on engaging with our customers at an early stage of the life cycle of a product to ensure this. Due to our efforts over the years in building relationships and partnerships, the Company has a strong pipeline of products under various stages of development. Many of these will require the Company to make investments in new capacity in the coming months and years. The custom manufactured chemicals division has registered an impressive growth in sales during the year mainly driven by strong demand from various end customers and commercialization of new products.

II. Other Chemicals

Chloromethanes

The year 2021-22 started with the spread of the second wave of COVID-19 and the consequent lockdown. Consumption was marginally affected in segments which were either dependent on import of key raw materials or on exports as constraints on vessel space and container availability exacerbated. Demand for Methylene Dichloride (MDC) picked up during the first half of the year and prices increased but demand dropped in the second half due to high prices of key starting material and non-availability of key inputs from China for Pharma companies. The country also saw new capacity additions in the third quarter, which resulted in prices coming off the all-time highs reached in Q2/early Q3. Overall domestic demand for MDC grew by 16% from 295kt to 340kt, driven by the Pharma sector which remains as the single largest consumption sector.

Chloroform demand remained stagnant at 155kt with no growth as consumption was weak in Pharma sector.

CTC (Carbon Tetra Chloride) demand grew by 8% to 27kt with good demand from the Synthetic Pyrethroids segment.

The company's production of Chloromethanes increased from 31,833mt in FY21 to 34,798mt in FY22, while the sale increased, over the same period, from 30,900mt to 33,675mt.

Caustic Soda

Being a very basic alkali with a strong correlation between consumption and economic activity, caustic demand suffered greatly at the start of the year with the surge in COVID-19 cases and consequent lockdowns. As domestic demand was weak, producers across the West Coast capitalised on global shortage caused by planned & unplanned maintenance shutdowns in various geographies to export volumes out of India. Towards the end of Q1 FY22, as vaccination rate increased, COVID-19 cases declined, resulting in demand revival. Prices also started moving up due to global shortages. Thus, even as Caustic soda demand improved from second quarter, there was an increase in spot price by more than 100% from ₹ 28 per kg to ₹ 56 per kg on Ex-works basis.

Capacity addition of around 500 tpd in South India during the year was absorbed due to better domestic demand and exports.

Hydrogen Peroxide

During the year under review, Company's product gained acceptance in all major Textile and Pharma units in South India.

The Company's production of Hydrogen Peroxide increased from 14,429mt in FY21 to 16,448mt in FY22 while the sales increased from 14,692mt to 16,483mt respectively.

During the year, total imports into India increased by 44% to 26kt from 18kt.

Performance of Subsidiary:

Chemplast Cuddalore Vinyls Limited (CCVL)

The Company's wholly owned subsidiary CCVL earned a profit before tax of ₹ 361.93 crores (before exceptional items) for the year ended 31st March 2022 as compared to ₹ 357.84 crores for 2020-21. The previous year profits included the positive impact on account of inventory write down of ₹ 106.89 crores made in the FY20. The profit after tax for 2021-22 was ₹ 269.18 crores, as against a profit of ₹ 266.65 crores in 2020-21.

In spite of the COVID-19 2nd wave outbreak, lockdowns during Q1 2021-22 across India and subsequently outbreak of Omicron in Q3, the company was able to increase its total income from ₹ 2,521.34 crores in 2020-21 to ₹ 3,907.61 crores in 2021-22. This was mainly due to the substantial improvement in selling price coupled with higher sales volume during the current year. The strong performance in 2021-22 was aided by the strong PVC demand from the agricultural sector, improved demand from government aided projects like the Jal Jeevan Mission and reduced availability of PVC imports on account of container issues and higher ocean freights. Overall, increasing tightness in availability of Suspension PVC both globally and in India, resulted in prices touching new highs in 2021-22.

Management Discussion and Analysis Report

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("Listing Regulations"), the Management Discussion and Analysis Report for the year under review, is presented in a separate section as **Annexure A**, forming part of the Annual Report.

Corporate Governance Report

The report on corporate governance along with a certificate from the Practising Company Secretary as required under the Listing Regulations is annexed to this Report as **Annexure B.** The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) read with Schedule II of Part B of the Listing Regulations.

Business Responsibility Report

In terms of Regulation 34 (2) (f) of the Listing Regulations, a Business Responsibility Report is presented in a separate section, forming part of this Directors Report as **Annexure C**.

Safety and 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.

The Directors are pleased to report the Company's Mettur Plant 3 was awarded a Silver EcoVadis Medal in the ECOVADIS international system evaluation in 2021. This award places the company among the top 25 percent of companies assessed by EcoVadis. Company has also established various schemes for collection and use of rain water for industrial purpose at Mettur location.

The Company's Mettur Plant 2 was audited by British Safety Council on implementation of Council Occupational Health & Safety system and the Company retained its **FIVE STAR** rating.

The Company's Mettur Plant 2 also received, from the British Safety Council, the prestigious apex award of **"SWORD OF HONOUR"**.

In order to ensure effective monitoring of Hazardous goods transport trucks, during the year, 100% of these trucks have been integrated with Nicer Globe for real time 24 X 7 monitoring.

Indian Chemical Council has, after a stringent audit, approved the company's use of the Responsible Care Logo till January 2025.

The Company's Mettur Plant 1 & 2 received Star Award and Berigai plant received Appreciation award for Occupational Health and Safety Award 2020 from National Safety Council, Tamilnadu Chapter.

Finance

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

Utilizing the proceeds of the primary issue, the outstanding Non-Convertible Debentures of ₹ 1238.25 Crores were fully redeemed by the Company. This prepayment of Debentures has resulted in a significant interest savings for the company.

In the first week of April 22, CRISIL Ratings has upgraded Chemplast Sanmar Ltd's and its wholly owned subsidiary Chemplast Cuddalore Vinyl Limited's credit ratings to AA-

(long term), signifying a high degree of safety. CRISIL has also accorded a short term rating of A1+, which is the highest rating possible.

Dividend Distribution Policy

The Company forms part of the List of top 500 listed entities based on market capitalization as on March 31, 2022. In view thereof, pursuant to the provisions of Regulation 43A of the Listing Regulations, 2015, as amended, the Board of Directors has approved the Dividend Distribution Policy and the said Policy is available in the following link https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/dividend-distribution-policy.pdf

Change in the Nature of Business:

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

Risk Assessment and Management

The Company has a well-defined Risk Management System. The Board of Directors had constituted a Risk Management Committee to monitor and oversee the Risk Management System. The Composition of the Risk Management Committee, terms of reference and number of committee meetings held during the year under review are given in the Corporate Governance Report.

The Risk Management Policy of the Company as recommended by the Risk Management Committee and approved by the Board of Directors of the Company can be accessed in the Company's website using the link https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/risk-management-policy.pdf. The Risk Management System of the Company ensures that all risks that the organization faces including strategic, financial, credit, market, liquidity, security, property, legal, regulatory, IT, reputational and other risks are identified and the impact assessed. Mitigation plans are then drawn up and these plans are effectively reviewed and 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 2021-22 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 together with corrective actions.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control in the Company, and compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the reports 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 were 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 2022, 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 investments and guarantees under Section 186 of the Companies Act, 2013 are given in the Notes forming part of the Financial Statements for the year ended 31st March 2022.

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

Consolidated Financial Statements

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

Subsidiary

Chemplast Cuddalore Vinyls Limited continues to be the wholly-owned subsidiary of the Company. The details on operations / performance of the said subsidiary during the year under review are given hereinabove.

Pursuant to the requirements of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the details of investments made in the subsidiary and the details of guarantees issued by the Company to the lenders of the wholly-owned subsidiary Company have been furnished in the Notes forming part of the Accounts.

A statement containing the salient features of the financial statements of the Company's wholly-owned subsidiary company under the provisions of Section 129(3) of the Companies Act 2013 read with Rule 5 of the Companies (Accounts) Rules 2014 has been annexed in prescribed Form AOC 1 as **Annexure 6**.

The Audited financial statements of the wholly-owned subsidiary Company are placed on the Company's website www.chemplastsanmar.com

The Company does not have any joint venture or Associate Company during the year or at any time after the closure of the year and till the date of the report.

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

During the year, all contracts / arrangements / transactions entered by the Company with related parties were in the ordinary course of business and at arm's length basis.

There were no transactions during the year under review attracting the provisions of Section 188 (1) of the Act.

Further, during the year, the Company has not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Hence, information in Form AOC – 2 is not applicable.

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and is available in the following link https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/related-party-transaction-policy.pdf

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 Commitments affecting the financial position of the Company that occurred after 31st March 2022

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

Directors and Key Managerial Personnel

Mr V K Parthasarathy and Ms Lavanya Venkatesh, Directors, resigned in April 2021.

Dr Amarnath Ananthanarayanan ceased to be an Independent Director with effect from 26th April 2021 and continued to hold office as Non executive, Non Independent Director with effect from 26th April 2021. He was appointed as a Director liable to retire by rotation at the Annual General Meeting held on 2nd August, 2021.

Mr Chandran Ratnaswami and Mr Vijay Sankar were appointed as Directors liable to retire by rotation at the Annual General Meeting held on 2nd August, 2021.

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

Dr Amarnath Ananthanarayanan, Director, will be retiring by rotation pursuant to Section 152 (6) of the Companies Act, 2013. Being eligible he offers himself for re-appointment. His re-appointment has been recommended by the Nomination and Remuneration Committee of Directors.

The Independent Directors have submitted declarations stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. Based on the declarations received from all the Independent Directors and in the opinion of the Board, all the Independent Directors possess integrity, expertise, experience and proficiency and are independent of the management.

During the year, Mr N Muralidharan was appointed as Chief Financial Officer in place of Mr M Chandrasekar, with effect from 1st September, 2021.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules thereunder, the Key Managerial Personnel (KMP) of the Company are Mr Ramkumar Shankar, Managing Director, Mr N Muralidharan, Chief Financial Officer and Mr M Raman, Company Secretary. They are also the KMPs of the Company's wholly-owned subsidiary company, Chemplast Cuddalore Vinyls Limited.

Directors' Responsibility Statement

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

(a) In the preparation of the annual accounts for the year ended 31st March 2022, 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 2022 and of the profit of the Company for the year ended on 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 Directors have prepared the annual accounts of the Company on a going concern basis.

(e) The Directors have 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 confirms that such internal financial controls were adequate and operating effectively.

Number of Board Meetings

During the year, the Board of Directors met seven times as per details furnished in the Corporate Governance Report.

Audit Committee

Composition of Audit Committee

The composition of the Audit Committee is as under and it is in compliance with the provisions of Section 177 of the

Companies Act, 2013 read with the rules there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 . ("SEBI Listing Regulations") The scope of the activities of the Audit Committee is set out in the Corporate Governance Report.

Name of the Members	Category
Mr Sanjay Vijay Bhandarkar-Chairman	Independent Director
Mr Prasad Raghava Menon	Independent Director
Mr Vijay Sankar	Non Executive Director

During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

The Members of the Audit Committee met six times during the financial year under review, as per the details stated in the Corporate Governance Report.

Nomination and Remuneration Committee

The Members of the Nomination and Remuneration Committee met five times during the financial year under review. The details of the constitution of the Nomination and Remuneration Committee, terms of reference and the meetings held during the financial year have been stated in the Corporate Governance Report.

During the year, the Company has formulated a Nomination and Remuneration Policy for formal Annual Evaluation by the Board. The Policy can be accessed through the following link https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/nomination-remuneration-policy-and-board-evaluation-policy.pdf

Stakeholders Relationship Committee

The Members of the Stakeholders Relationship Committee met once during the financial year under review. The details of the constitution of the Stakeholders Relationship Committee, terms of reference and the meetings of the Committee held during the financial year have been stated in the Corporate Governance Report.

Risk Management Committee

The Members of the Risk Management Committee met twice during the financial year under review. The details of the constitution of the Risk Management Committee, terms of reference and the meetings of the Committee during the financial year have been stated in the Corporate Governance Report.

Corporate Social Responsibility Committee

The Members of the Corporate Social Responsibility Committee met twice during the financial year under review. The details of the constitution of the CSR Committee and the Committee meetings held during the financial year have been stated in the Corporate Governance 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 2021-22 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 and their roles, frequency of meetings, level of participation, and independence of judgement, performance of duties and obligations.

The Board expressed its satisfaction on 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.

Familiarisation Programme for the Independent Directors:

The details with respect to familiarisation programme for the Independent Directors are furnished in the Corporate Governance Report.

Personnel

Industrial relations with employees remained cordial during the year. 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

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure 3**.

Statement containing particulars of employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is provided in the Annexure forming part of this report. In terms of proviso to Section 136 (1) of the Act, the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. The said Statement is also open for inspection. Any member interested in obtaining a copy of the same may write to the Company Secretary.

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

As per the requirement under the provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, an internal Committee has been formed to attend to the complaints of the sexual harassment at workplace, if any, made by female employees.

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 Directors are pleased to report that during the year under review no untoward or fraud case was reported.

The Company has 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 Audit Committee or Director who is nominated by the Audit Committee, as Ombudsman, any instance of unethical behavior, actual or suspected fraud or violation of Company's Ethics Policy.
- To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimization, and
- To appropriately communicate the existence of such mechanism, within the organization and to outsiders.
- To ensure that no personnel is 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 of CSR Expenditure are given in the prescribed format and forms part of this Report and is enclosed as **Annexure 2**

Auditors

S R Batliboi & Associates LLP, Chartered Accountants, Chennai (Firm Registration No. 101049W/ E300004) were appointed as statutory auditors of the company at the 33rd Annual General Meeting (AGM) held on 27th September 2017, for a second term of 5 (five) years commencing from the conclusion of 33rd AGM in 2017. Hence, on completion of their term of 10 years of appointment, in terms of section 139(3) of the Companies Act, 2013, they are not eligible to be reappointed as Statutory Auditors of the Company.

The Board of Directors as recommended by the Audit Committee of Directors, have subject to the approval of the shareholders of the Company, appointed BSR & Co. LLP, Chartered Accountants (Firm Registration No 101248W/W-100022) as Statutory Auditors of the Company for a period of 5 years, from the conclusion of 38th Annual General Meeting to 43rd Annual General Meeting of the Company, that is, for the Financial Years 2022-23 to 2026-27.

BSR & Co. LLP, Chartered Accountants have confirmed that their appointment which is subject to the approval of the shareholders of the Company, is well within the limits prescribed under the Companies Act, 2013.

Internal Auditors

Subsequent to the close of the year, as recommended by the Audit Committee, M/s RGN Price & Co. LLP, Chartered Accountants have been appointed as Internal Auditors of the Company with effect from FY 2022-23 in place of M/s. PKF Sridhar & Santhanam, Chartered Accountants who were the Internal auditors of the Company for 2021-22.

Cost Records, Audit and Auditor

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

As per provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules 2014, the cost audit records maintained by the Company in respect of the products of the Company are required to be audited. The Company has appointed N. Sivashankaran & Co, Cost Accountants, Chennai (Firm Registration No. 100662) as cost auditors to audit the cost accounts of the Company for the financial year 2022-23.

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 has 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 approval.

Secretarial Audit

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

Pursuant to Regulation 24A of the Listing Regulations, the Secretarial Audit Report issued by B Ravi & Associates, Company Secretaries in Practice, Chennai to the Company's material unlisted subsidiary Chemplast Cuddalore Vinyls Limited is also annexed herewith as **Annexure 5**.

Explanations or comments on the qualification, reservation, adverse remark or disclaimer made by the Statutory Auditors or by the Company Secretary in Practice in their report

For the year under review, there is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditor or Secretarial Auditor of the Company. Hence the need for explanation or comments by the Board does not arise. The report of the Statutory Auditors forms part of the financial statement.

During the year under review, there were no material or serious instances of fraud falling within the purview of Section 143(12)

of the Companies Act 2013 and rules made there under by officers or employees reported by the Statutory Auditors of the Company during the course of the audit conducted and therefore no details are required to be disclosed under Section 134(3) of the Act.

The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) read with Schedule II of Part B of the Listing Regulations.

Secretarial Standards

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

Annual Return

Draft Annual return in Form MGT 7 as on 31st March 2022 is available in the Company's website https://www.chemplastsanmar.com/downloads/annual-report/csl-annual-return-2022.pdf

Green initiative

Your Directors would like to draw your attention to Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014, as may be amended from time to time, which permits paperless compliances and also service of notice/documents (including annual report) through electronic mode to its members. To support this green initiative of the Central Government in full measure, the Company appeals to all those members who have not registered their e-mail addresses so far, to register their e-mail address in respect of electronic holdings with their concerned Depository Participants and / or with the Company.

Further, the Company will also send the Annual Report for the Financial Year 2021-22 to all the shareholders only through electronic means as per the relaxations provided by MCA Circular dated May 5, 2020, January 13, 2021 and December 14, 2021 and SEBI Circular dated May 12, 2020, January 15, 2021 and 5th May 2022.

During the year under review, there were no:

a) Issue of Equity Shares with differential voting rights, dividend or otherwise as per Section 43(a) (ii) of the Companies Act 2013.

b) Issue of shares including Sweat Equity Shares to the employees of the Company under any scheme as per provisions of Section 54 (1) (d) of the Companies Act, 2013.

c) Instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67 (3) of the Companies Act, 2013 and

d) Revision to the financial statements for the year under review.

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.

Acknowledgements

The Board of Directors thank the customers, vendors, bankers, regulatory and Government authorities, stock exchanges, business associates and all other stakeholders for their assistance, support and cooperation extended. The Directors also thank the Shareholders for their contribution to the success of the Company's public issue of its equity shares and reposing faith on the Company's performance. The Board of Directors places on record its appreciation for the committed service of all the employees of the Company.

Cautionary Statement

Statements made in the report, including those stated under the caption "Management Discussion and Analysis" describing the company's plans, and expectations may constitute, "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For and on behalf of the Board

Vijay Sankar
Chairman
DIN: 00007875

Chennai
10th May, 2022

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, 2022.

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. Chiller compressor performance improvement by replacing with new energy efficient chiller compressor

   Energy savings achieved through replacement of old compressor with new energy efficient compressor in the month of October'21 in Mettur Plant II

2. Power savings due to installation of variable frequency drive for -Hydrogen Booster compressor motor

   Energy savings achieved through replacement of existing motors with new Variable Frequency Drive Motor in Mettur Plant IV

b. Additional Investment

₹ 54 lakhs

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

Particulars	Substitution/ Reduction in energy consumption per annum	Savings in Cost of Production (Annualized) (₹ in Lakhs)
Chiller compressor performance improvement by replacing with new one in Mettur Plant II	14.59 Lakh KWh	100.79
Power savings due to installation of VFD for Hydrogen Booster compressor motor in Mettur Plant IV	0.28 Lakh KWh	1.97
Total		**102.76**

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1	Efforts, in brief, made towards technology absorption, adaptation and innovation	:	The Custom Manufactured Chemicals division has absorbed the know-how and developed processes for a number of organic intermediates.
2	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, import substitution, etc.	:	Efforts outlined above have enabled the division to diversify its product range as well as to increase its foreign exchange earnings
3	In case of imported technology, (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	:	Not Applicable

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas of R & D:

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

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

2. Benefits derived from R & D:

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

3. Future plan of action:

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

4. Expenditure on R & D:

Capital	:	₹ 18.49 Lakhs
Revenue	:	₹ 118.49 Lakhs
Total	:	₹ 136.98 Lakhs
Total R & D expenses as a percentage of total turnover	:	0.07%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

		(₹ Lakhs)
Foreign exchange outgo	:	57,622.86
Foreign exchange earnings	:	26,028.76

Annexure 2

CORPORATE SOCIAL RESPONSIBILITY POLICY AND RELATED INFORMATON

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

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

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

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

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

2. Composition of the CSR Committee:

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

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

https://www.chemplastsanmar.com/downloads/investor-relations/2022-23/csr/csr-details-280522.pdf

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

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

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in Lakhs)	Amount required to be setoff for the financial year, if any (₹ in Lakhs)
1	2020-21	3.79	Nil
2	2019-20	Nil	Nil
3	2018-19	Nil	Nil

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

Average Profit for last three financial years – ₹ 14,214 Lakhs.

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

₹ 284.28 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years

Nil

(c) Amount required to be set off for the financial year, if any.

Nil

(d) Total CSR obligation for the financial year (7a+ 7b+7c)

₹ 284.28 Lakhs

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

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

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

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

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project District State	Amount spent for the project (₹ in Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency - Name - CSR Reg. No
1	Drinking water supply & plantation of trees	Making available safe drinking water (Covered under Item -(i) of the Schedule VII)	Yes	Mettur, Salem Dist and Berigai, Krishnagiri Dist	96.14	Yes	NA
2	Medical & Health care Expenses	Promoting health care (Covered under Item -(i) of the Schedule VII)	Yes	Mettur, Salem Dist, Vedaranyam, Nagapattinam Dist, Berigai, Krishnagiri Dist and Karaikal	77.29	Yes	NA
3	Education and Training expenses	Promoting education (Covered under Item -(ii) of the Schedule VII)	Yes	Mettur, Salem Dist, Vedaranyam, Nagapattinam Dist and Karaikal	4.83	Yes	NA
4	Expenditure towards Armed forces benefit	Measures for the benefit of armed forces, veterans (Covered under Item -(vi) of the Schedule VII)	Yes	Mettur, Salem Dist, Vedaranyam, Nagapattinam Dist and Karaikal	2.35	Yes	NA
5	Sports promotion Expenses	Training to promote nationally recognised Sports (Covered under Item -(vii) of the Schedule VII)	Yes	Chennai and Karaikal	98.51	Yes	NA
6	Expenditure towards Rural development	Rural development projects (Covered under Item -(x) of the Schedule VII)	Yes	Mettur, Salem Dist and Karaikal	2.55	Yes	NA
7	Disaster management expenses	Disaster management, including relief, rehabilitation and reconstruction activities (Covered under Item -(xii) of the Schedule VII)	Yes	Vedaranyam, Nagapattinam Dist, Berigai, Krishnagiri Dist and Karaikal	19.96	Yes	NA

d. Amount spent in Administrative Overheads: Not Applicable.

e. Amount spent on Impact Assessment, if applicable: Not Applicable.

f. Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 301.63 Lakhs

g. Excess amount for set off, if any.

Sl. No	Particular	Amount (₹ in Lakhs)
(i)	2% of average net profit of the Company as per section 135(5)	284.28
(ii)	Total amount spent for the Financial Year	301.63
(iii)	Excess amount spent for the financial year [(ii)-(i)]	17.35
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	17.35

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹)	Amount spent in the reporting Financial Year (₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (₹)	Date of transfer	
1	2020-21	Nil	Nil	Nil	Nil	Nil	Nil
2	2019-20	Nil	Nil	Nil	Nil	Nil	Nil
3	2018-19	Nil	Nil	Nil	Nil	Nil	Nil

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

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

Vijay Sankar
Chairman

Ramkumar Shankar
Managing Director

Chennai
10th May, 2022

Annexure 3

Disclosure u/s 197(12) and Rule 5(1) of each director to the median remuneration of the employees of the Company for the financial year ended March 31, 2022

1. Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year ended March 31, 2022.

Sl. No	Director	Ratio to median remuneration
1	Mr Vijay Sankar, Chairman and Non-executive Director	Nil
2	Mr Ramkumar Shankar, Managing Director	35.54
3	Dr Amarnath Ananthanarayanan, Non-executive Director	Nil
4	Mr Aditya Jain,Independent Director	1.07
5	Mr Chandran Ratnaswami, Non-executive Director	Nil
6	Dr Lakshmi Vijayakumar, Independent Director	0.81
7	Mr Prasad Raghava Menon, Independent Director	0.96
8	Mr Sanjay Vijay Bhandarkar, Independent Director	1.28

2. The Percentage increase in remuneration of each Director and Key Managerial Personnel in the financial year.

Sl. No	Director/ Key Managerial Personnel	Percentage Increase/ (decrease)
1.	Mr Vijay Sankar, Chairman and Non – executive Director@@	Not applicable
2.	Mr Ramkumar Shankar, Managing Director@	Not Applicable
3.	Dr Amarnath Ananthanarayanan, Non-Executive Director@@	Not applicable
4.	Mr Aditya Jain, Independent Director##	Not applicable
5.	Mr Chandran Ratnaswami, Non-Executive Director@@	Not applicable
6.	Dr Lakshmi Vijayakumar, Independent Director##	Not applicable
7.	Mr Prasad Raghava Menon, Independent Director##	Not applicable
8.	Mr Sanjay Vijay Bhandarkar, Independent Director##	Not applicable
9.	Mr N Muralidharan, Chief Financial Officer #	Not applicable
10.	Mr M Raman, Company Secretary and Compliance Officer@	Not applicable

@ Not comparable with previous year as they drew remuneration only for part of the year in the previous year.
@@ For these non-executive Directors no remuneration was paid during the FY 2021-22. Hence percentage increase is not applicable.
# Mr N Muralidharan was appointed as Chief Financial Officer only with effect from 01.09.2021.
Independent Directors were appointed only with effect from 26th April 2021 and hence percentage increase in remuneration not applicable to them.

3. Percentage increase in the median remuneration of employees in the financial year : 6.3 %

4. The number of permanent employees on the rolls of the Company as at March 31, 2022 : 1074

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. 12.3%

6. It is affirmed that the remuneration paid is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Vijay Sankar
Chairman
DIN: 00007875

Place: Chennai
Date: 10th May, 2022

Annexure 4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2022

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

The Members,
CHEMPLAST SANMAR LIMITED
CIN: L24230TN1985PLC011637
9 CATHEDRAL ROAD
CHENNAI-600086

Dear Members,

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

Based on our verification of the Company's books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2022** according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder to the extent applicable;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended:-

(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");

(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (was not applicable to the Company during the period under review);

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the Company during the period under review);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (was not applicable to the Company during the period under review);

(h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; (was not applicable to the Company during the period under review);

(i) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (was not applicable to the Company during the period under review);

The Company has complied with the following Industry Specific Laws and the rules, regulations framed there under :

(a) Water (Prevention and Control of Pollution) Act, 1974

(b) Air (Prevention and Control of Pollution) Act, 1981

(c) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

(d) The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989

(e) The Explosives Act, 1884

(f) The Petroleum Act, 1934 and Petroleum Rules, 2002

(g) The Poisons Act, 1919

(h) Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 ("DC Rules")

(i) The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996

(j) Bureau of Indian Standards Act 1986

(k) The Electricity Act 2003 and rules framed there under

(l) Gas Cylinder Rules 2016

(m) The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950 ("Boiler Regulations")

(n) Legal Metrology Act, 2009 , the Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodity Rules") and Standards of Weights and Measures Act 1976

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

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

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

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

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

Adequate notice is given to all directors to schedule the Board and committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and wherever meetings are convened at shorter notice consent of all the directors have been obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The company had convened its meetings of Committees and Board physically and through Video Conferencing in compliance with the requirements of the Act.

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

We further report that during the audit period: -

1. The shareholders in the Extraordinary General meeting held on 19thApril, 2021 through special resolution approved the creation of pledge over the entire shareholding of 2 shares of nominal value of EGP 1000/- each of TCI Sanmar Chemicals SAE (TCI)of each held by the company in favour of Arab African International Bank SAE, for securing the credit facilities availed by TCI on account of the company acting as Onshore Security Agent for the lenders to TCI, notwithstanding that the security may exceed the limits prescribed under section 185 and 186 of the Act.

2. The shareholders in the Extraordinary General meeting held on 27th April, 2021 approved

   (a) Through special resolution to create, offer, issue, allot and/ or transfer equity shares of face value of ₹ 5/- each for cash at premium, aggregating to ₹ 35,000 million including by way of fresh issue up to ₹ 15,000 million and an offer of sale by selling shareholders aggregating up to ₹ 20,000 million in accordance with The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable laws, rules and regulations.

   (b) Through ordinary resolution the appointment of Mr Aditya Jain as Independent director not liable to retire by rotation for a term of 5 years effective from 26th April, 2021.

   (c) Through ordinary resolution the appointment of Mr Sanjay Vijay Bhandarkar as Independent director not liable to retire by rotation for a term of 5 years effective from 26th April, 2021.

   (d) Through ordinary resolution the appointment of Dr Lakshmi Vijayakumar as Independent director not liable to retire by rotation for a term of 5 years effective from 26th April, 2021.

(e) Through special resolution the appointment of Mr Prasad Raghava Menon as Independent director not liable to retire by rotation for a term of 5 years effective from 26th April, 2021.

3. The shareholders in their 37th Annual General meeting held on 2nd August, 2021 through ordinary resolution has accorded approval for the:

   a) Appointment of Mr Vijay Sankar, and Mr Chandran Ratnaswami as directors (Non executive-Non independent) liable to retire by rotation. They were earlier appointed as additional directors by the Board at their meeting held on 26th April, 2021.

   b) Appointment of Dr Amarnath Ananthanarayanan (Non-executive Non independent) as director of the company liable to retire by rotation who earlier held the office as Independent director.

4. The Board of Directors, in the Meeting held on 28th January, 2022 approved the appointment of Mr N Sankar as Chairman Emeritus for lifetime on honorary basis and he is not a director of the company.

5. The Company's equity shares were listed and admitted to the exchanges, BSE Limited and National Stock Exchange of India Limited with effect from 24th August, 2021 (Scrip Code: 543346).

6. The proposal for entering into a sub-lease agreement with its wholly owned subsidiary Chemplast Cuddalore Vinyls Limited for taking on lease, leasehold land measuring about 13.60 acres at SIPCOT Industrial Complex, Cuddalore was approved by the Independent Directors of the company in the Audit committee meeting and by the Board at its meeting held on 28th January, 2022.

Place: Chennai
Date: 08.04.2022

Signature:
Name of Company Secretary in practice:
CS Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810D000046822

The Members,
CHEMPLAST SANMAR LIMITED
CIN: L24230TN1985PLC011637
9, Cathedral Road,
Chennai – 600 086

Dear Members,

Sub: Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 08.04.2022

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

Annexure 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2022

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

The Members,
Chemplast Cuddalore Vinyls Limited
CIN: U24100TN1991PLC020589
9, Cathedral Road,
Chennai– 600 086

Dear Members,

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

Based on verification of the Company's books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31stMarch, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2022** according to the provisions of:

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

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

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under- not applicable during the period under review;

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

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

a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018

The Company has complied with the following Industry Specific Laws and the rules, regulations framed there under:

(a) Water (Prevention and Control of Pollution) Act, 1974

(b) Air (Prevention and Control of Pollution) Act, 1981

(c) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

(d) The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989

(e) The Explosives Act, 1884

(f) The Petroleum Act, 1934 and Petroleum Rules, 2002

(g) The Poisons Act, 1919

(h) Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 ("DC Rules")

(i) The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996

(j) Bureau of Indian Standards Act 1986

(k) The Electricity Act 2003 and rules framed thereunder

(l) Gas Cylinder Rules 2016

(m) The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950 ("Boiler Regulations")

(n) Legal Metrology Act, 2009 the Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodity Rules") and Standards of Weights and Measures Act 1976

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

We have also examined compliance with Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

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

The company continues to be the Wholly Owned Subsidiary of Chemplast Sanmar Limited whose Equity Shares are listed in Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited.

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

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

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

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

We further report that during the audit period, the Company:-

1) In its Annual General Meeting held on 2nd August, 2021 accorded approval through ordinary resolution

   - The appointment of Mr. Aditya Jain as Independent director of the company for a period of five years from 27th April, 2021 not liable to retire by rotation.
   - The appointment of Dr Lakshmi Vijayakumar as Independent director of the company for a period of five years from 27th April, 2021 not liable to retire by rotation.

2) In its Extra ordinary General Meeting held on 17th December, 2021 accorded approval through special resolution to make investments in the equity share capital of the SPV to be incorporated by Hinduja Renewables Energy Private Limited under a Group Captive Power Plant Scheme which may exceed the limits prescribed under Section 186 of the Companies Act, 2013 provided that the amount/ value of such investment not to exceed at any time, in the aggregate,

   ₹ 3.60 Crores.

3) In its Board Meeting held on 28th January, 2022 accorded approval

   - To subscribe to the Memorandum and Articles of Association of Section 8 Company proposed to be incorporated in the name of "ICC Foundation" or any other name as may be approved by the registrar.
   - To grant sub-lease of 13.60 acres of leasehold land to Chemplast Sanmar Limited, at SIPCOT Industrial Complex, Cuddalore.

4) In its Board Meeting held on 22nd March, 2022 approved the appointment of Mr N Sankar as Chairman Emeritus for lifetime on honorary basis and he is not a Director of the Company.

Place: Chennai
Date: 08.04.2022

Signature:
Name of Company Secretary in practice:
CS Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810D000047042

The Members,
CHEMPLAST CUDDALORE VINYLS LIMITED
CIN: U24100TN1991PLC020589
9, Cathedral Road,
Chennai – 600 086

Dear Members,

Sub: Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 08.04.2022

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

Annexure 6

Form AOC-1

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

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

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Indian Rupees in Million)

Sl. No	Particulars	Details
1	Name of the subsidiary	Chemplast Cuddalore Vinyls Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2022
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4	Share capital	3,030
5	Instruments entirely equity in nature	12,897
6	Reserves & surplus	(21,291)
7	Total assets	22,059
8	Total Liabilities	27,424
9	Investments	-
10	Turnover	38,828
11	Profit before taxation	3,619
12	Provision for taxation	927
13	Profit after taxation	2,692
14	Proposed Dividend	NIL
15	% of shareholding	100%

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

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

Part "B": Associates and Joint Ventures

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

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

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

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

Vijay Sankar
Chairman
DIN: 00007875

Ramkumar Shankar
Managing Director
DIN: 00018391

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274

N Muralidharan
Chief Financial Officer

M Raman
Company Secretary
Membership No. ACS 06248

Annexure A

Management Discussion and Analysis:

Economic Overview:

Over the past couple of years, the impact of COVID has been mainly disruptive in terms of economic activity and loss of human lives. The economy shrunk by 7.3% during 2020–21 due to a downtrend across most sectors. The Government adopted a slew of measures to save lives and livelihoods, enhance healthcare facilities, and accelerate vaccinations. Economic reform packages were also announced to bring the economy back to the growth path. As per IMF, the Indian economy grew at a healthy 8.9% in CY2021 (The union budget estimates F22 growth at 9.2%). On the tax collections side, gross tax revenues saw an unexpected surge of 38.5% during Apr-Jan'22, on the back of a low base and recovery in broader economic activity.

The current geopolitical tensions, a resurgence of COVID cases in some parts of the world and China's stringent zero COVID policy has intensified risks and worsened complications regarding growth-inflation dynamics. India may not have a significant merchandise trade with Russia. Nevertheless, it is most likely to bear the brunt due to supply disruptions caused by Western sanctions. Despite India's limited direct exposure, the general terms of trade shock due to supply-side disruptions are expected to weigh on growth prospects to some extent.

The low base effect, a significant increase in international crude petroleum prices and subsequent rise in prices of raw materials of industrial products during 2021-22 primarily pressed the WPI-based inflation to a double-digit level. Persistent inflation is expected to result in rising interest rates and the shift from quantitative easing to quantitative tightening.

Due to the COVID pandemic, private sector capital expenditure has been subdued over the past few years. However, the union budget of 2022 has focused on kickstarting the Capex cycle by boosting infrastructural spending and introducing production-linked incentive schemes and digital initiatives to help the industry. The increased capital spending is likely to improve the efficiency of India's logistics infrastructure, among others, crowd-in private investment, generate jobs in construction, and sustain growth.

In its report on the global economic outlook dated 25th January 2022, IMF states that India's prospects for 2023 are marked up on expected improvements to credit growth—and, subsequently, investment and consumption—building on the better-than-anticipated performance of the financial sector. The economic scenario in India remains optimistic, and the IMF projects that India's GDP will grow by 8.2% in CY2022 and by 6.9% in CY2023, among the highest rates globally.

Company Overview

Chemplast Sanmar Ltd (CSL) is a leading speciality chemicals manufacturer in India with a focus on speciality paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is the largest manufacturer of speciality paste PVC resin in India. In addition, CSL is also the third-largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide in South India and one of the oldest manufacturers of Chloromethanes in India. Further, the company's wholly-owned subsidiary, Chemplast Cuddalore Vinyls Ltd (CCVL), is the second-largest manufacturer of suspension PVC resin in India and the largest manufacturer in South India.

CSL has a strong focus on sustainability and safety. The manufacturing facilities are certified ISO 9001:2015 for quality management systems and ISO 45001:2018 for occupational health and safety management systems. In addition, CSL & CCVL have received the 'Responsible Care' certification for maintaining best practices in operations. The coastal units at Karaikal (CSL) and Cuddalore (CCVL) have desalination units which ensure that the water required for operations is drawn only from the sea and no groundwater is drawn. The company has also adopted "zero" liquid discharge at all the manufacturing facilities, wherein no treated effluent from manufacturing operations is discharged onto the land or into any water body. CSL has also voluntarily conducted yearly sustainability audits for each of our manufacturing facilities since Financial Year 2011.

I. SPECIALITY CHEMICALS

Speciality Paste PVC Resin

Poly Vinyl Chloride (**"PVC"**) resins are derived from its monomer, Vinyl Chloride Monomer (**"VCM"**). VCM is polymerised to obtain PVC.

Essentially, PVC resins can be classified into:

- Suspension resin;
- Speciality Paste resin, also called emulsion or dispersion resin or micro-suspension resin; and
- Copolymer resin.

Speciality paste PVC resin is used to make flexible products (such as artificial leather, gloves, tarpaulins, conveyor belts and coated fabrics). Suspension PVC is largely a basic product while Speciality paste PVC resin is a speciality product. In India, CSL and Finolex Industries Limited) are the only producers of speciality paste grade PVC resin.

CSL is the largest manufacturer of speciality paste PVC resin in India, with an installed production capacity of 66 kt per annum as of March 31, 2022. The manufacturing facility is located at Mettur, Tamilnadu.

According to CRISIL Research, the market for Speciality Paste PVC resin in India was around 143kt in FY20. This is forecasted to grow to around 180ktpa by FY25. As against this, current domestic production is only around 80ktpa, thus resulting in a gap of over 60ktpa which is being met through imports. This gap is expected to increase to around 100ktpa by FY25.

2021-22 review

Overall, domestic demand for Speciality Paste PVC Resin in FY 2021-22 registered a strong growth of 22%, reaching 138kt, compared to market size of 114kt in FY 2020-21. The year opened with a strong demand but the second wave of COVID in Q1 FY22 resulted in reduction in operating rates of consuming

plants. In addition, the demand from the auto sector (which is a significant consumer of leather upholstery) was affected by the chip shortage that continued throughout the year. From Q2 onwards, demand recovered as the end-use industries also resumed optimal operations. Q3 saw a temporary impact on demand due to the restrictions on operations of artificial leather units in the National Capital Region due to poor air quality. This led to a build-up in inventory by December, which was liquidated in Q4. The third wave in Q4 (Omicron) was much milder due to the effective vaccination program in India and did not have much impact on demand. With the re-opening of schools, the footwear demand saw a resurgence, which had a beneficial impact on paste PVC demand as well. This was also coupled with the continuing logistics problems affecting ocean shipments which resulted in lower arrival of imports there by pushing up the demand for domestic material.

With this, the domestic demand has recovered to pre-pandemic levels. The company's production increased to 65,167mt in FY22, from 59,860mt in FY21 while sales increased to 64,838mt in FY22 from 62,592mt in FY21.

Outlook

With schools & offices now functioning at near-normal levels, and with economic activity gathering pace, demand in FY 2022-23 is expected to be robust. Also, with limited availability from US and Europe, the paste resin prices are likely to remain strong. The impact of the ongoing lockdowns in China due to rising COVID cases, however, will need to be assessed.

Over the next five financial years, the operating rates of domestic Speciality paste PVC resin producers are expected to remain high on account of healthy demand growth. CSL is in the process of adding a 41 KT capacity at Cuddalore, which is expected to come on-stream in the financial year 2024. The demand for speciality paste PVC resin has been growing at a healthy pace, with capacity addition not keeping pace. Despite healthy demand, no new players have entered the speciality paste PVC resin market in several years. This is largely on account of the lack of availability of technology. Thus, high entry barriers and limited competition is expected to benefit existing speciality paste PVC resin manufacturers in the medium term.

Custom Manufactured Chemicals

Custom manufacturing is the exclusive manufacturing of non-commercially available molecules for a specific company. These molecules are manufactured conforming to specific properties and processes. Custom synthesis is usually done at a small scale, where the quantity of produced molecule remains low as opposed to the practice of custom manufacturing, where large-scale production of specific molecules or compounds are undertaken by a third-party manufacturer for a specific client.

Custom manufacturing is preferred by pharmaceuticals and agrochemical manufacturers. The major reasons for opting for custom manufacturing are:

- Non availability of assets at the customer end to handle multi-step synthesis; and
- Low cost alternatives for manufacturing of specific molecules in the regions with low cost of production.

2021-22 review

The Custom Manufactured chemicals division manufactures advanced intermediates for global innovators and originators for Pharmaceutical and Agrochemical markets. It has registered an impressive growth in sales during the year mainly driven by strong demand from various end customers and commercialization of new products.

Outlook

The demand for custom manufacturing has shifted to the developing countries due to better cost economics as compared to developed economies. The demand for custom manufacturing catered to by Indian manufacturers is likely to grow with India becoming a key supplier of non-commercially available molecules and monomers/polymers. The COVID-19 pandemic has further strengthened the demand for pharmaceutical custom manufacturing in the country, with global pharmaceutical giants outsourcing vaccine manufacturing to Indian players in addition to stronger demand for various medicines. Also the demand for custom manufacturing in agrochemical space is also likely to see a boost with discovery of new and improved pesticides, herbicides and fungicides getting more traction. India will be a focus region as companies move away from China. The downturn observed in China's speciality chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because very few countries, other than India, have the requisite scale, technology, raw materials and government support to capture this opportunity.

The custom manufacturing industry in particular has significant entry barriers, including expectation of high standards of Environmental, Health and Safety compliance, extended customer validation and approvals process, ongoing process innovation and optimisation, high-quality standards and stringent specifications. Further, the end customers are usually required to register their suppliers with regulatory bodies as a source of intermediate products or active ingredients, and this leads to high switching costs. Besides, CSL leverages on its chemistry process research and manufacturing capabilities to focus on providing custom-made intermediates for molecules that are in the early stages of their life cycles. This gives the company an opportunity to be among the initial suppliers for such products to the innovators.

II. Other Chemicals

Chloromethanes

Chloromethanes are used as solvents in pharmaceutical manufacturing, in the making of refrigerant gas, and in agrochemicals. Chloromethanes are largely divided into four types of products - methyl chloride, methylene di chloride ("MDC"), chloroform and carbon tetrachloride ("CTC"). The pharma sector accounts for the largest share in MDC demand, where it is used as a solvent. MDC also has other applications, such as in foam blowing segments, aerosols, polycarbonate resins and adhesive formulations. Besides, it is a key raw material

for HFC 32, increasingly used as a refrigerant in air conditioners. CTC is used as a feedstock in agrochemical intermediates. Chloroform finds use in the production of tetrafluoro ethylene that goes to make polymers such as teflon and fluon, used as a non-stick coating on pans and other cookware. These are also used in containers and pipes for storing corrosive chemicals. Chloroform is also widely used in making R22 and other refrigerant gases.

2021-22 review

The year 2021-22 started with the spread of the second wave of COVID-19 and the consequent lockdown. Consumption was marginally affected in segments which were either dependent on import of key raw materials or on exports as constraints on vessel space and container availability exacerbated. Demand for Methylene Dichloride (MDC) picked up during the first half of the year and prices increased, but demand dropped in the second half due to high prices of key starting material and the non-availability of key inputs from China for Pharma companies. The country also saw new capacity additions in the third quarter, which resulted in prices coming off the all-time highs reached in Q2/early Q3. Overall domestic demand for MDC grew by 16% from 295kt to 340kt, driven by the Pharma sector which remains as the single largest consumption sector.

Chloroform demand remained stagnant at 155kt with no growth as consumption was weak in Pharma sector.

CTC (Carbon Tetra Chloride) demand grew by 8% to 27kt with good demand from the Synthetic Pyrethroids segment.

The company's production of Chloromethanes increased from 31,833mt in FY21 to 34,798mt in FY22, while the sale increased, over the same period, from 30,900mt to 33,675mt.

Outlook

The Indian chloromethanes market is expected to grow in the future, driven by healthy growth in end-user industries such as pharmaceuticals, and agrochemicals. MDC segment is expected to lead growth in demand, driven by its high application in the pharma industry.

The Indian pharmaceutical companies continue to enjoy a sizeable market share in the US generics market. The number of firms seeking abbreviated new drug application (**"ANDA"**) approvals and tentative approvals from the US Food and Drug Administration (**"FDA"**) are also on the rise. Mid- and small-sized formulation manufacturers, which are traditionally engaged in contract manufacturing, are also looking at tapping the generic drugs opportunity in regulated markets.

India ranks among the lowest in healthcare expenditure globally. As per the World Health Organization (**"WHO"**) data, India's per-capita expenditure on health is among the lowest in developing countries and, therefore, offers significant potential.

Furthermore, Government of India has announced PLI scheme along with the plan to establish pharmaceutical manufacturing capacity. DoP (Department of Pharmaceuticals) launched two PLI schemes in July, 2020, one for critical Bulk Drugs (₹ 6,940 crore) and another for Medical Devices (₹ 3,420 crore). As per the recent announcement by DoP, another PLI scheme for pharmaceuticals drugs worth ₹ 15,000 crore is under approval. Consequently, the demand for chloromethanes is expected to increase on account of these bulk drug manufacturing capacities.

India's leading air-conditioner and refrigerator manufacturers have started moving towards using gases less harmful for the environment and are phasing out use of HCFCs (Hydrochlorofluorocarbons) to cut global warming. Manufacturers are increasingly replacing old refrigerants with HFCs, which use MDC as a raw material. In addition, demand for Cypermethrin is also expected to increase, which will boost CTC demand.

Caustic Soda

Caustic soda and chlorine are joint products manufactured by the electrolysis of brine, with hydrogen being produced as a by-product. Caustic is a basic chemical which is used in a variety of industries and is a significant building block for many products, while chlorine is a key feedstock for a variety of products. The major end-use industries for Caustic and Chlorine include textiles, chemicals, paper, PVC, water treatment, alumina, soaps and detergents, and chlorinated paraffin wax. The company has manufacturing facilities of caustic soda at Mettur and at Karaikal with a total capacity of 119ktpa.

2021-22 review

Being a very basic alkali with a strong correlation between consumption and economic activity, Caustic demand suffered greatly at the start of the year with the surge in COVID cases and consequent lockdowns. As domestic demand was weak, producers across the West Coast capitalised on global shortage caused by planned & unplanned maintenance shutdowns in various geographies to export volumes out of India. Towards the end of Q1 FY22, as vaccination rate increased, Covid cases declined, resulting in demand revival. Prices also started moving up due to global shortages. Thus, even as Caustic soda demand improved from second quarter, there was an increase in spot price by more than 100% from ₹ 28 per kg to ₹ 56 per kg on Ex-works basis.

Capacity addition of around 170 ktpa in South India during the year was absorbed due to better domestic demand and exports.

Asian Caustic Soda prices increased to USD 720 - 730 per mt CFR during the year, from a level of USD 310 - 320 per mt CFR.

Outlook

Globally, the demand growth rate of chlorine is expected to be lower than the demand growth rate of caustic soda. As chlorine and caustic soda are joint products, caustic production will be restricted to chlorine demand leading to supply tightness for caustic soda in the global market. The majority of the Chlor-alkali capacity is built to supply feedstock for the vinyl chain (**EDC** and **PVC**), demand for which is strongly correlated with construction spending and the general health of the construction industry. Caustic soda production is also determined by chlorine demand, and hence producers often have downstream integration for both caustic soda and chlorine as feedstock. In India, very little of the caustic capacity is aligned with PVC capacity. Moreover, over 70% of the caustic capacity in India is not integrated on the chlorine side. This

causes a lot of dependence on sale of chlorine, and this is the main reason for the lower capacity utilisation rates in the Indian caustic industry.

The demand for caustic soda is expected to grow in the future, led by increasing demand from the alumina and chemical industries. Alumina production is expected to increase following the expansion of refinery capacity in India. Import substitution of alumina, growth in domestic aluminium consumption, and rising aluminium exports should propel caustic soda demand over the next five years. Demand from the organic chemicals segment is expected to grow, driven by healthy demand growth from end-user industries such as dyes and paints. Further, export markets are providing opportunities for domestic chemical manufacturers. Caustic soda demand from the Soaps and detergents segment is also expected to increase, driven by increasing hygiene awareness amid the COVID-19 pandemic, increasing penetration in rural areas, and a rise in per capita consumption. Demand pick up from the Paper segment with the opening up of educational institutions and offices should also increase the prospects.

Hydrogen Peroxide

Hydrogen peroxide is mainly used in the pulp and paper industry for bleaching pulp and de-inking recycled paper. It is also used in the textiles, electronics, food and beverages, and healthcare industries. Along with peroxyacetic acid, hydrogen peroxide is one of the important components in manufacturing peroxide-based disinfectants. It is also used in various municipal and industrial applications. CSL has installed capacity of 34 ktpa (50% basis) and is the largest manufacturer of hydrogen peroxide in South India. The company is in the process of ramping up the production to full capacity, which is expected to be completed in FY23.

2021-22 review

Demand in 2021-22 is estimated at 310kt, a growth of 5% over the previous year. Our product gained acceptance in all major Textile and Pharma units in South India.

CSL's production of Hydrogen Peroxide increased from 14,429mt in FY21 to 16,448mt in FY22 while the sale increased from 14,692mt to 16,483mt.

During the year, total imports into India increased by 44% to 26kt from 18kt.

Outlook :

Growth in paper and pulp industry is expected to support the demand for hydrogen peroxide. As regards demand from textiles, long-term growth in the domestic market will be driven by rising working population and income levels, higher penetration of organised retail stores and e-commerce and growing preference for readymade garments. The market for disinfectants has proliferated, with the present COVID-19 situation. It is expected that the market size would continue to expand as hygiene improvement would be one of the main factors that would drive the size of the market in the future. This offers a new and developing market for hydrogen peroxide due to its ability to kill bacteria, viruses and fungi.

Chemplast Cuddalore Vinyls Ltd (Subsidiary Company)

Suspension PVC

Suspension PVC (S-PVC) is used in both rigid and flexible applications. Pipes, profiles and roofing sheets are typical examples of rigid applications while flexible hoses, tubings, wires and cables, calendared sheets and films are typical examples of flexible applications. Demand for S-PVC in the global market is largely linked to the construction industry and therefore economic development. In recent years, S-PVC consumption has been concentrated in developing Asian economies such as China, India, Vietnam, and Indonesia. China accounts for more than 40% of global S-PVC consumption by region. India is one of the fastest growing large markets for S-PVC globally while other major consuming regions are other Asia-Pacific countries, North America, Western Europe, and the Middle East and Africa.

2021-22 review

In Q1 of 2021-22, while our plants operated at near capacity, demand was stunted due to our customer plant operations being affected on account of the second wave of COVID. With the improvement on the COVID front across the country, Q2 FY2022 saw a sharp pick-up in demand and customer plant operating rates. Demand from the agricultural sector saw a sharp recovery, and there was also improved demand from government-aided projects like the Jal Jeevan Mission. Moreover, the limited arrivals of imported material resulted in tightness in the availability of S-PVC in the market. PVC prices in Asia and India reached all-time highs in October, on the back of reduced production in China. This was due to the acute coal shortage that developed in China, which impacted the operation of carbide PVC plants. However, towards the end of October, the Chinese authorities stepped in to ease the situation, given the winter cooling demands. Consequently, the coal shortage eased and PVC production in China rebounded. This coincided with weak demand in India – the expected post-Diwali spurt in demand did not happen due to the extended monsoon rains. The combined effect of increased supply from China and weak demand in India resulted in demand and prices going down in Q3. However, the PVC prices rebounded in Q4 of 2021-22 with a pick-up in demand and supply tightness worldwide. Overall, increasing tightness in availability of Suspension PVC both globally and in India, resulted in prices touching new highs in 2021-22. The company's production increased to 298,353mt in FY22, from 262,978mt in FY21 while sales increased to 299,268mt in FY22 from 273,296mt in FY21.

Outlook

The domestic market for S-PVC has been steadily growing, largely led by growth in the pipes and fittings market. The de-growth in FY21 due to the COVID pandemic has been recovered in FY22 and the domestic market is back to pre-pandemic levels. Indian demand for Suspension PVC is expected to be strong in the next decade, given the much lower level of penetration in India as compared to the rest of the world (as evidenced by the very low per-capita consumption). Moreover, Government projects on housing, water conveyancing, infrastructure and smart cities, are all expected to lead to a strong demand for Suspension PVC.

The lack of viable substitutes is also driving demand. In the pipes segment, metal is being replaced by S-PVC due to its low cost and advantageous properties. Demand for S-PVC will continue to rise as there are no viable substitutes for it due to its superior qualities and lower prices.

Demand for S-PVC largely comes from the plastic pipes industry. Plastic pipes are primarily used in irrigation and water supply and sanitation projects. Major demand sources are public sector projects undertaken by the central, state and municipal bodies. Among factors that will boost S-PVC demand, the top most is increased spending by state governments and municipal corporations to improve accessibility of water for a burgeoning population. Second comes the heightened government thrust on irrigation, urban infrastructure and real estate. The central government has launched various schemes to support these three sectors. They include:

- The PMKSY in the irrigation sector;
- The Jawaharlal Nehru National Urban Renewal Mission (**"JNNURM"**), AMRUT, Swachh Bharat Mission and Smart Cities Mission in the urban infrastructure sector; and
- The Pradhan Mantri Awas Yojana which seeks to provide housing for all.

Apart from these, an increase in private sector investments, primarily in the real estate sector, will also boost the demand. Demand for plumbing pipes and fittings is expected to grow with construction picking up pace in metros and tier-II and -III cities.

Supply tightness globally, with increase in global demand over the next five years far outpacing the increase in global supply, is also expected to support S-PVC prices in the medium term.

On account of all the above factors, the outlook for S-PVC appears bright

Financial Performance

Summary of the financial performance is presented below:

₹ In Crores

Particulars	Stand-alone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Sales and Other income	2,044.80	1,294.55	5,949.47	3,815.11
Profit before interest,depreciation and taxes	660.20	396.96	1,254.28	977.84
Profit / (Loss) before tax and exceptional items	433.63	55.57	795.55	562.66
Exceptional Items	-	(15.68)	-	(15.68)
Profit / (Loss) before tax	433.63	39.89	795.55	546.98
Tax Expenses	(54.15)	3.74	(146.90)	(136.89)
Profit / (Loss) after tax	379.48	43.63	648.65	410.09

Financial Performance – Stand-alone:

The robust improvement in PBT was mainly due to the significant increase in PBDIT by ₹ 263.24 crores as also the reduction in finance cost by ₹ 117.92 crores. The growth in PBDIT in 2021-22 was mainly due to better performance across all the products on account of improved demand and higher realisations. The reduction in finance cost was mainly due to prepayment of Non-Convertible Debentures in full at the end of Aug 2021 by utilising the proceeds from the IPO.

Financial Performance – Consolidated:

At the consolidated level, the company posted a strong revenue growth of 56% and PBDIT growth of 28%, which was both due to volume and price increases. The company earned a PBT of ₹ 795.55 crores (before exceptional items) for the year ended 31st March 2022 as against ₹ 562.66 crores in 2020-21. The previous year profits included the positive impact on account of inventory write down of ₹ 106.89 crores made in the FY20. The robust improvement in PBT was mainly due to the significant increase in PBDIT by ₹ 276.43 crores as also the reduction in finance cost by ₹ 111.76 crores. The growth in PBDIT in 2021-22 was mainly due to better performance across most of the products on account of improved demand and higher realisations. The reduction in finance cost was mainly due to prepayment of Non-Convertible Debentures in full at the end of Aug 2021 by utilising the proceeds from the IPO. The profit after tax and exceptional items for 2021-22 was ₹ 648.65 Crores, as against ₹ 410.09 Crores in 2020-21.

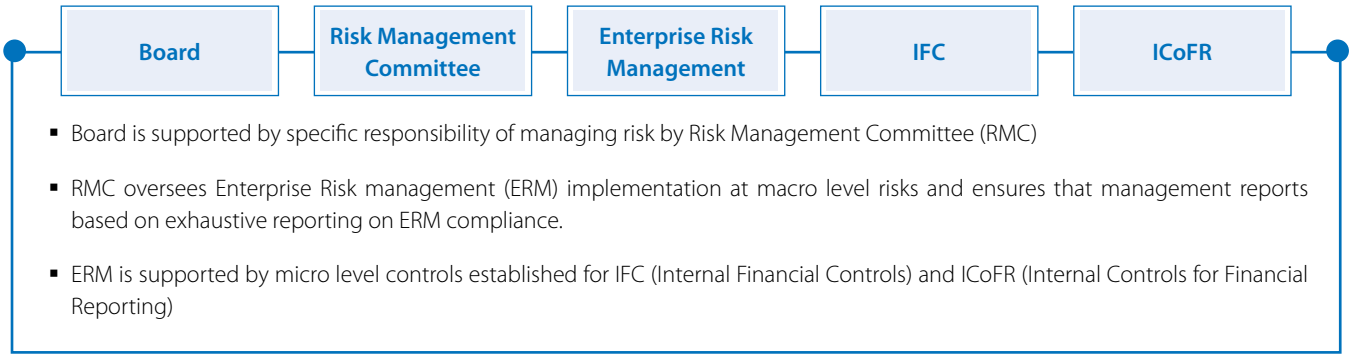
Risk Assessment and Management

The Company has a well-defined Risk Management System. Pursuant to Regulation 21 of the SEBI LODR, the Board of Directors constituted a Risk Management Committee to monitor and oversee the Risk Management System. The Composition of the Risk Management Committee, terms of reference and number of committee meetings held during the year under review are given in the Corporate Governance Report.

The Risk Management Policy of the Company as recommended by the Risk Management Committee and approved by the Board of Directors of the Company can be accessed in the Company's website www.chemplastsanmar.com. The Risk Management System of the Company ensures that all risks that the organization faces including strategic, financial, credit, market, liquidity, security, property, legal, regulatory, IT, reputational and other risks are identified and the impact assessed. Mitigation plans are then drawn up and these plans are effectively reviewed and implemented.

Chemplast Risk Management philosophy

Hierarchy of risk management



Risk Classification

All the risks have been broadly classified into the following categories;

- **Strategic risks** – Risk arising out of macro-economics and other external conditions, which can significantly impact the company's strategic business decision, future aspiration, and financial performance.
- **Financial risks** – Financial risks arising due to various uncertainties in the financial market or inadequate financial reporting.
- **Compliance risks** – Risks arising out of regulatory non-compliance.
- **Operational risks** – Risks of loss due to insufficient resources, inadequate processes or failure thereof, or insufficient skill or people.

Risk categorisation

All the classified risks have been grouped as under, based on an assessment of likelihood of occurrence and impact on account of the occurrence.

- **Priority risks**
- **Key risks**
- **Managed risks**
- **Low risks**

For each of the risk, mitigation plans have been drawn down and reviewed periodically including the implementation status of mitigation plans. And assessment of ERM to identify any new risks due to major change in the business model, external environment, Govt. regulations, etc also to be done on a periodic basis.

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 2021-22 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 together with corrective actions.

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

Personnel

Industrial relations with employees remained cordial during the year. 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. The total number of permanent employees working as at Mar 31, 2022 was1074.

Cautionary statement

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations, or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, fluctuation in forex rates, changes in Government regulations, tax regimes, economic developments within India and the countries in which business is conducted, and other incidental factors.

Financial ratios

Details of significant changes in key financial ratios, along with detailed explanation there of (only if change is 25% or more as compared to the immediately previous year),

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reason for variance
Trade Receivables Turnover Ratio	Revenue from operations	Avg. Trade Receivable	16.20	22.19	-26.99%	Average trade receivable value of 2021-22 increased due to higher sales value, hence trade receivable turnover ratio has decreased
Interest Coverage Ratio	EBIT	Interest & Lease Payments	4.07	1.16	251.54%	Since the entire debt has been repaid during the year utilising the IPO proceeds, interest coverage ratio is higher for the year 2021-22
Current Ratio	Current Assets	Current Liabilities	2.01	1.16	74.04%	Increase in Current ratio is on account of increase in cash and cash equivalents and trade receivables mainly due to higher cash generated during the year and higher sales
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.00	0.61	-99.39%	During the year 2021-22, the Company repaid the entire debt out of the IPO proceeds, hence the debt equity ratio has become ZERO in March'22
Net Profit Margin	Net Profit after taxes	Revenue from operations	18.86%	3.39%	457.10%	Higher profits in 2021-22 has led to the increase in Net profit ratio, mainly due to higher sales and lower finance cost
Return on Net worth	Net Profit after taxes	Net worth	9.99%	2.16%	362.87%	Higher profits in 2021-22, due to higher operating profit and lower interest, has resulted in higher Return on Net worth

Annexure B

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the financial year ended 31st March, 2022.

The Company's equity shares were listed on the National Stock Exchange of India Limited and BSE Limited on 24th August, 2021.

1. Brief statement on Company's philosophy on Corporate Governance

The Company believes that good corporate governance leads to corporate growth and long term gain in shareholder value. Strong governance is fundamental to building a resilient business and driving success fairly and transparently. The Company is committed to maintaining the highest standards of corporate governance in its conduct towards shareholders, employees, customers, suppliers and other stakeholders. This includes checks and balances that facilitate the Board of Directors to have adequate control and oversee activities in such a manner that company interests are aligned with those of the stakeholders.

The Management's commitment to these principles is reinforced through the adherence to all Corporate Governance practices which form part of the Regulation Nos. 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time. The Company has also adopted the Code of Conduct for the Directors and Senior Management Personnel. The Company has in place a Code of Fair Disclosure and Conduct as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

2. Board of Directors

The Board of Directors (the Board), consist of persons with considerable professional expertise and experience and they provide leadership and guidance to the management, thereby enhancing stakeholders' value and the quality of the Board's decision making process.

(A) Board Structure:

As at 31st March, 2022, the Board consists of Eight (08) Directors, out of which Seven (07) are Non-Executive Directors.

As per Regulation 17(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a minimum of fifty per cent of its Directors as Non-Executive Directors. Out of the Seven (07) Non-Executive Directors, Four (04) Directors are Independent Directors, of whom one is a Woman Director.

The composition of the Company's Board is in conformity with the Companies Act, 2013 ("Act") and Listing Regulations.

(B) Board Profile

The Board of Directors comprises of renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experiences to the Board, which enhances the quality of the Board's decision making process

(C) Board Meetings , Attendance and other directorships

During the financial year under review, Board meetings were held on 15th April 2021, 26th April 2021, 16th July 2021, 31st August 2021, 29th October 2021, 28th January 2022 and 22nd March 2022. The last Annual General Meeting (AGM) was held on 2nd August 2021. Details of attendance of Directors at the Board meetings, at the AGM and details of other Directorships and committee memberships / chairmanships as on 31st March 2022 are as under:

Sr. No.	Name of Director and DIN	Category of Director	No. of Shares held as on 31-03-2022	No. of Board meetings attended during FY 2021-22	Attendance at last AGM held on August 2, 2021	No. of Directorship in Public Companies as on 31-3-2022*	No. of Board Committee Membership held in Public Companies as on 31-3-2022**	
							Chairman	Member
1	Mr Vijay Sankar # DIN: 00007875	Chairman - Non Executive Non-Independent Director	-	6	Yes	6	2	4
2	Mr Ramkumar Shankar DIN: 00018391	Managing Director	3449	7	Yes	2	0	0
3	Dr Amarnath Ananthanarayanan DIN: 02928105	Non Executive Non-Independent Director	1713	7	Yes	5	0	1
4	Mr Chandran Ratnaswami DIN: 00109215	Non Executive Non-Independent Director	-	5	No	8	0	3
5	Mr Aditya Jain DIN: 00835144	Independent Director	-	6	Yes	2	1	0

Sr. No.	Name of Director and DIN	Category of Director	No. of Shares held as on 31-03-2022	No. of Board meetings attended during FY 2021-22	Attendance at last AGM held on August 2, 2021	No. of Directorship in Public Companies as on 31-3-2022*	No. of Board Committee Membership held in Public Companies as on 31-3-2022**	
							Chairman	Member
6	Mr Sanjay Vijay Bhandarkar DIN: 01260274	Independent Director	-	6	Yes	7	4	3
7	Mr Prasad Raghava Menon DIN: 00005078	Independent Director	-	6	Yes	3	0	2
8	Dr Lakshmi Vijayakumar DIN: 09115998	Independent Director / Woman Director	-	6	Yes	2	0	0
9	Mr V K Parthasarathy@ DIN: 00022559	Non Executive Director	-	0	-	-	-	-
10	Ms Lavanya Venkatesh @ DIN: 07191585	Non Executive Director	-	2	-	-	-	-

appointed as Chairman, Non-Executive Director of the Company with effect from 26th April 2021

@ Directors resigned from the Board of the Company with effect from 26th April 2021

* Excludes Directorships held in Private Limited Companies, Foreign Companies and Section 8 companies (having charitable objects etc.) and includes directorship in Chemplast Sanmar Limited.

** In accordance with Regulation 26 of the Listing Regulations, Chairmanships / Memberships of only Audit Committee and Stakeholder Relationship Grievance Committee of all Public Limited Companies, whether listed or not, has been considered including that of Chemplast Sanmar Limited.

None of the Directors of the Company is related to each other.

None of the Independent Directors has any material pecuniary relationship or transaction with the Company, its Promoters, or Directors, or Senior Management which, in their judgment, would affect their independence. The Board confirms that based on the written affirmations from each Independent Director, all Independent Directors fulfill the conditions specified for independence as stipulated in the Regulation 16(1)(b) of Listing Regulations' and are independent of the Management. Further, the Independent Directors have also registered their names in the Data bank maintained by the Indian Institute of Corporate Affairs as mandated in the Companies (Appointment and Qualification of Directors), Rules, 2014, as amended.

None of the directors of the Company is a director in more than ten public limited companies or serves as an Independent Director in more than seven listed companies or is a member of more than ten committees or Chairman of more than five committees across all companies. Further, as per the disclosures made by the Directors, none of the Directors, who is serving as a Whole-Time Director / Managing Director in any listed entity is an Independent Director in more than three listed entities. Chairmanship and Membership of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations.

The particulars of Directorships of the Company Directors in other listed companies are given hereunder:

Sr. No.	Name of Director	Names of other listed entities in which Directorships held	Category of Directorship
1	Mr Vijay Sankar	Transport Corporation of India Limited	ID
		The KCP Ltd	ID
		Oriental Hotels Limited	ID
2	Mr Ramkumar Shankar	-	
3	Dr Amarnath Ananthanarayanan	-	
4	Mr Chandran Ratnaswami	Thomas Cook India Limited	NED
		IIFL Finance Limited	NED
		Quess Corp Limited	NED
5	Mr Aditya Jain	-	
6	Mr Sanjay Vijay Bhandarkar	The Tata Power Company Ltd	ID
		HDFC Asset Management Company Limited	ID
7	Mr Prasad Raghava Menon	Dr. Reddy's Laboratories Ltd	ID
		Data Patterns (India) Limited	ID
8	Dr Lakshmi Vijayakumar	-	

ID – Independent Director NED – Non Executive Director

(D) Major Functions of the Board:

The Company has clearly defined the roles, functions, responsibility and accountability of the Board of Directors. In addition to its primary role of monitoring corporate performance, the major functions of the Board include:

- Formulating strategic and business plans
- Reviewing and approving financial plans and budgets
- Monitoring corporate performance against strategic and business plans
- Review of Business risk issues
- Ensuring ethical behavior and compliance with laws and regulations

(E) Board Meetings

During the year under review, 7 Board meetings were held and the interval between two meetings during the year was not more than 120 days.

(F) Core skills / Expertise / Competencies available with the Board

The Board of Directors comprises highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experiences to the Board, which enhances the quality of the Board's decision making process

The below list summarizes the key skills, expertise and competencies that the Board thinks necessary for the proper functioning in the context of the Company's business and industry and which in the opinion of the Board, its Members possess:

(i) Leadership
(ii) Business Strategy & Development
(iii) Commercial acumen
(iv) Finance including audit, accounts and taxation
(v) Economics and Global Business
(vi) Sales and Marketing
(vii) Information Technology
(viii) General Management & Human Resources
(ix) Corporate Governance

Name of the Director	Area of expertise
Mr Vijay Sankar	Leadership, Business Strategy & Development, Commercial acumen, Finance, Sales and Marketing, Economics & Global Business, Corporate Governance and General Management & Human Resources
Mr Ramkumar Shankar	Business Strategy & Development, Commercial acumen, Finance, Sales and Marketing, General Management & Human Resources
Dr Amarnath Ananthanarayanan	Finance, Commercial acumen, Information Technology, Economics, General Management & Human Resources
Mr Chandran Ratnaswami	Leadership, Finance, Business Strategy & Development, Economics & Global Business
Mr Aditya Jain	Finance, Business Strategy & Development, General Management & Human Resources, Economic Affairs and Corporate Governance
Mr Sanjay Vijay Bhandarkar	Finance including audit and taxation, Business Strategy & Development & Corporate Governance
Mr Prasad Raghava Menon	Business Strategy & Development and Finance including taxation, General Management & Human Resources and Corporate Governance
Dr Lakshmi Vijayakumar	General Management & Human Resources and Corporate Governance

(G) Familiarization Program:

The Company has a familiarization programme for Independent Directors with regard to their roles & responsibilities and rights & duties in the Company, nature of the industry in which the Company operates, the business models of the Company and the strategy and plan in operation. During the year, strategic presentations were made to Independent Directors to familiarize themselves with the industry, expansion and future business projections / operations of the Company besides presentations made to Independent Directors on significant features of the Initial Public Offering made by the Company during the year under review which include Offer for Sale by the promoters. Details of familiarization programs are available at Company's website https://www.chemplastsanmar.com/downloads/investor-relations/familiarisation-program-for-ids.pdf

The Board confirms that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

(H) Meeting of Independent Directors

The Independent Directors met on 22nd March 2022 inter alia, to discuss the evaluation of the

- Performance of Non-Independent Directors (including Chairman of the Company) and the Board of Directors as a whole;
- Quality, content and timelines of flow of information between the management and the Board which is necessary for the Board to perform its duties effectively and reasonably.

All the Independent Directors were present at the meeting.

(I) Code of Conduct

The Company has in place the Code of Conduct for Business and Ethics for members of the Board and Senior Management Personnel approved by the Board. The Code has been communicated to Directors and the Senior Management Personnel. The Code has also been displayed in the Company's website www.chemplastsanmar.com and the same is available in the following link https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/code-of-conduct-for-board-and-senior-management.pdf

All the Board Members and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March, 2022. A declaration to this effect signed by the Managing Director is annexed to this report.

(J) Prevention of Insider Trading :

Company has adopted a Code of Conduct for prevention of Insider Trading to regulate, monitor and report trading by designated persons as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All the Directors and designated persons who could have access to unpublished price sensitive information of the Company are governed by the said Code. An annual declaration was taken from the Directors and designated persons, as at the end of 31st March, 2022. Company has an Insider Trading Monitoring System which monitors the trades, if any, undertaken by Designated Persons, as also provides for obtaining pre-clearance, reporting the transactions, etc.

The Company follows closure of trading window for the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the designated persons covered by the said Code not to trade in Company's securities during the closure of trading window period.

3. Committees of the Board:

For better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee and two non-mandatory committees, namely, IPO Committee and Committee of Directors. The Board determines and reviews the terms of reference of these Committees from time to time and as and when there are changes to the relevant statutory provisions. Each of these Committee meetings are convened by the respective Committee Chairman who also informs the Board about the discussions held in the Committee meetings. The minutes of the Committee meetings are sent to respective members individually and circulated at the board meeting.

(a) Audit Committee

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations. The brief terms of reference of the Committee, are as follows:

Brief description of terms of reference

a. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommendation to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;

c. Review and monitor the auditor's independence and performance and the effectiveness of audit process;

d. Approval of payments to the statutory auditors for any other services rendered by statutory auditors;

e. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.

f. Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

g. Scrutiny of inter-corporate loans and investments;

h. Valuation of undertakings or assets of our Company, wherever it is necessary;

i. Evaluation of internal financial controls and risk management systems;

j. Approval or any subsequent modification of transactions of our Company with related parties;

k. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

l. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

m. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

n. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and

o. Monitoring the end use of funds raised through public offer and related matters.

Composition, names of members and Chairperson

The Audit Committee consists of Mr Sanjay Vijay Bhandarkar, Mr Vijay Sankar and Mr Prasad Raghava Menon all of them are Non-Executive Directors of the Company. Mr Sanjay Vijay Bhandarkar, Independent Director, is its Chairman.

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

The Composition of the Committee is in accordance with section 177(2) of the Act and Regulation 18 of the Listing Regulations.

Chairman of the Audit Committee was present at the last AGM on 2nd August 2021 held through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

During the year Six (6) Audit Committee Meetings were held, the dates of which are as follows: 15th April 2021, 16th July 2021, 31st August 2021, 29th October 2021, 28th January 2022 and 22nd March 2022.

Particulars of the meetings and attendance by the members of the Audit Committee are given below

Name of Members	Category	No. of Meetings attended during the year 2021-22
Mr. Sanjay Vijay Bhandarkar	Independent Director	5
Mr. Vijay Sankar	Non-Executive Non- Independent Director	5
Mr. Prasad Raghava Menon	Independent Director	5
Mr. Ramkumar Shankar*	Managing Director	1
Mr. V K Parthasarathy@	Independent Director	0
Dr Amarnath Ananthanarayanan**	Non-Executive Non- Independent Director	1

*Ceased to be Audit Committee Member with effect from 26th April 2021.

**Ceased to be Audit Committee Chairman and Member with effect from 26th April 2021.

@ Director resigned from the Board of the Company with effect from 26th April 2021.

The requisite quorum was present at the said meetings.

Audit Committee Meetings are also attended by the Chief Financial Officer, and the Company Secretary and by the Statutory and Internal Auditors of the Company as required. Managing Director, other Board Members and Senior Management Personnel were also present as invitees.

The Board of Directors has appointed M/s. PKF Sridhar & Santhanam, Chartered Accountants, as Internal Auditors to conduct the internal audit of the various areas of operations and records of the Company. The periodical reports of the said internal auditors were regularly placed before the Audit Committee along with the comments of the management on the action taken to correct any observed deficiencies on the working of the various departments.

(b) Nomination and Remuneration Committee (NRC)

Brief description of terms of reference of Nomination and Remuneration Committee

a. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b. Formulating of criteria for evaluation of independent directors and the Board;

c. Devising a policy on Board diversity;

d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e. Recommend to the board, all remuneration, in whatever form, payable to senior management.

Composition, Name of Members and Chairperson

The Nomination and Remuneration Committee consists of Mr Aditya Jain, Mr Vijay Sankar and Mr Sanjay Vijay Bhandarkar all of whom are Non-Executive Directors of the Company with Mr Aditya Jain, Independent Director, as its Chairman.

The Company Secretary acts as the Secretary of the NRC.

The Composition of the Committee is in accordance with section 178 (1) of the Act and Regulation 19 of the Listing Regulations.

Chairman of the Nomination and Remuneration Committee was present at the last AGM on 2nd August 2021 held through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The particulars of meetings and the attendance by the members of the NRC are given below:

During the year, Five (05) NRC Meetings were held on 23rd April 2021, 16th July 2021, 31st August 2021, 5th January 2022 and 24th February 2022

Name of Members	Category	No. of meetings attended during the Year 2021-22
Mr. Aditya Jain	Independent Director	4
Mr. Vijay Sankar	Non-Executive Non-Independent Director	4
Mr. Sanjay Vijay Bhandarkar	Independent Director	4
Ms. Lavanya Venkatesh@	Non-Executive Non-Independent Director	1
Mr. V K Parthasarathy@	Independent Director	0
Dr. Amarnath Ananthanarayanan**	Non-Executive Non-Independent Director	1

**Ceased to be NRC Chairman and Member with effect from 26th April 2021.

@ Directors resigned from the Board of the Company with effect from 26th April 2021.

The requisite quorum was present at the said meetings.

Performance Evaluation

Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, its Directors (including Independent Directors) individually as well as the working of Audit, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee based on their attendance, participation in deliberations, understanding company's business and that of the industry and in guiding the Company in decisions affecting the business.

Nomination and Remuneration Policy

The Company's Nomination and Remuneration Policy, as approved by the Board of Directors, covers 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 (KMP) and Senior Management Personnel (SMP) of the Company. The said policy can be accessed at Company's website https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/nomination-remuneration-policy-and-board-evaluation-policy.pdf

Implementation of the Policy

The NRC shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of this Remuneration Policy.

Remuneration paid to Non-Executive Independent Directors

The details of remuneration paid to the Non-Executive Independent Directors, in the Financial Year 2021-22, are as follows:

₹ In Lakhs

Name of the Director	Sitting Fees		
	Board	Committees	Total
Mr Aditya Jain	3.00	2.00	5.00
Mr Sanjay Vijay Bhandarkar	3.00	3.00	6.00
Mr Prasad Raghava Menon	3.00	1.50	4.50
Dr Lakshmi Vijayakumar	3.00	0.75	3.75
Total			**19.25**

Other Non-Executive and Non-Independent Directors were not paid any Sitting Fees during the Financial Year 2021-22.

Remuneration paid to Executive Director

Particulars of remuneration paid to Managing Director during the financial year 2021-2022:

₹ In Lakhs

Name of the Director	Salary, Allowances & Perquisites	Contribution to Funds	Total
Mr. Ramkumar Shankar Managing Director	169.20	9.18	**178.38**

c) Stakeholders' Relationship Committee (SRC)

The Stakeholders' Relationship Committee consists of Mr Aditya Jain, Mr Vijay Sankar and Dr Amarnath Ananthanarayanan as its members. Mr Aditya Jain is the Chairman of the Committee. The Committee met once during the year on 5th January 2022.

The Composition of the Committee is in accordance with section 178 (5) of the Act and Regulation 20 of the Listing Regulations.

The Company Secretary acts as the Secretary of the Committee.

Chairman of the Stakeholders Relationship Committee was present at the last AGM on 2nd August 2021 held through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The particulars of meetings and the attendance by the members of the SRC are given below:

Name of Members	Category	No. of Meetings attended during the year 2021-22
Mr Aditya Jain	Independent Director	1
Mr. Vijay Sankar	Non-Executive Non-Independent Director	1
Dr. Amarnath Anantha-narayanan	Non-Executive Non-Independent Director	1

The requisite quorum was present at the meetings.

Name, designation and address of the Compliance Officer:

Mr. M Raman
Company Secretary and Compliance officer
No.9, Cathedral Road,
Chennai - 600086

Number of complaints received, not solved and pending

Number of complaints received during the year 2021-22	1866@
Number of complaints not solved to the satisfaction of shareholders	Nil
Number of pending complaints as on 31.03.2022	Nil

@ In general, these complaints relate to non-credit of shares, non-credit of refund, etc. arising out of IPO made in August 2021.

(d) Risk Management Committee (RMC)

Brief description of terms of reference

The brief terms of reference of the RMC as set out in Regulation 21 of the Listing Regulations is as follows:

a. To formulate a detailed risk management policy which shall include:

   (i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operation, sectoral, sustainability (particulars, ESG related risks, information, cyber security risks) or any other risks as may be determined by the Committee.

   (ii) Measures for risk mitigation including systems and processes for internal control of identical risks,

   (iii) Business continuity plan.

b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risk associated with the business of the Company.

c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

d. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

e. To keep the board of directors informed about the nature and content of its discussion, recommendations and actions to be taken.

f. The appointment, removal and terms of remuneration of the Chief Risk Officer, (if any) shall be subject to review by the Risk Management Committee.

The Risk management committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Composition, Members and Chairperson

The Risk Management Committee consists of Mr Aditya Jain, Mr Sanjay Vijay Bhandarkar and Mr Vijay Sankar as its members. Mr Aditya Jain is the Chairman of the Committee. The Committee met two times during the year on 5th January 2022 and 31st March, 2022

The Composition of the Committee is in accordance with Regulation 21 of the Listing Regulations.

The Company Secretary acts as the Secretary of the Committee.

Meetings and Attendance during the year

The particulars of meetings and the attendance by the members of the RMC are given below:

Name of Members	Category	No. of Meetings attended during the year 2021-22
Mr Aditya Jain	Independent Director	2
Mr Sanjay Vijay Bhandarkar	Independent Director	2
Mr Vijay Sankar	Non Executive Non Independent Director	2

The requisite quorum was present at the meetings.

(e) Corporate Social Responsibility (CSR) Committee

The Committee consists of Mr Vijay Sankar, Mr Ramkumar Shankar and Dr Lakshmi Vijayakumar as its members. Mr Vijay Sankar is the Chairman of the Committee. The Committee met twice during the year on 6th January, 2022 and 21st March 2022.

Name of Members	Category	No. of Meetings attended during the year 2021-22
Dr Lakshmi Vijayakumar	Independent Director	2
Mr. Vijay Sankar	Non-Executive Non-Independent Director	2
Mr Ramkumar Shankar	Managing Director	2

The requisite quorum was present at the meetings.

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

The terms of reference of the Committee are as follows:-

a) Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;

b) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

c) Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

d) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;

e) Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

f) Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

(f) Other Committees

Committee of Directors

The Board of Directors delegated certain operating powers, such as, borrowing related matters, security creation for such borrowing, authorisation for various matters to Executives, etc. to a Committee of Directors consisting of Mr Vijay Sankar, Mr Ramkumar Shankar and Dr Amarnath Ananthanarayanan as its Members.

IPO Committee

The Board of Directors constituted during the financial year an IPO Committee at the time of Initial Public Offer to handle various matters pertaining to Initial Public Offer.

4. Whistle Blower Policy

The Company has 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. The Directors, Employees or any person dealing with the Company can play an important role in pointing out such violations of the Code.

Accordingly, this policy has been formulated with a view:

a. To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Audit Committee or Director who is nominated by the Audit Committee, as Ombudsman, any instance of unethical behavior, actual or suspected fraud or violation of Company's Ethics Policy.

b. 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

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

To meet the objective of the Policy, a dedicated e-mail id ombudsman@sanmargroup.com

The policy has been posted on the website of the Company viz. https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/vigil-mechanism-whistle-blower-policy.pdf

No employee or any other person has been denied access to the Chairman of the Audit Committee or Managing Director.

During the year, no instance was reported under this policy.

5. Subsidiary Company / Policy on Material Subsidiaries

Chemplast Cuddalore Vinyls Limited (CCVL) is the wholly owned material subsidiary of the Company in the immediately preceding accounting year. A policy on material subsidiary(s) has been formulated. The policy is hosted on the Company's website www.chemplastsanmar.com

Regulation 24 (1) of SEBI LODR with respect to governance of material subsidiary of a listed entity prescribes inter alia the listed entity appointing one of its Independent Directors on the Board of its material subsidiary as a Director. Two Independent Directors of the Company, namely, Mr Aditya Jain and Dr Lakshmi Vijayakumar were appointed as Independent Directors in the Company's material subsidiary CCVL.

The Audit Committee reviews the financial statements of the subsidiary.

The minutes of the Board Meetings of the unlisted subsidiary Company are periodically placed before the Board. The Board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary and its operations / financial statements.

6. General Body Meeting / AGM

Location and time where the annual general meetings were held during the last three years:

Financial Year	Date	Location	Time
2018-19	30th September 2019	9 Cathedral Road, Chennai 600 086	11.00 A.M
2019-20	29th September 2020	9 Cathedral Road, Chennai 600 086	11.30 A.M.
2020-21	2nd August 2021	9 Cathedral Road, Chennai 600 086 (held through Video Conferencing (VC)/Other Audio Visual Means (OAVM)	3.00 P.M.

The number and particulars of Special Resolutions which were passed in the last three Annual General Meetings are as follows:

Dates of the Annual General Meetings	Number and particulars of the Special Resolutions passed.
30th September 2019	No special resolutions were passed.
29th September 2020	a. Reappointment of Mr P S Jayaraman (DIN: 00011108) as Chairman of the Company for a period of two years from 1st April 2020. @ b. Reappointment of Mr V K Parthasarathy, Independent Director for a second term of five consecutive years commencing from 31st March 2020. @@
2nd August 2021	No special resolutions were passed.

No business was required to be transacted through Postal Ballot at the above meetings and none is required to be transacted through postal ballot at the ensuing Annual General Meeting.

@ Mr P S Jayaraman resigned from the Board in January 2021.

@@ Mr V K Parthasarathy resigned from the Board in April 2021.

7. Others:

(a) Related Party Transactions:

Materially significant related party transactions

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations, during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There are no materially significant transactions with related parties during the financial year which are in conflict with the interest of the Company. Suitable disclosure as required by the IND AS 18 has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which is available on the Company's website www.chemplastsanmar.com

(b) Risk Management

The Company has laid down procedures to inform the Board about the risk assessment and minimization procedures, to ensure that executive management controls risk through means of a properly defined framework.

(c) Commodity or Foreign Exchange Risk and Hedging Activities

The Company does not have any exposure hedged through Commodity derivatives. The Company has well defined forex exposure guidelines approved by the Board of Directors and forex exposures are suitably hedged through plain vanilla forward covers.

(d) Instances of non-compliance(s), if any

There were no instances of non-compliances by the Company, or penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the year.

(e) Disclosure by Senior Management Personnel

The senior management personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in a conflict with the interest of the Company at large.

(f) Details of total fees paid to Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part are as follows:

₹ In Crores

Type of Service	
Audit Fees#	3.42
Others	0.14
Total	**3.56**

#Includes ₹ 2.81 Crores towards fee paid in connection with IPO

(g) Sexual Harassment at workplace

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

a) Number of complaints filed during the Financial Year – Nil

b) Number of complaints disposed off during the Financial Year – N.A

c) Number of complaints pending as on end of the Financial Year – Nil

(h) List of Credit Rating

The Company has obtained rating from CRISIL, India Ratings and Brickworks, during the year ended 31st March, 2022

Rating Agency	Rating	Long / Short Term	Rating issued in
CRISIL	A1+	Short term	Sep 2021
	A+	Long Term	
India Ratings	A1-	Short term	June 2021
	A	Long Term	
India Ratings	A1+	Short term	Feb 2022
	A+	Long Term	
Brickworks	A1	Short term	Aug 2021
	A	Long Term	
Brickworks	A1+	Short term	Feb 2022
	A+	Long Term	

Ratings obtained by the Company's Wholly Owned Subsidiary Chemplast Cuddalore Vinyls Limited (CCVL) are given below:

Rating Agency	Rating	Long / Short Term	Rating issued in
Brickworks	A2+	Short term	May 2021
	A-	Long Term	
Brickworks	A1+	Short term	Feb 2022
	A+	Long Term	

In the first week of April 22, CRISIL Ratings has upgraded Chemplast Sanmar Ltd's and its wholly owned subsidiary Chemplast Cuddalore Vinyl Limited's credit ratings to AA- (long term), signifying a high degree of safety. CRISIL has also accorded a short term rating of A1+, which is the highest rating possible.

(i) Recommendations of Committees to Board

During the financial year 2021-22, the Board has accepted all the recommendations of its Committees.

8. Certificate from Practising Company Secretary

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this report as Annexure

9. Compliance with Corporate Governance Requirements

The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations

10. CEO and CFO certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial and other matters in accordance with Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2022.

11. Compliance with mandatory / non-mandatory requirements

The Company has complied with all applicable mandatory requirements in terms of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The discretionary requirements of Part E of Schedule II will be adopted by the Company, as and when required.

12. Means of communication

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are published generally in Business Line and Dinamani. These results are simultaneously posted on the website of the Company at www.chemplastsanmar.com and also uploaded on the website of National Stock Exchange of India Ltd. and BSE Ltd.

Investor presentations are done each quarter after publication of financial results and also as and when required. Details of such presentations are made available in the Company's website.

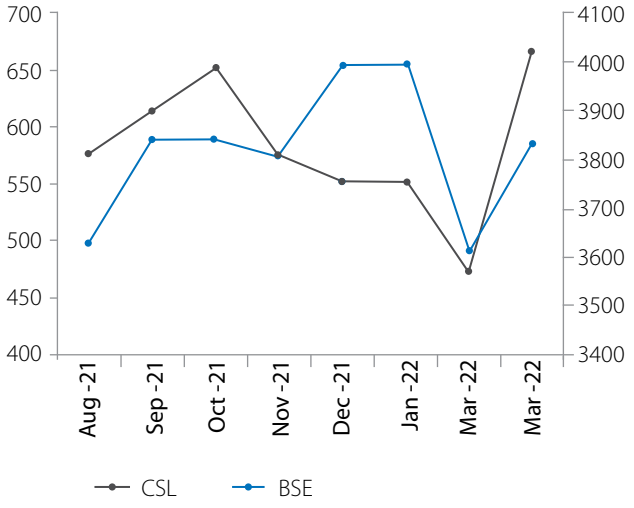
13. General shareholder information

(a)	**Annual General Meeting, Date and Time**	Date : 24th June 2022 Time : 3.00 PM Mode : Video Conference / Other Audio Visual Means (OAVM)
(b)	**Financial Year**	1st April to 31st March
	Financial reporting for the quarter ending	Financial calendar (tentative)
	30th June 2022	Before 14th August, 2022
	30th September, 2022	Before 14th November, 2022
	31st December, 2022	Before 14th February, 2023
	31st March, 2023	Before 30th May, 2023
(c)	**Dividend Payment date**	Not Applicable
(d)	**Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)**	
	Name & Address of the Stock Exchange	Stock code / Symbol
	BSE Ltd Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	CHEMPLASTS SCRIP CODE: 543336
	National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex , Mumbai – 400 050	CHEMPLASTS
	ISIN allotted by Depositories (Company ID Number)	INE488A01050
	Annual listing fees for the year 2022-23 were duly paid to the above Stock Exchanges.	

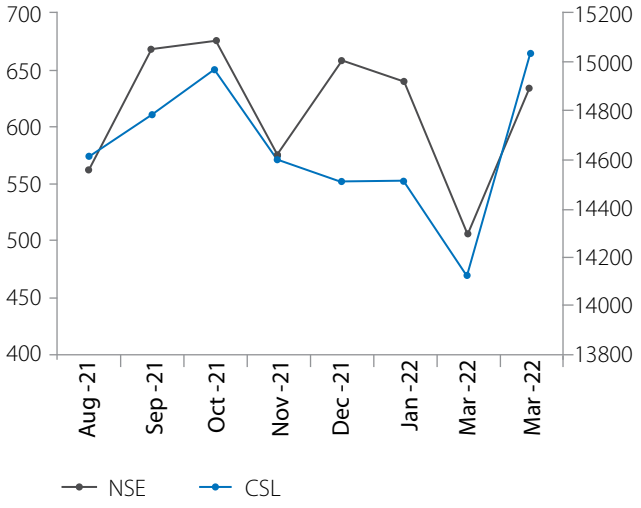
(f) The monthly high / low quotation of shares traded on the BSE Limited and National Stock Exchange of India Limited is as follows:

Month	BSE Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
	High	Low	High	Low
August, 2021	616.7	510.3	616.85	510
September, 2021	641	531.6	641.5	531.1
October, 2021	826.35	597.4	826	596.75
November, 2021	710	562.3	715	562.1
December, 2021	614.85	512	615.5	510
January, 2022	628.9	499.1	629	499.2
February, 2022	582.7	443.8	582.65	444.25
March, 2022	684.55	472	685	472.95

(g) CHEMPLAST SANMAR stock performance in comparison to BSE 250 Small Cap Index is as follows:



(h) CHEMPLAST SANMAR stock performance in comparison to NSE 500 Index



(i) Registrar to an Issue and Share Transfer Agents

Registrar & Share Transfer Agent of the Company

M/s KFin Technologies Limited, Hyderabad,

M/s KFin Technologies Limited, Hyderabad, is acting as common agency for all investor servicing activities relating to both electronic and physical segments. Their address is:

M/s KFin Technologies Limited
Selenium, Tower B, Plot No- 31 & 32, Financial District,
Nanakramguda, Serilingampally, Hyderabad,
Rangareddi, Telangana 500032
Phone: +91-40-67162222 / 7961 1000
Email: einward.ris@kfintech.com

(j) Share Transfer System

The Company's entire share capital is in dematerialized form.

Transfers of equity shares in electronic form are done through the depositories with no involvement of the Company.

The shareholders are, therefore, requested to correspond with the Share Transfer Agent for any queries pertaining their shareholdings, dividends, etc., at the address given in this report.

Investors may register complaints, if any, by emailing to grd@sanmargroup.com.

(k) Distribution of Shareholding

Sl. No	Category (Shares)	No.of Holders	% To Holders	No.of Shares	% To Equity
1	1 - 5000	102014	99.61	8768667	5.55
2	5001 - 10000	184	0.18	1322779	0.84
3	10001 - 20000	80	0.08	1128921	0.71
4	20001 - 30000	35	0.03	861091	0.54
5	30001 - 40000	12	0.01	420926	0.27
6	40001 - 50000	19	0.02	871002	0.55
7	50001 - 100000	24	0.02	1648627	1.04
8	100001 and above	41	0.04	143087561	90.50
	TOTAL:	**102409**	**100.00**	**158109574**	**100.00**

(l) Shareholding Pattern:

Shareholding Pattern As On 31/03/2022 (Total)

Sl. No	Description	No. of shareholders	Total Shares	% Equity
1	Alternative Investment Fund	10	1616306	1.02
2	Bodies Corporate	474	2315904	1.46
3	Clearing Members	93	205893	0.13
4	Foreign Nationals	1	27	0.00
5	Foreign Portfolio - Corp	60	12454085	7.88
6	H U F	1983	392707	0.25
7	Mutual Funds	10	38249111	24.19
8	NBFC	3	82844	0.05
9	Non Resident Indian Non Repatriable	439	162917	0.10
10	Non Resident Indians	1072	382140	0.24
11	Promoter (including shares held by its 5 Nominees)	6	86945065	54.99
12	Qualified Institutional Buyer	5	3824484	2.42
13	Resident Individuals	98250	11427444	7.23
14	Trusts	3	50647	0.03
	Total:	**102409**	**158109574**	**100.00**

(m) Dematerialization of shares and liquidity

All its shares i.e. 100% of the share capital of the company, are in dematerialized form including Promoters' shareholding.

The equity shares of the Company are regularly traded on NSE and BSE.

Please refer Para "Finance" in the Directors Report for details of IPO made by the Company during the year under review.

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

14. TRANSFER OF UNCLAIMED DIVIDEND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (IEPF Authority)

As required under Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

There is no dividend amount liable to be transferred to Investor Education and Protection Fund.

15. PLANT LOCATIONS

a. Mettur Plant 1 – Mettur Dam RS, Salem District 636 402, Tamil Nadu, India

b. Mettur Plants 2, 3 & 4 – Raman Nagar PO, Mettur Dam 636 403, Tamil Nadu, India

c. Karaikal Plant – Melavanjore Village, T.R.Pattinam Panchayat, Nagore 611 002, Puduchery, India

d. Vedaranyam Salt Works – Sethu Rashta, Vedaranyam 614 810, Tamil Nadu, India.

e. Custom Manufactured Chemicals Division – Berigai Plant – 44, Theertham Road, Berigai 635 105, Shoolagiri Taluk, Krishnagiri District, Tamil Nadu, India

16. ADDRESS for communication

Mr. M Raman

Company Secretary and Compliance officer

No.9, Cathedral Road,

Chennai – 600086

e-mail: mr1@sanmargroup.com

Tel: 044 2812 8722

17. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT.

Details of Unclaimed Suspense Account

Particulars	Number of Share-holders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the share suspense account as on 24.08.2021 (Listing Date)	5	135
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	4	108
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	4	108
Aggregate number of shareholders and the outstanding shares in the shares suspense account as on March 31, 2022 *	1	27

* The voting rights on the shares outstanding in the suspense account as on March 31, 2022 shall remain frozen till the rightful owner of such shares claims the shares

Annexure to Corporate Governance Report

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the members of the Board and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2022.

Place: Chennai
Date: 10th May 2022

Ramkumar Shankar
Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
CHEMPLAST SANMAR LIMITED
CIN: L24230TN1985PLC011637
9, CATHEDRAL ROAD, CHENNAI – 600 086

Dear Members

We have examined the compliance of conditions of Corporate Governance by CHEMPLAST SANMAR LIMITED ("the Company") CIN: L24230TN1985PLC011637 for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Signature
Name of Company Secretary in practice: CS Dr. B Ravi
FCS No.:1810 CP No.:3318
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810D000293662

Place: Chennai
Date: 10.05.2022

CERTIFICATE FROM MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The Board of Directors
CHEMPLAST SANMAR LIMITED

We hereby certify that

a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended 31st March 2022 and to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee:

   i) Significant changes in internal control over financial reporting during the year;

   ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For CHEMPLAST SANMAR LIMTIED

Ramkumar Shankar
Managing Director

N Muralidharan
Chief Financial Officer

Place: Chennai
Date: 10th May 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and clause (10) (i) of Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Based on the scrutiny of relevant records, forms, returns and information provideby CHEMPLAST SANMAR LIMITED (the 'Company'),CIN: L24230TN1985PLC011637, having its registered office at 9, Cathedral Road, Chennai – 600 086 and verification of disclosures and declarations given by the Director under applicable statutes and also based on the verification of facts regarding the Board of Directors of the Company, available in the public domain, we hereby certify that as on 31.03.2022, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

Signature
Name of Company Secretary in practice: CS Dr. B Ravi
FCS No.:1810 CP No.:3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810D000153907

Place: Chennai
Date: 19.04.2022

Annexure C

BUSINESS RESPONSIBILITY REPORT

For the Financial Year 2021-22

Introduction

Chemplast Sanmar Limited (CSL/Company) is a Company listed on BSE and NSE.

CSL presents its Business Responsibility Report (BRR) for the Financial Year 2021-22. The Report provides an overview of the initiatives taken by the Company from an environmental, social and governance perspective.

Section A – General Information about the Company

1.	Corporate Identity Number (CIN)	L24230TN1985PLC011637	
2.	Name of the Company	Chemplast Sanmar Limited	
3.	Registered address	9, Cathedral Road, Chennai 600086	
4.	Website	www.chemplastsanmar.com	
5.	E-mail Id	csl@sanmargroup.com	
6.	Financial Year reported	2021-22	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code	Description – As per National Industrial Classification 2008
		20116	Manufacture of Basic Chemical Elements
		20119	Manufacture of organic and inorganic chemical compounds
		20111	Manufacture of liquefied or compressed inorganic industrial or medical gases
8.	List three key products / services that the Company manufacture / provides (as in Balance Sheet)	Paste PVC, Caustic Soda, Custom Manufactured Chemicals	
9.	Total number of locations where business activity is undertaken by the Company i) Number of International Locations (Provide details of major 5) : Nil ii) Number of National Locations : 7		
10.	Markets served by the Company		

Local	State	National	International
☑	☑	☑	☑

Section B – Financial Details of the Company (as on 31st March, 2022)

1.	Paid up Capital (INR in Crores)	79.06
2.	Total turnover (INR in Crores)	2012.15
3.	Total Profit After Taxes (INR in Crores)	379.48
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.79%
5.	List of activities in which expenditure in 4 above has been incurred The major activities in which the above CSR expenditure has been incurred includes Health Care, Education, Sports, Community Development etc	

Section C – Other Details

1.	Does the Company have any Subsidiary Company / Companies? If yes, names of such Companies.
	Yes – Chemplast Cuddalore Vinyls Ltd. The details of the subsidiary have been given in Form AOC-1 attached to the Directors' Report
2.	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
	No. It has its own BR initiatives
3.	Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? (Less than 30%, 30-60%, more than 60%)
	At present, the suppliers, distributors or customers do not participate in the BR initiatives of the Company

Section D – BR Information

1. Details of Director / Directors responsible for BR

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

1	DIN	00018391
2	Name	Ramkumar Shankar
3	Designation	Managing Director

b) Details of the BR Head

Sl. No.	Particulars	Details
1	DIN	00018391
2	Name	Ramkumar Shankar
3	Designation	Managing Director
4	Telephone No.	91 44 2812 8500
5	E-mail ID	grd@sanmargroup.com

2. Principle-wise (as per NVGs) BR policy / policies (Reply Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business brought out by the Ministry of Corporate Affairs are being followed by the Company, which indicate the nine principles. The details are given below:

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

a) Details of compliance (Reply in Y/N)

Sl. No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director	Yes. The requisite policies have been signed by the Managing Director								
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy	The Company has requisite Committees as per applicable regulations to oversee the implementation of the respective policies.								

Sl. No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed on line?	The Code of conduct can be viewed at : https://www.chemplastsanmar.com/code-of-conduct.php The Vigil Mechanism/Whistle Blower Policy can be viewed at : https://www.chemplastsanmar.com/corporate-governance-policies.php The CSR Policy can be viewed at https://www.chemplastsanmar.com/corporate-governance-policies.php The policy on Environment can be viewed at https://www.chemplastsanmar.com/green-initiatives.php Please also refer "Sustainability Report " titled "Together, Moving Forward" for FY 2020-21, of the Company which can be accessed in the link https://www.chemplastsanmar.com/investor-relations.php The Sustainability Report covers inter alia: "Sustainability at Chemplast Sanmar" "Economic Value" "Care for People" "Environmental Stewardship" "Safety- Our Priority" and "Community Partnership"								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

b) If answer to S. No. 1 against any principle is "NO" please explain why (tick upto 2 options) NOT APPLICABLE

1.	The Company has not understood the principles	
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles,	
3.	The Company does not have financial or manpower resources available for the task	
4.	It is planned to be done within next 6 months	
5.	It is planned to be done within the next 1 year	
6.	Any other reason (please specify)	

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The BR performance of the Company is being reviewed on a quarterly basis by the Board of Directors.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

  Yes. The company publishes an Annual Sustainability report, which is independently assured by E & Y , Chartered Accountants Link for the same is as under:

  https://www.chemplastsanmar.com/investor-relations.php

SECTION E – Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery, and corruption cover only the Company? Yes / No Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   No. The policy relating to ethics, bribery, and corruption covers the Company and employees, customers, suppliers, members of the public and our shareholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof

   During the year, the Company has not received complaint from any stakeholder regarding the unethical practices across all our operations.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

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

   a) Caustic Soda - Caustic Soda (sodium hydroxide) is a versatile alkaline chemical. Its main applications are in the manufacture of pulp and paper, alumina, soap and detergents, petroleum products, and chemical production. Other applications include water treatment, food, textiles, metal processing, mining, glass making, and others. With the general increase in awareness for water conservations, waste management, and the general scare of running out of potable water, the Caustic Soda is also expected to see a growth in the water purification and waste management Industry.

   b) Further, all our locations have "Zero Liquid Discharge" plants which ensures that no treated liquid effluent from our manufacturing operations facilities is discharged onto the land or into any water body. Coastal locations have a desalination plants and thereby we do not draw any water from the ground for our operations.

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

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain

   Being a manufacturer company, there is a need for resources – energy, water, raw materials etc. in our operations. We, therefore, recognise the impact of our operations on the environment and adopt various strategies to minimise our resources use in all our processes.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year

   The Company has taken appropriate measures to cut down wastage of energy, materials and consumption in all phases of its operations. The Company aims to source and make use of quality raw materials considered safe for usage.

3. Does the Company have procedure in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof

   Yes; Our inputs are sourced sustainably. The Company has enforced standard operating procedures for sourcing quality material and has taken steps in reducing transportation costs.

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

   The Company does procure goods and services from nearby suitable sources of supply. The Company ensures that it engages local villagers and small businesses around its plants in a variety of productive employment, especially through hiring vehicles, handling material, housekeeping and waste-handling contracts. Additionally, the Company has also promoted skills and livelihood development in neighbouring communities through various training and development programmes.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also provide details thereof

   All our locations have "Zero Liquid Discharge" plants which ensures that no treated liquid effluent from our manufacturing operations facilities is discharged onto the land or into any water body. The salts/contaminants removed from the effluent will be used in co-processing units. The treated water will be recycled back to the main process/plant.

Principle 3: Businesses should promote the wellbeing of all employees

Brief write up on the steps taken for employee well-being to be given below:

Total Number of Employees	1074
Number of Employees hired on Temporary / Contractual / Casual basis	1258
Number of Permanent Women Employees	15
Number of Permanent Employees with disabilities	Nil
Does the Company has Employee Association that is recognized by Management	Yes
Percentage of your Permanent Employees as members of this recognized Employee Association	Nil
Number of Complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending as on the end of the Financial Year	Nil

Percentage of our under mentioned employees were given safety & sill up-gradation training, in the last year:

A.	Permanent Employees	Safety	82%
		Skill Up-gradation	50%
B.	Permanent Women Employees	Safety	Nil
		Skill Up-gradation	Nil
C.	Casual / Temporary / Contractual	Safety	92%
		Skill Up-gradation	23%
D.	Employees with disabilities	Not Applicable	

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its key internal and external stakeholders?

   Yes, the Company has mapped its internal and external stakeholders.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

   Yes

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

   The Company has identified the vulnerable and marginalized stakeholders and through its CSR activities, it strives to assist them in fulfilling their needs. The facets touched upon by the Company include Health care, Education, Community development and water. It also provides vocational training so that people can be better equipped to be financially independent.

Principle 5 – Businesses should respect and promote human rights

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

   It extends to the Suppliers/Contractors/Others.

2. How many stakeholder complaints have been received in the past financial year and what percent were satisfactorily resolved by the Management

   There were no complaints relating to human rights violation;

Principle 6 – Business should respect, protect and make efforts to restore the environment

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

   It covers the Group, Suppliers/Contractors/Others.

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

   Yes. For details please see Annual Sustainability report, which is independently assured by E & Y , Chartered Accountants Link for the same is as under:

   https://www.chemplastsanmar.com/investor-relations.php

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

   Yes; our Sustainability Report (link provided above) covers these aspects.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   Yes, the manufacturing units at various locations do comply with the relevant guidelines of the respective Pollution Control Board and the required compliance reports are filed regularly.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc

   Yes and these are also covered in our Sustainability Report.

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

   Yes

7. No. of show-cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as at the end of the Financial Year.

   No.

Principle 7 – Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

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

Sl. No	Name of Chamber/ Institution
1	Federation of Indian Chambers of Commerce & Industry (FICCI)
2	Confederation of Indian Industry (CII) Southern Region
3	The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
4	The Madras Chamber of Commerce & Industry (MCCI)
5	The Employers' Federation of Southern India
6	Indo American Chamber of Commerce (IACC)
7	Indo Japan Chamber of Commerce
8	Madras Management Association (MMA)
9	The Southern India Chamber of Commerce and Industry
10	Alkali Manufacturers' Association (AMAI) of India, Delhi
11	Association of Chloromethane Manufacturers -ACM (contribution for expenses)
12	Refrigerant Gas Manufacturers Association (REGMA)
13	Indian Chemical Council (ICC)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No. If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, inclusive Development Policies, Energy security, Water, Food Security, sustainable Business Principles, others)

   Nil

Principle 8 – Business should support inclusive growth and equitable development

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

   Yes. Please refer to section on CSR activities of the Annual report for further details

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

   Done as a combination of in-house team, supporting local authorities in terms of their requirements, Donation to Trust involved in CSR

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

   No.

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

   Please refer to section on CSR activities of the Annual report for further details

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

   Please refer to section on CSR activities of the Annual report for further details

Principle 9 – Business should engage with and provide value to their customers and consumers in a responsible manner

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

   Nil

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

   Yes

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so

   Nil

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

   Feedback is a continuous process of our operations. The Company takes inputs from its customers regarding the product quality and for continual improvement and identity sycope and future opportunities to increase customer value.

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Chemplast Sanmar Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Chemplast Sanmar Limited ("the Company"), which comprise the Standalone Balance sheet as at March 31 2022, the Standalone Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 3.8 & Note 4 of the Standalone Financial Statements)	
The Company recognizes revenues when control of the goods is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. In determining the sales price, the Company considers the effects of rebates and discounts (variable consideration). The terms of arrangements in case of domestic and exports sales, including those relating to the timing of transfer of control, the nature of discount and rebates arrangements, and delivery specifications, require judgment in their application, for determining revenues. The risk of revenue being recognized without meeting the revenue recognition norms in accordance with Ind AS 115 'Revenue from contracts with customers', is determined to be a key audit matter.	Our audit procedures included the following: • We evaluated the Company's order to cash processes, including design and implementation of controls and tested the operating effectiveness of such controls in relation to revenue recognition. • On a sample basis, we tested revenue transactions to contracts with customers, purchase orders issued by customers, sales invoices raised by the Company and shipping records to determine the timing of transfer of control and the pricing terms, and the timing of revenue recognition in respect of such contracts. • We performed substantive analytical procedures over disaggregated data of revenue transactions during the audit period to identify trends / patterns warranting additional audit procedures.

Key audit matters	How our audit addressed the key audit matter
	• We selected samples of rebates and discounts during the year, compared them with the supporting documents and performed re-calculations of those variable considerations on a sample basis. • We read and understood, and evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance thereof with the policies in terms of Ind AS 115 - 'Revenue from Contracts with Customers'. • We assessed the disclosures with applicable accounting standards.
Revaluation of property, plant and equipment (as described in Note 3.4 & Note 14 of the Standalone Ind AS Financial Statements)	
The Company has opted for revaluation model for measuring freehold / leasehold land, buildings and plant and machineries ('PPE') and these assets are carried in the books at the fair value less accumulated depreciation. Independent valuations are undertaken at least once in every three years, or more frequently if there is an indicator that the fair value has changed significantly. Pursuant to this policy, management undertook an independent valuation in the current year and as at March 31, 2022, the Company has recognised revaluation surplus of Rs. 1,210 Million (net of tax of Rs. 630 Million). Revaluation of PPE is considered to be a key audit matter due to the magnitude of the underlying amounts, and judgements involved in the assessment of the fair value of these assets.	Our audit procedures included the following: • We read and assessed the Company's accounting policies with respect to PPE . • We evaluated the design and tested the operating effectiveness of internal controls relating to revaluation of PPE including the use of management's expert. • We obtained the management's expert's report on valuation of PPE and evaluated the valuation methodology as well as key assumptions and estimates used in valuation. • We have also involved our internal experts towards validating the key assumptions and estimates used in the aforesaid valuation. • We assessed the competence, objectivity and independence of the management's expert. • We assessed the disclosures with the requirements of Ind AS.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

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

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

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

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid by the Company to

its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 39 to the Standalone Ind AS Financial Statements;

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

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

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

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

per Aravind K
Partner
Membership Number: 221268
UDIN: 22221268AISVWR4688

Place of Signature: Chennai
Date: May 10, 2022

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')

In terms of the information and explanations sought by us and given by the Company and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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

B. The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on Clause 3(i)(a)(B) of the Order is not applicable to the Company.

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

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(d) As disclosed in Note 14 to the Standalone Ind AS Financial Statements, the Company has revalued its land, building, plant and equipment during the year ended March 31, 2022. The revaluation is based on the valuation by Registered Valuers and the amount of change is less than 10% of the aggregate of the net carrying value of land and buildings as a class of Property, Plant and Equipment, and the amount of change is more than 10% of the aggregate of the net carrying value of Plant and equipment amounting to INR 1,197.85 Million as a class of Property, Plant and Equipment.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the management is appropriate. Discrepancy of 10% or more were not noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year-end and no discrepancies were noticed in respect of such confirmations.

(b) As disclosed in Note 26 to the Standalone Ind AS Financial Statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) During the year the Company has not made any investment, provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) to (e) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans and securities granted in respect of which provisions of Sections 185 of the Companies Act, 2013 is applicable. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Companies Act 2013 in respect of investments made and guarantees given have been complied with by the Company.

(v) The Company has neither accepted any deposits from public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

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

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of custom, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of service tax, customs duty, excise duty, other statutory dues on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount in Million of INR	Period to which the amount relates	Forum where dispute is pending
TNVAT Act, 2007	Sales Tax/Penalty	57.74	2010-11 to 2014-15	Honorable High Court of Madras
Central Excise Act, 1944	Excise Duty/Service tax/ Penalty	0.43	1975-76 to 2011-12	Honorable High Court of Madras
	Excise Duty/Service tax/ Penalty	30.02	1979-80 to 2015-16	CESTAT
	Excise Duty/Service tax/ Penalty	2.90	1991-92 to 2016-17	Commissioner of Central Excise (Appeals)
Customs Act, 1962	Customs Duty	1.09	2012-13 to 2013-14	Commissioner of Customs (Appeals)
CGST Act, 2017	Goods and Service Tax	8.80	2017-18	GST Appellate Tribunal
CGST Act, 2017	Goods and Service Tax	0.14	2017-18	Assistant Commissioner of GST and Central Tax
SGST Act, 2017	Goods and Service Tax	0.14	2017-18	Assistant Commissioner of GST and Central Tax
IGST Act, 2017	Goods and Service Tax	0.58	2017-18	Assistant Commissioner of GST and Central Tax
Electricity Act, 2003	Parallel Operation Charges	41.65	2014-18	Appellate Tribunal of Electricity
	Power Generation Tax	27.55	2010-12	Honorable High Court of Madras
	Power Generation Tax - Interest	81.70	2003-14	Supreme Court
	Power Generation Tax	110.98	2003-14	Supreme Court
	Excess Power Drawal Charges	5.81	2008-09	Honorable High Court of Madras
	Deemed Demand Charges	4.04	2012-14	Honorable High Court of Madras
	Start Up power charges	26.36	2012-14	Tamilnadu Electricity Regulatory Commission
TWAD Act, 1970	Water Tax	15.41	1992-2002	Honorable High Court of Madras
TWAD Act, 1970	Water Tax - Interest	78.04	1992-2002	Honorable High Court of Madras
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund Contribution	6.01	2012-15	Central Government Industrial Tribunal
Income Tax Act, 1961	Income Tax	4.93	1998-99	Honorable High Court of Madras
	Income Tax including interest	0.18	2007-08	Honorable High Court of Madras
	Income Tax including interest	52.99	2017-18	Commissioner of Income Tax (Appeals)
	Income Tax including interest	81.57	2018-19	Commissioner of Income Tax (Appeals)

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c) The Company has not obtained any term loans during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) Monies raised during the year by the Company by way of initial public offer was applied for the purpose for

which they were raised. The Company has not raised any monies by way of or further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(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) Transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) (a) 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.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has two Core Investment Companies as part of the Group.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 49 to the Standalone Ind AS Financial Statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act. This matter has been disclosed in Note 45 to the Standalone Ind AS Financial Statements.

(b) There are no ongoing projects as specified in sub section (6) of Section 135 of Companies Act 2013 and hence reporting under this clause is not applicable for the Company.

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

per Aravind K
Partner
Membership Number: 221268
UDIN: 22221268AISVWR4688

Place of Signature: Chennai
Date: May 10, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CHEMPLAST SANMAR LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Chemplast Sanmar Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Standalone Financial Statements

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Standalone Ind AS

Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements were operating effectively as at March 31, 2022, 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 Aravind K
Partner
Membership Number: 221268
UDIN: 22221268AISVWR4688

Place of Signature: Chennai
Date: May 10, 2022

Standalone Balance Sheet as at March 31, 2022

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

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	22,204.65	20,877.04
Capital work-in-progress		272.12	250.13
Right-of-use assets	14.1	122.54	153.40
Investments in Subsidiary	15	15,556.80	15,556.80
Financial Assets			
(i) Investments	15	0.44	0.44
(ii) Other Financial Assets	16	186.58	164.49
Other non-current assets	17	237.72	62.83
Non-Current tax assets (Net)		19.07	18.23
		38,599.92	**37,083.36**
Current assets			
Inventories	18	3,469.89	2,372.90
Financial Assets			
(i) Trade Receivables	19	1,804.38	679.68
(ii) Cash and cash equivalents	20	3,572.65	740.13
(iii) Other Bank balances	21	1,125.86	751.78
(iv) Other Financial Assets	22	736.33	815.23
Other current assets	23	218.45	197.09
		10,927.56	**5,556.81**
Assets classified as held for sale	14.2	-	198.91
		10,927.56	**5,755.72**
Total assets		**49,527.48**	**42,839.08**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	24	790.55	670.40
Other Equity	25	37,181.70	19,536.37
Total Equity		**37,972.25**	**20,206.77**
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	26	-	11,836.49
(ia) Lease liability	14.1	112.38	141.00
(ii) Other Financial Liabilities	27	613.24	584.37
Deferred Tax Liabilities (Net)	28	5,367.54	5,056.56
Other non-current liabilities	29	37.71	41.34
		6,130.87	**17,659.76**
Current liabilities			
Financial Liabilities			
(i) Borrowings	30	-	280.67
(ia) Lease liability	14.1	28.62	25.08
(ii) Trade Payables	31		
- Total outstanding dues of micro enterprises and small enterprises		33.40	45.04
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,565.52	3,054.05
(iii) Derivative liabilities	32	17.37	45.46
(iv) Other financial liabilities	33	1,041.12	1,063.23
Other current liabilities	34	438.78	243.79
Current Tax Liabilities (Net)		299.55	215.23
		5,424.36	**4,972.55**
Total liabilities		**11,555.23**	**22,632.31**
Total equity and liabilities		**49,527.48**	**42,839.08**

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

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Standalone Statement of Profit and Loss for the year ended March 31, 2022

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

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Revenue			
Revenue from operations	4	20,121.45	12,887.38
Other income	5	326.58	58.11
Total Income		**20,448.03**	**12,945.49**
Expenses			
Cost of materials consumed	6	7,018.99	4,123.51
Changes in inventories of finished goods and work-in-progress	7	(15.10)	148.32
Employees' benefit expense	8	772.01	771.27
Other expenses	9	6,070.17	3,932.84
Depreciation expense	14 & 14.1	908.22	877.15
Finance costs	10	1,357.48	2,536.69
Total Expenses		**16,111.77**	**12,389.78**
Profit / (Loss) before exceptional items and tax		**4,336.26**	**555.71**
Exceptional items	44	-	(156.84)
Profit / (Loss) before tax		**4,336.26**	**398.87**
Tax expense:			
Current Tax	11	(845.40)	(133.10)
Income Tax relating to earlier years		33.58	35.14
Deferred Tax		270.32	135.36
Profit / (Loss) after tax		**3,794.76**	**436.27**
Other Comprehensive Income	12		
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans		(13.88)	5.08
- Deferred Tax relating to remeasurement of Defined Benefit Plans		4.85	(1.78)
- Revaluation of property, plant and equipment		1,855.20	-
- Deferred Tax expense relating to revaluation of property, plant and equipment		(586.15)	-
Total Other Comprehensive Income		**1,260.02**	**3.30**
Total Comprehensive Income		**5,054.78**	**439.57**
Basic and Diluted Earnings per share (equity shares, par value Rs 5/- each)	13	**25.54**	**3.25**

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

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

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Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Standalone Statement of Cash Flows for the year ended March 31, 2022

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

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEM	4,336.26	555.71
	Adjustments for:		
	Depreciation Expense	908.22	877.15
	Interest and finance charges	1,357.48	2,536.69
	(Profit) / Loss on sale of Property, Plant & Equipment (net)	(193.10)	3.07
	Liabilities no longer required written back	(26.13)	(24.40)
	Interest Income	(102.78)	(28.13)
	Difference in fair value of derivative instruments	(28.10)	119.91
	Unrealised (gain) / loss of foreign exchange transactions	27.35	(88.77)
	Exceptional Item	-	(156.84)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**6,279.20**	**3,794.39**
	Adjustments for changes in:		
	Trade and other receivables	(1,204.93)	(298.81)
	Inventories	(1,096.99)	(554.61)
	Trade and other payables	1,051.04	1,274.12
	CASH GENERATED FROM OPERATIONS	**5,028.32**	**4,215.09**
	Income taxes paid (net of refunds)	(728.34)	(104.25)
	NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**4,299.98**	**4,110.84**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Redemption of investments in Joint Venture (net)	-	10,734.63
	Redemption of investments in compulsorily convertible preference shares in associate	-	4,821.95
	Investments made in equity shares of subsidiary	-	(3,003.45)
	Investments made in compulsorily convertible debentures in subsidiary	-	(12,553.35)
	Purchase of Property, Plant & Equipment	(939.26)	(448.81)
	Deposits (placed) / realised (net) (including Margin Deposits)	(263.26)	(378.09)
	Interest received	90.91	24.27
	Proceeds from sale of Property, Plant & Equipment	603.02	7.06
	NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**(508.59)**	**(795.79)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of non-convertible debentures	(12,382.50)	(317.50)
	Proceeds / (Repayment) from / (of) short-term borrowings (net)	-	(477.26)
	Payment of lease liability	(45.60)	(45.60)
	Proceeds from issue of equity shares	13,000.00	-
	Transaction cost on issue of shares paid	(178.48)	-
	Interest and finance charges paid	(1,352.29)	(2,488.01)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(958.87)**	**(3,328.37)**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,832.52**	**(13.32)**
	Cash and cash equivalents at the beginning of the year	740.13	753.45
	Cash and cash equivalents at the end of the year	**3,572.65**	**740.13**

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

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Standalone Statement of changes in equity for the year ended March 31, 2022

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

Particulars	Equity Share Capital	Other Equity							
		Reserves and Surplus						Asset Revaluation Reserve	Total
		Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	General Reserve		
Balance at April 1, 2020	670.40	796.90	1,266.71	391.80	1,270.00	4,498.90	207.57	10,664.92	19,096.80
Profit for the year	-	-	-	-	-	436.27	-	-	436.27
Depreciation on revalued assets	-	-	-	-	-	220.40	-	(220.40)	-
Transfer from Debenture Redemption Reserve	-	-	-	-	(31.75)	-	31.75	-	-
Other Comprehensive Income	-	-	-	-	-	3.30	-	-	3.30
Balance at March 31, 2021	670.40	796.90	1,266.71	391.80	1,238.25	5,158.87	239.32	10,444.52	19,536.37
Profit for the year	-	-	-	-	-	3,794.76	-	-	3,794.76
Issue of equity shares during the year (Refer Note 42)	120.15	-	12,879.85	-	-	-	-	-	12,879.85
Transaction cost on issue of shares (Refer Note 42)	-	-	(289.30)	-	-	-	-	-	(289.30)
Depreciation on revalued assets	-	-	-	-	-	202.34	-	(202.34)	-
Transfer from revaluation reserve on disposal of asset on redemption	-	-	-	-	-	132.07	-	(132.07)	-
Transfer from Debenture Redemption Reserve	-	-	-	-	(1,238.25)	-	1,238.25	-	-
Other Comprehensive Income	-	-	-	-	-	(9.03)	-	1,269.05	1,260.02
Balance at March 31, 2022	**790.55**	**796.90**	**13,857.26**	**391.80**	**-**	**9,279.01**	**1,477.57**	**11,379.16**	**37,181.70**

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

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

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Place: Chennai

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Chairman – Audit Committee
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N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 1 Corporate Information

Chemplast Sanmar Limited ("the Company") is a public limited company incorporated and domiciled in Chennai and is into the production and sale of speciality chemicals. The registered office is located at Cathedral Road, Chennai. As of March 31, 2022, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies.

Note 2 Basis of Preparation

2.1 Statement of Compliance:

These Standalone Financial Statements of the Company have been prepared and presented from April 1, 2021 to March 31, 2022 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

a. derivative financial instruments

b. investment in unquoted equity shares other than investment in subsidiaries

c. property, plant and equipment under revaluation model

The Financial Statements are presented in INR and are rounded off to the nearest Million, except when otherwise indicated. These Financial Statements were authorised for issue by the Company's Board of Directors on May 10, 2022

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.

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

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

As detailed in the relevant notes to these Standalone Financial Statements, the Company has made a detailed assessment of its liquidity position for the next one year and of the recoverability of the Company's assets comprising Property, plant and equipment, Investments and Inventories based on internal and external information up to the date of approval of these Financial Statements. Based on performance of sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to the Company's operations (wherever applicable), management expects to recover the carrying value of these assets.

The impact of Covid-19 may differ from that estimated as at the date of approval of these Standalone Financial Statements.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

2.4 Appropriateness of the Going Concern Assumption in the preparation of the Financial Statements:

During the year ended March 31, 2022, the Company has earned a profit before tax after exceptional items of Rs.4336.26 Million (Rs.398.87 Million for the year ended March 31, 2021). The management expects the demand for the Company's products to follow the trend established during the current year and considering the overall deficit in the Paste Grade PVC capacity in India, is confident that the Company would be able to operate its plant at optimal capacity to generate profitable operations for the foreseeable future.

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

Note 3 Significant Accounting Policies

3.1 Foreign currency transactions

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

3.2 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfer between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

For the purpose of fair value disclosures, the Company has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.3.1 Financial Assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

a. Debt instruments at amortised cost;

b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);

a. Debt instruments at amortised cost;

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

b. Financial assets at FVTPL

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

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 35.11.

c. Investments at cost:

In accordance with Ind AS 27 on separate Financial Statements, investments in subsidiary is carried at cost in the separate Financial Statements of the Company.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

(All amounts are in Indian Rupees in Million 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 year 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.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.3.2 Financial liabilities and equity instruments

3.3.2.1 Classification as debt or equity

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

3.3.2.2 Equity instruments

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

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

3.3.2.3 Convertible debt instruments

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

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent periods.

Transaction costs are apportioned between the liability and equity components of the convertible debt instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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

3.3.2.4 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Loans and borrowings

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

This category generally applies to borrowings.

3.3.2.5 Financial Guarantees

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

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.3.2.5 Financial Guarantees (contd.)

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

3.3.2.6 Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 35.11

3.3.2.7 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition 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 year. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) but does not consider the expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.3.5 Derivative financial instruments

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

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Property, Plant & Equipment are initially recognised at cost.

Property, plant and equipment were valued at cost model net of accumulated depreciation until March 31, 2019. Cost includes purchase price, including duties and non-refundable taxes, costs that are directly relatable in bringing the assets to the present condition and location. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.4.1 Recognition and measurement (contd.)

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

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

The fair value changes are effected by eliminating the accumulated depreciation against the gross carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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

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

Particulars	Useful life
Buildings	20-60 years
Plant and equipment	1- 65 years
Vehicles	3 - 6 years
Computers and peripherals and motor cars	3 years
Office equipments	3 - 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

3.5 Non-Current Assets Held for Sale

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

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

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Balance sheet.

3.6 Inventories

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

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

The Company produces certain joint-products which are valued on joint cost basis by apportioning the total costs incurred in the manufacture of those joint-products. By-products are valued at the net realisable value.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.7 Retirement and Employees benefits

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

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

Provident Fund / Employee State Insurance:

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

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Termination benefits

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

3.8 Revenue recognition

Revenue from contracts with customers

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

Contract Balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.8 Revenue recognition (contd.)

Variable consideration:

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

Volume Rebates / Price concessions / Special discounts:

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

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

Sale of goods

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

Service Income

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

Interest income

Interest income is recognized using the Effective Interest Rate (EIR) method.

3.9 Leases

Company as a lessor:

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

Company as a lessee:

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

i) Right-of-use assets

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

Plant and Machinery - 7 Years

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.9 Leases (contd.)

iii) Short-term leases and leases of low-value assets

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

3.10 Taxes

Income Tax

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of any unused tax losses and unabsorbed depreciation.

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

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

Deferred tax assets are recognised only if there is a reasonable certainty, with respect to unabsorbed depreciation and business loss, that they will be realised. Current tax / deferred tax relating to items recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax / deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

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

Minimum Alternate Tax (MAT)

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

3.10 Taxes (contd.)

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

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

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

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

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

3.11 Cash and cash equivalents

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

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

3.12 Provisions and contingencies

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

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

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

3.13 Government grants

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

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

3.14 Intangible assets

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

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

3.15 Borrowing costs:

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

3.16 Impairment of non-financial assets:

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

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

3.17 Earnings per share

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

3.18 Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its Financial Statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 4 Revenue from operations

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations		
(i) Revenue from contracts with customers*		
Revenue from the sale of goods	20,057.59	12,829.24
Revenue from the rendering of services	0.48	0.39
Leasing income	1.00	1.28
(ii) Other operating revenue		
Revenue from sale of scrap	51.97	28.17
Revenue from export incentives	10.41	28.30
	20,121.45	**12,887.38**

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

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue as per Contracted Price	20,291.05	12,954.53
Adjustments towards:		
Volume Rebates	82.01	12.61
Price concessions	51.88	102.87
Special discounts	99.57	9.81
Revenue as per statement of profit and loss	**20,057.59**	**12,829.24**

Contract Balances

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Trade Receivables (contract asset)	1,804.38	679.68
Advance from customers (contract liability)	159.54	108.44
Revenue recognised from opening contract liabilities	108.44	75.46
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India	2,620.36	1,743.51
- Within India	17,501.09	11,143.87

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

Note 5 Other income

	Year ended March 31, 2022	Year ended March 31, 2021
Gain on disposal of property, plant and equipment (net)	193.10	-
Provisions no longer required written back	26.13	24.40
Recovery of bad debts	0.09	-
Interest Income on financial assets at amortised cost	102.78	28.13
Miscellaneous income	4.48	5.58
	326.58	**58.11**

Note 6 Cost of materials consumed

	Year ended March 31, 2022	Year ended March 31, 2021
Inventories of materials at the beginning of the year	1,693.97	1,095.75
Add: Purchases	7,533.02	4,721.73
Less: Inventories of materials at the end of the year	2,208.00	1,693.97
	7,018.99	**4,123.51**

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 7 Changes in inventories of finished goods and work in progress

	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the beginning of the year		
Work in progress	89.15	39.42
Finished goods	81.84	279.89
	170.99	**319.31**
Inventories at the end of year		
Work in progress	66.90	89.15
Finished goods	119.19	81.84
	186.09	**170.99**
	(15.10)	**148.32**

Note 8 Employees' benefit expense

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	697.85	709.25
Contribution to provident and other funds	36.16	34.23
Gratuity Expense	12.36	12.73
Staff welfare expenses	25.64	15.06
	772.01	**771.27**

Note 9 Other expenses

	Year ended March 31, 2022	Year ended March 31, 2021
Power and fuel	4,059.90	2,509.09
Stores consumed	284.68	218.07
Commission on sales	8.89	7.02
Rent	11.73	3.15
Insurance	93.56	75.72
Rates and taxes	62.10	37.94
Repairs and maintenance		
- Machinery	416.66	265.40
- Building	64.61	47.15
- Others	90.65	59.18
Freight and handling	380.18	197.06
Difference in foreign exchange (net) *	81.27	110.98
Outside processing expenses	67.61	53.32
Operation & Maintenance expenses	60.74	50.36
Legal and professional fees	85.95	69.35
Payment to auditor^	6.10	5.73
Miscellaneous expenses	295.54	223.32
	6,070.17	**3,932.84**
Expense relating to short term leases (included in other expenses)	11.73	3.15

*Net of fair value gain on derivative instruments at FVTPL of Rs. 28.10 Million (2020-21: Loss Rs. 119.91 Million)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 9 Other expenses (contd.)

	Year ended March 31, 2022	Year ended March 31, 2021
^ Payment to auditor		
For Statutory Audit	4.50	4.00
For Tax Audit	0.64	0.64
For Limited Review	0.80	0.81
For Certification Services	0.15	0.15
For Other Services	-	0.10
For Reimbursement of Expenses	0.01	0.03
	6.10	**5.73**

The company has made payment to auditors of Rs. 28.08 Million towards IPO expenses and the same has been considered as part of share issue expenses.

Note 10 Finance costs

	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank overdrafts and loans	1,231.52	2,466.32
Other finance costs	121.89	68.40
Bank charges	4.07	1.97
	1,357.48	**2,536.69**

Note 11 Income tax (expenses) / credit

	Year ended March 31, 2022	Year ended March 31, 2021
Current Tax:		
Current Income tax charge	(845.40)	(133.10)
Adjustments in respect of current income tax of prior years	33.58	35.14
Deferred tax:		
Relating to origination and reversal of temporary differences	270.32	135.36
Income tax expense reported in statement of profit and loss	**(541.50)**	**37.40**
Other comprehensive income (OCI):		
Net loss/(gain) on remeasurements of defined benefit obligations	4.85	(1.78)
Net loss/(gain) on recognition of deferred tax on revaluation of fixed assets	(586.15)	-
Income tax charged to OCI	**(581.30)**	**(1.78)**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022

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

	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	4,336.26	398.87
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) (March 31, 2021: 34.944%) as follows:	(1,515.26)	(139.38)
Effects of:		
Availment of unrecognised MAT credit	934.64	174.77
Ineligible expenses	(14.44)	(21.38)
Impact of income tax provision relating to earlier years	33.58	21.68
Impact of income tax on sale of land	19.50	-
Others	0.48	1.71
Net effective Income tax (expenses) / credit	**(541.50)**	**37.40**

* The company continues to operate under the erstwhile tax regime and does not intend to adopt the new regime

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 12 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 2022	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	(9.03)	-	(9.03)
Revaluation of property, plant and equipment (net of taxes)	-	1,269.05	1,269.05
	(9.03)	**1,269.05**	**1,260.02**

During the year ended 31 March 2021	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	3.30	-	3.30
	3.30	**-**	**3.30**

Note 13 Earnings per share (EPS):

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

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

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

Earnings per share :

	Year ended March 31, 2022	Year ended March 31, 2021
Profit/(Loss) after tax	3,794.76	436.27
Earnings used in the calculation of earnings per share	3,794.76	436.27
Weighted average number of Equity shares for Basic & Diluted EPS	14,85,63,579	13,40,80,000

Basic and diluted earnings per share

	Year ended March 31, 2022	Year ended March 31, 2021
Basic earnings per share	25.54	3.25
Diluted earnings per share	25.54	3.25

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 14 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Helicopter	Total
Cost or valuation								
Balance as at April 1, 2020	10,327.45	1,787.84	10,172.48	34.85	16.12	48.57	282.45	22,669.76
Additions	-	14.41	347.14	4.03	1.13	2.45	-	369.16
Disposals	-	1.38	54.39	0.11	0.03	13.65	-	69.56
Assets reclassified as held for sale (Refer Note 14.2)	-	-	-	-	-	-	282.45	282.45
Balance as at March 31, 2021	**10,327.45**	**1,800.87**	**10,465.23**	**38.77**	**17.22**	**37.37**	**-**	**22,686.91**
Additions	-	43.85	505.41	7.22	1.15	3.13	-	560.76
Disposals	205.64	10.97	118.70	0.18	1.28	11.25	-	348.02
Adjustments towards revaluation* (Refer Note 14.3)	533.21	(108.34)	(584.37)	-	-	-	-	(159.50)
Balance as at March 31, 2022	**10,655.02**	**1,725.41**	**10,267.57**	**45.81**	**17.09**	**29.25**	**-**	**22,740.15**
Accumulated depreciation								
Balance as at April 1, 2020	-	99.22	909.67	8.13	7.47	15.24	66.83	1,106.56
Depreciation expense	-	83.59	731.62	5.94	2.90	5.52	16.71	846.28
Eliminated on disposals of assets	-	1.38	54.10	0.11	0.03	3.81	-	59.43
Assets reclassified as held for sale (Refer Note 14.2)	-	-	-	-	-	-	83.54	83.54
Balance as at March 31, 2021	**-**	**181.43**	**1,587.19**	**13.96**	**10.34**	**16.95**	**-**	**1,809.87**
Depreciation expense	-	91.09	773.66	6.63	1.94	4.04	-	877.36
Eliminated on disposals of assets	-	10.97	118.71	0.18	1.28	5.89	-	137.03
Adjustments towards revaluation* (Refer Note 14.3)	-	(232.49)	(1,782.21)	-	-	-	-	(2,014.70)
Balance as at March 31, 2022	**-**	**29.06**	**459.93**	**20.41**	**11.00**	**15.10**	**-**	**535.50**
Net Block								
Balance as at March 31, 2022	**10,655.02**	**1,696.35**	**9,807.64**	**25.40**	**6.09**	**14.15**	**-**	**22,204.65**
Balance as at March 31, 2021	**10,327.45**	**1,619.44**	**8,878.04**	**24.81**	**6.88**	**20.42**	**-**	**20,877.04**

Note:

For details of charge on Property, Plant & Equipment Refer Note 26

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

Also refer Note 50 for Capital work-in-progress ageing schedule

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 14 Property, plant and equipment (contd.)

Note : 14.1

Carrying amounts of Right-of-use (ROU) assets recognised and movement during the year

Particulars	Plant and equipment
Carrying amount	
Balance as at April 1, 2020	184.27
Depreciation	30.87
Balance as at March 31, 2021	153.40
Depreciation	30.86
Balance as at March 31, 2022	**122.54**

Carrying amounts of Lease liability recognised and movement during the year

	As at March 31, 2022	As at March 31, 2021
Balance as at beginning of the year	166.08	188.07
Accretion of interest	20.52	23.61
Payments	45.60	45.60
Balance as at end of the year	**141.00**	**166.08**

	As at March 31, 2022	As at March 31, 2021
Current	28.62	25.08
Non-current	112.38	141.00

Note on Recognition of Right-of-use asset

The Company has adopted the modified retrospective approach as given in Ind AS 116 and so has recognised Right-of-use assets and Lease liability for unexpired contracts as at April 1, 2019 and which has a lease term of more than 12 months from the date of initial application. Prepayments amounting to Rs. 7.54 Million were reclassified as part of Right-of-use asset on the date of initial application.

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

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use asset	30.86	30.87
Interest expense on lease liabilities	20.52	23.61
Expense relating to short term leases (included in other expenses)	11.73	3.15
Total amount recognised in Statement of Profit and Loss	**63.11**	**57.63**

Note : 14.2

Assets held for sale

(a) The management had approved the sale of helicopter during the previous year and has accordingly classified the same as "Asset held for sale" as at March 31, 2021. Subsequently, the Company has sold the same in the current year.

Note : 14.3

Revaluation of Property, Plant and Equipment

Fair value of property, plant and equipment was determined by using the market value method, hypothetical layout method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of latest revaluation of January 1, 2022, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP & N.Ayyapan (for land), who are both Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 14 Property, plant and equipment (contd.)

Information of revaluation model:

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

Net book value	March 31, 2022 Rs Million	March 31, 2021 Rs Million
Cost	9,223.89	9,011.15
Accumulated depreciation	2,833.80	2,404.51
Net carrying amount	**6,390.09**	**6,606.64**

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

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

	Fair value measurement using			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	Rs Million	Rs Million	Rs Million	Rs Million
Assets measured at fair value:				
March 31,2022				
Revalued Property, Plant and Equipment				
Freehold Land	10,655.02	-	1,644.61	9,010.41
Buildings	1,696.35	-	-	1,696.35
Plant and Machinery	9,807.64	-	-	9,807.64
	22,159.01	**-**	**1,644.61**	**20,514.40**

	Fair value measurement using			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	Rs Million	Rs Million	Rs Million	Rs Million
Assets measured at fair value:				
March 31,2021				
Revalued Property, Plant and Equipment				
Freehold Land	10,327.45	-	10,327.45	-
Buildings	1,619.44	-	-	1,619.44
Plant and Machinery	8,878.04	-	-	8,878.04
	20,824.93	**-**	**10,327.45**	**10,497.48**

Significant Observable and Unobservable Valuation Inputs :

The value of Freehold land was determined based on condition, location, demand, supply in and around, plant-layout and other infrastructure facility available at and around the said plot of land.

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 15 Investments at FVTPL

	As at March 31, 2022	As at March 31, 2021
(i) Investments in the shares of bodies corporate		
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E (2 Equity shares of face value of EGP 1000/- each)	0.44	0.44
	0.44	**0.44**
(ii) Investments at cost		
Investment in Subsidiaries		
Unquoted fully paid equity shares		
Chemplast Cuddalore Vinyls Limited (303,030,303 Equity shares)	3,003.45	3,003.45
Compulsorily Convertible Debentures (CCD)		
Chemplast Cuddalore Vinyls Limited (125,533,516 Debentures of face value of Rs.100 each)	12,553.35	12,553.35
	15,556.80	**15,556.80**
Aggregate value of unquoted investments	**15,557.24**	**15,557.24**

Also refer to Note 37 for details of investments and also refer Note 36

Note 16 Other non-current financial assets at amortised cost

	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Security deposits	166.98	144.51
Margin deposits	0.58	0.59
Non-current bank deposits	0.11	0.48
Sundry receivables	5.62	5.62
Claims receivables	13.29	13.29
	186.58	**164.49**

Note 17 Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Security Deposit - Government Authorities	34.56	34.46
Prepaid expenses	31.50	8.22
Capital Advances	171.66	20.15
	237.72	**62.83**

Note 18 Inventories

	As at March 31, 2022	As at March 31, 2021
Raw materials	1,057.75	707.37
Work-in-progress	66.90	89.15
Finished goods	119.19	81.84
Stores and spares	1,075.81	507.94
Intermediaries	1,150.24	986.60
	3,469.89	**2,372.90**

Note :

Inventories includes Goods in transit	As at March 31, 2022	As at March 31, 2021
Raw Material	181.85	47.99
Intermediaries	392.34	269.75
Stores and Spares	596.61	4.28
	1,170.80	**322.02**

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 19 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good**		
Receivable from related party (Refer Note 36)	19.03	0.96
Receivable from others	1,785.35	678.72
	1,804.38	**679.68**

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

** Also refer Note 51 for Trade receivables ageing schedule

Note 20 Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Bank balances		
- in current account	117.22	299.69
- Deposits with original maturity of less than three months	3,432.00	420.00
Cheques on hand	20.92	14.75
Cash on hand	2.39	5.54
Stamps on hand	0.12	0.15
	3,572.65	**740.13**

Note 21 Other bank balances

	As at March 31, 2022	As at March 31, 2021
Margin deposits (Refer Note 26)	800.94	541.78
Deposits with original maturity of more than three months but less than twelve months	214.10	210.00
Public Offer Account*	110.82	-
	1,125.86	**751.78**

* There are restrictions on the bank balances held in Public Offer Account

Note 22 Other current financial assets

	As at March 31, 2022	As at March 31, 2021
(unsecured, considered good)		
Security deposits	32.79	2.87
Sundry receivable (Refer Note 36)	620.92	737.15
Claims receivables	64.60	69.06
Interest receivable	18.02	6.15
	736.33	**815.23**

Note 23 Other current assets

	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	21.08	26.44
Balances with Government authorities	-	36.17
Advances given to suppliers	197.37	134.48
	218.45	**197.09**

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 24 Equity Share Capital

	As at March 31, 2022	As at March 31, 2021
Authorised		
400,000,000 equity shares of Rs.5/- each (Previous year 400,000,000 equity shares of Rs.5/- each)	2,000.00	2,000.00
3,500,000 cumulative redeemable preference shares of Rs.100/- each (Previous year 3,500,000 cumulative redeemable preference shares of Rs.100/- each)	350.00	350.00
	2,350.00	**2,350.00**
Issued		
158,109,574 equity shares of Rs.5/- each (Previous year 134,080,000 equity shares of Rs.5/- each fully paid up)	790.55	670.40
Subscribed and fully paid-up		
158,109,574 equity shares of Rs.5/- each (Previous year 134,080,000 equity shares of Rs.5/- each fully paid up)	790.55	670.40
	790.55	**670.40**

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

Particulars	No. of Shares	Share Capital
Balance at April 1, 2020	67,040,000	670.40
Sub-division of shares*	67,040,000	-
Balance as at March 31, 2021	134,080,000	670.40
Issued during the year (Refer Note 42)	24,029,574	120.15
Balance at March 31, 2022	**158,109,574**	**790.55**

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

Shares Held by Holding Company and its subsidiaries

Sanmar Holdings Limited and its nominees 86,945,065 equity shares (Previous Year 132,480,000 equity shares)

Rights, Preferences and Restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of Rs. 5 per share (March 31, 2021: Rs. 5 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, 2022		As at March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Holdings Limited & its nominees	86,945,065	54.99%	132,480,000	98.81%
SBI Magnum Children's Benefit Fund - Investment Plan	15,430,527	9.76%	-	-
Mirae Asset Tax Saver Fund	13,715,783	8.67%	-	-

C: Details of Shares held by promoters at the end of the year

Promoter name	For the year March 31, 2022		
	No. of Shares	% of total shares	% Change during the year
Sanmar Holdings Limited	86,945,065	54.99%	(43.82%)
Total	**86,945,065**	**54.99%**	**(43.82%)**

Promoter name	For the year March 31, 2021		
	No. of Shares	% of total shares	% Change during the year
Sanmar Holdings Limited	132,480,000	98.81%	-
Sanmar Engineering Services Limited	1,600,000	1.19%	-
Total	**134,080,000**	**100.00%**	**-**

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 25 Other Equity

	As at March 31, 2022	As at March 31, 2021
General Reserve	1,477.57	239.32
Retained earnings (Refer A below)	9,279.01	5,158.87
Capital Reserve (Refer B below)	796.90	796.90
Capital Redemption Reserve	391.80	391.80
Debenture Redemption Reserve (Refer C below)	-	1,238.25
Asset Revaluation Reserve (Refer D below)	11,379.16	10,444.52
Securities premium (Refer E below)	13,857.26	1,266.71
	37,181.70	**19,536.37**

(A) Retained Earnings

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	5,158.87	4,498.90
Profit / (Loss) for the year	3,794.76	436.27
Depreciation on revalued assets	202.34	220.40
Transfer from revaluation reserve on disposal of asset	132.07	-
Other Comprehensive Income	(9.03)	3.30
Balances at the end of the year	**9,279.01**	**5,158.87**

(B) Capital Reserve

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	796.90	796.90
Balances at the end of the year	**796.90**	**796.90**

(C) Debenture Redemption Reserve

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	1,238.25	1,270.00
Amount transferred to General Reserve	(1,238.25)	(31.75)
Balances at the end of the year	**-**	**1,238.25**

(D) Asset Revaluation Reserve

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	10,444.52	10,664.92
Depreciation on revalued assets	(202.34)	(220.40)
Transferred to retained earnings on disposal of asset	(132.07)	-
Other Comprehensive Income	1,269.05	-
Balances at the end of the year	**11,379.16**	**10,444.52**

(E) Securities premium

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	1,266.71	1,266.71
Issue of equity shares during the year (Refer Note 42)	12,879.85	-
Transaction cost on issue of shares (Refer Note 42)	(289.30)	-
Balances at the end of the year	**13,857.26**	**1,266.71**

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 25 Other Equity (contd.)

Nature and purpose of reserves:

Asset Revaluation Reserve:

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

Capital Reserve:

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

Capital Redemption Reserve:

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

Debenture Redemption Reserve (DRR):

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

Securities Premium:

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

General Reserve:

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

Note 26 Non Current Borrowings (Secured)

		As at March 31, 2022	As at March 31, 2021
Redeemable, Non-convertible debentures			
17.50% Debentures Nil (Previous Year 1,270 Debentures of face value of Rs.9,750,000 each)		-	12,117.16
	(A)	**-**	**12,117.16**
Less:			
Current maturities of borrowings			
17.50% Debentures		-	280.67
	(B)	**-**	**280.67**
	(A) - (B)	**-**	**11,836.49**

Summary of borrowing arrangements

17.50% Debentures outstanding of Nil (March 31, 2021: Rs.12,117.16 Million) was originally repayable in 7 unequal annual installments commencing from 21-Dec-2020. Also refer Note 42.

Security particulars of borrowing arrangements

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

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

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

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

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

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 27 Other non-current financial liabilities

	As at March 31, 2022	As at March 31, 2021
Trade Deposits	27.38	27.78
Accrued salaries and benefits	433.06	405.50
Other Payables	152.80	151.09
	613.24	**584.37**

Note 28 Deferred tax liabilities / (Assets) (Net)

	As at March 31, 2022	As at March 31, 2021
Difference between book and tax written down value of Property, Plant & Equipment	5,520.72	5,156.31
MTM/Forward Premium claimable in future	7.07	(7.41)
Difference in allowable expenditure on forward exchange contracts	(5.90)	4.73
Expenses allowable on payment basis	(120.57)	(39.47)
Employees Separation Scheme	(33.75)	(57.62)
Others	(0.03)	0.02
	5,367.54	**5,056.56**

Note:

Unrecognised Minimum Alternate Tax Credit

Financial year	Year of Maturity	As at March 31, 2022	As at March 31, 2021
2016-17	2031-32	-	479.47
2017-18	2032-33	349.87	805.04
Total		**349.87**	**1,284.51**

Reconciliation of deferred tax liabilities (net):

	As at March 31, 2022	As at March 31, 2021
Opening Balance	5,056.56	5,190.14
Change in Statement of Profit and Loss	(270.32)	(135.36)
Change in Other Comprehensive Income	581.30	1.78
Closing Balance	**5,367.54**	**5,056.56**

Note 29 Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
Other liabilities	37.71	41.34
	37.71	**41.34**

Note 30 Current Borrowings

	As at March 31, 2022	As at March 31, 2021
Secured – at amortized cost		
Current maturities of Long term borrowings		
- 17.50% Debentures	-	280.67
	-	**280.67**

The quarterly return submitted by the Company to its Bankers are in agreement with the books of accounts.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 31 Trade payables

	As at March 31, 2022	As at March 31, 2021
Payable to related parties (Note 36)	0.07	-
Payable to others*	3,598.85	3,099.09
	3,598.92	**3,099.09**

* General Terms: The average credit period varies for each product between 0 to 180 days

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

* Includes dues for payment to Micro and Small Enterprises Rs. 33.40 Million (March 31, 2021: Rs. 45.04 Million) (Also refer Note 41)

* Also refer Note 52 for Trade payables ageing schedule

Note 32 Derivative Instruments

	As at March 31, 2022	As at March 31, 2021
Derivative Liability / (Asset) #	17.37	45.46
	17.37	**45.46**

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 33 Other current financial liabilities

	As at March 31, 2022	As at March 31, 2021
Trade Deposits	0.57	1.21
Payable / Accrual towards Capital Expenditure *	41.18	246.16
Accrued salaries and benefits	274.59	338.15
Other Payables	724.78	477.71
	1,041.12	**1,063.23**

* Includes dues for payment to Micro and Small Enterprises Rs. 7.31 Million (March 31, 2021: Rs. 10.37 Million) (Also refer Note 41)

Note 34 Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Advance from customers	159.54	108.44
Withholding and other tax payables	149.76	32.86
Other Liabilities	129.48	102.49
	438.78	**243.79**

Note 35 Financial instruments

35.1 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 26 and 30), cash and cash equivalents (Note 20) and equity attributable to equity holders of the Company, comprising issued capital, securities premium and retained earnings.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 35 Financial instruments (contd.)

Gearing ratio

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2022 and March 31, 2021 were as follows:

	As at March 31, 2022	As at March 31, 2021
Borrowings (i)	-	12,117.16
Cash and Cash Equivalents	3,572.65	740.13
Net debt	(3,572.65)	11,377.03
Equity (ii)	37,972.25	20,206.77
Gearing Ratio	(0.09)	0.56

(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.

35.2 Categories of financial assets and liabilities carried at amortised cost

35.2.1 Financial assets - At amortised cost

	As at March 31, 2022	As at March 31, 2021
Cash and bank balances (Note 20)	3,572.65	740.13
Other bank balances (Note 21)	1,125.86	751.78
Trade receivables (Note 19)	1,804.38	679.68
Other financial assets (Note 16 & 22)	922.91	979.72
	7,425.80	**3,151.31**

35.2.2 Financial liabilities- At amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings (Note 26 & 30)	-	12,117.16
Trade payables (Note 31)	3,598.92	3,099.09
Other financial liabilities (Note 27 & 33)	1,654.36	1,647.60
Lease liability (Note 14.1)	141.00	166.08
	5,394.28	**17,029.93**

35.3 Financial risk management objectives

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

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

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

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

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

35.4 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.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 35 Financial instruments (contd.)

35.5 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 is American Dollars (USD). The Company may use forward exchange contract towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the Company. Exchange rate exposures are managed with in approved policy parameters.

35.5.1 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 year end for a 1% change in foreign currency rates.

Particulars	Change in currency exchange rate	Impact on post tax profits and equity	
		March 31, 2022	March 31, 2021
USD	1%	10.13	10.11
EURO	1%	(0.33)	-

35.6 Commodity price risk

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

A) Ethylene, EDC :

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

B) Coal, Methanol :

The following table shows the effect of price changes for Coal, Methanol for the year ended March 2022 :

Product	Change in Prices	Impact on post tax profits and equity	
		March 31, 2022	March 31, 2021
Coal	5%	59.14	30.92
Methanol	5%	13.09	6.71
		72.23	**37.63**

35.7 Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

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

35.8 Credit risk management

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

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

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

None of the 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, 2022, that defaults in payment obligations will occur.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 35 Financial instruments (contd.)

35.8.1 Trade receivables

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

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

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2022	1,713.84	90.54	-	1,804.38
Trade Receivables as of March 31, 2021	679.59	0.09	-	679.68

35.8.2 Financial instruments and cash deposits

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

35.9 Liquidity risk management

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

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

March 31, 2022	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	4,580.29	314.85	4,895.13
Interest bearing	105.74	410.77	516.52
	4,686.03	**725.62**	**5,411.65**

March 31, 2021	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	4,123.47	250.51	4,373.99
Interest bearing	390.06	12,311.35	12,701.40
	4,513.53	**12,561.86**	**17,075.39**

35.10 Fair value hierarchy

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

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

	Fair value hierarchy as at March 31, 2022		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments	-	-	0.44
Financial Liabilities measured at fair value			
Derivative liabilities	-	17.37	-

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 35 Financial instruments (contd.)

	Fair value hierarchy as at March 31, 2021		
	Level 1	Level 2	Level 3
Financial Assets measured at fair value			
Investments	-	-	0.44
Financial Liabilities measured at fair value			
Derivative liabilities	-	45.46	-

Derivative instruments classified under Level 2 are valued using the quotes obtained by aggregators based on deals entered between market participants. Investments in unquoted equity shares classified under Level 3 are valued using DCF method. Long-term growth rate and Weighted average cost of capital are significant unobservable inputs whose sensitivity does not significantly affect the carrying values of such investments.

35.11 Fair values

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

	Carrying value		Fair value	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets				
Investments	0.44	0.44	0.44	0.44
Other financial assets:				
Deposits	1,215.50	900.23	1,215.50	900.23
Sundry receivables	644.56	748.92	644.56	748.92
Claims receivable	77.89	82.35	77.89	82.35
Trade receivables	1,804.38	679.68	1,804.38	679.68
Cash and cash equivalents	3,572.65	740.13	3,572.65	740.13
Total	**7,315.42**	**3,151.75**	**7,315.42**	**3,151.75**
Financial liabilities				
Borrowings:				
Fixed rate borrowings	-	12,117.16	-	12,117.16
Lease Liability	141.00	166.08	141.00	166.08
Trade payables	3,598.92	3,099.09	3,598.92	3,099.09
Other financial liabilities:				
Accrued salaries and benefits	707.65	743.65	707.65	743.65
Payable / Accrual towards Capital Expenditure	41.18	246.16	41.18	246.16
Other payables	905.53	657.79	905.53	657.79
Derivatives not designated as hedge				
Derivative (asset) / liability	17.37	45.46	17.37	45.46
Total	**5,411.65**	**17,075.39**	**5,411.65**	**17,075.39**

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.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 36 Related party transactions

List of parties where control exists

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

Joint Venture

Mowbrays Corporate Finance (Upto December 15, 2020)

Subsidiaries

Chemplast Cuddalore Vinyls Limited (From March 31, 2021)

Fellow Subsidiaries

Chemplast Cuddalore Vinyls Limited (Upto March 30, 2021)
Sanmar Group International Limited (From March 31, 2021)
TCI Sanmar Chemicals S.A.E.
Sanmar Overseas Investments AG

Associates

Sanmar Group International Limited (Upto March 30, 2021)

Directors

Vijay Sankar (From April 26, 2021)
P S Jayaraman (Upto January 31, 2021)
Ramkumar Shankar (From February 1, 2021)
Chandran Ratnaswami (From April 26, 2021)
Dr. Amarnath Ananthanarayanan
V K Parthasarathy (Upto April 26, 2021)
Lavanya Venkatesh (Upto April 26, 2021)
Dr. Lakshmi Vijayakumar (From April 26, 2021)
Aditya Jain (From April 26, 2021)
Sanjay Vijay Bhandarkar (From April 26, 2021)
Prasad Raghava Menon (From April 26, 2021)

Terms and conditions of transactions with related parties:

All transactions with 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.

For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties

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

Description	Parties where control exists		Joint Venture / Subsidiaries / Fellow Subsidiaries / Associates		Directors	
Transactions during the year	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**
Sale of materials						
Chemplast Cuddalore Vinyls Limited	-	-	28.89	7.28	-	-
Purchase of materials						
Chemplast Cuddalore Vinyls Limited	-	-	0.51	0.24	-	-
Expenses Recovered						
Sanmar Engineering Services Limited	-	0.08	-	-	-	-
Chemplast Cuddalore Vinyls Limited	-	-	-	0.08	-	-
Remuneration						
Ramkumar Shankar	-	-	-	-	16.95	2.07
P S Jayaraman	-	-	-	-	-	17.55

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 36 Related party transactions (contd.)

Description	Parties where control exists		Joint Venture / Subsidiaries / Fellow Subsidiaries / Associates		Directors	
Transactions during the year	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**
Sitting Fees						
Dr. Lakshmi Vijayakumar	-	-	-	-	0.38	-
Aditya Jain	-	-	-	-	0.50	-
Sanjay Vijay Bhandarkar	-	-	-	-	0.60	-
Prasad Raghava Menon	-	-	-	-	0.45	-
V K Parthasarathy	-	-	-	-	-	0.05
Acquisition of Equity Shares in CCVL						
Sanmar Engineering Services Limited	-	3,003.45	-	-	-	-
Investment made in CCD						
Chemplast Cuddalore Vinyls Limited	-	-	-	12,553.35	-	-
Investment redeemed						
Mowbrays Corporate Finance	-	-	-	10,734.63	-	-
Investment redeemed in CCPS						
Sanmar Group International Limited	-	-	-	4,821.96	-	-
Balances as at year end	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**
Investments	-	-	15,557.24	15,557.24	-	-
Sundry receivable	-	-	542.67	725.34	-	-
Trade receivables	-	-	19.03	0.96	-	-
Trade payables	-	-	0.07	-	-	-

Note 37 Disclosure as per Section 186(4) of Companies Act, 2013

The Company has made investments in and provided guarantee which are disclosed below as required by Section 186(4) of the Companies Act 2013.

(i) Details of Investments:

	As at March 31, 2022	As at March 31, 2021
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E.	0.44	0.44
March 31, 2022: 2 (March 31, 2021 : 2) Equity shares, fully paid up, par value EGP 1000/- each		
Chemplast Cuddalore Vinyls Limited	3,003.45	3,003.45
March 31, 2022: 303,030,303 (March 31, 2021: 303,030,303) Equity shares, fully paid up, par value Rs. 10/- each		
The Company has pledged the entire investment held in the equity shares of TCI Sanmar Chemicals in favour of investee's lenders pursuant to the contractual requirements contained in respect of the borrowings availed by the investee.		
Compulsorily Convertible Debentures (CCD)		
Chemplast Cuddalore Vinyls Limited	12,553.35	12,553.35
March 31, 2022: 125,533,516 (March 31, 2021: 125,533,516) Compulsorily Convertible Debentures (CCD) of Rs.100/- each		

(ii) Guarantees provided:

The Company has provided corporate guarantee to State Industries Promotion Council of Tamil Nadu for Rs. 3,318.60 Million towards the outstanding soft loan of Rs. 1,076.63 Million (March 31, 2021: Rs. 1,076.63 Million) availed by the subsidiary company, Chemplast Cuddalore Vinyls Limited.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 38 Segment Reporting

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

Note 39 Contingent liabilities and Guarantees*

Particulars	As at March 31, 2022	As at March 31, 2021
A. Contingent Liabilities		
Claims against the Company not acknowledged as debts :		
- On account of Direct Taxes	113.40	67.26
- On account of Indirect Taxes	247.46	228.82
- On account of other disputes	164.37	143.96
B. Guarantees		
Corporate guarantee given to State Industries Promotion Corporation of Tamil Nadu (SIPCOT) in respect of soft loan availed by Chemplast Cuddalore Vinyls Limited from SIPCOT	1,076.63	1,076.63
- (Total amount of the corporate guarantee given by Chemplast Sanmar Ltd to SIPCOT for the soft loan facility is Rs 3,318.60 Million – Actual amount of the Loan drawn by CCVL against this facility is Rs 1,076.63 Million (Previous year Rs. 1,076.63 Million))		
	1,601.86	**1,516.67**

*

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

Note 40 Capital commitments :

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,080.36	276.84
	1,080.36	**276.84**

Note 41 Dues to Micro and Small Enterprises

As at March 31, 2022, 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 31 and 33 have been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 42

The Company has completed the Initial Public Offer ("IPO") of 71,164,509 Equity Shares of the face value of Rs 5/- each at an issue price of Rs 541/- per Equity Share, comprising offer for sale of 47,134,935 shares by Selling Shareholders and fresh issue of 24,029,574 shares. The Equity Shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on August 24, 2021.

The utilisation of the net IPO proceeds is summarised below

Objects of the issue	Amount as per prospectus	Revised Amount	Utilisation upto March 31, 2022	Unutilised As at March 31, 2022
Early redemption of Non-Convertible Debentures issued by our Company, in full	12,382.50	12,382.50	12,382.50	-
General corporate purposes	271.20	276.12	276.12	-
Total	**12,653.70**	**12,658.62**	**12,658.62**	**-**

The total estimated offer expenses are Rs 997.00 Million (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Company as per respective offer size. The Company's share of these expenses is Rs 341.38 Million (inclusive of taxes), of which Rs 289.30 Million (excluding taxes) has been adjusted against securities premium.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 43

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

Note 44

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

Note 45 Corporate Social Responsibility

		March 31, 2022	March 31, 2021
(i)	Amount required to be spent by the Company during the year	28.43	50.14
(ii)	Amount of expenditure incurred	30.16	50.52
(iii)	Shortfall at the end of the year (1-2)	-	-
(iv)	Total of previous years shortfall	-	-
(v)	Reason for shortfall	N.A	N.A
(vi)	Nature of CSR activities	Activities mentioned in i, ii,vi,vii, x & xii of Schedule VII of the Companies Act, 2013	
(vii)	Details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	-	-
(viii)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

The above expenditure is spent on purposes other than towards construction / acquisition of any asset.

Excess amount spent on CSR			
Opening Balance	**Amount required to be spent during the year**	**Amount spent during the year**	**Closing balance**
0.38	28.43	30.16	2.11

The Company has incurred expenditure towards Corporate Social Responsibility in excess of the prescribed limits for the year ended March 31, 2022 and the same is carried forward to the next year for utilisation as per applicable provisions of Companies Act, 2013.

Note 46 Other Statutory Information

(i) The Company does not have any Benami property. No proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company has not advanced to or loaned to or invested funds in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that such Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(iv) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961)

(v) The Company has not been declared as a wilful defaulter as prescribed by Reserve Bank of India.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 47 Relationship with Struck off Companies

During the year, the Company had transactions with a company which was struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

Name of struck off Company – a customer of the Company	Nature of transactions with struck-off Company	Balance outstanding Rs Million	Relationship with the Struck off company, if any, to be disclosed
Nathanz Chemicals Pvt. Ltd	Sale of Products	0.02 (owed by the Company to the customer)	Not Related in any way to the Company

Note 48 Employee benefit cost

Defined benefit plans

Gratuity:

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2022 by a private actuary.

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

	Valuation at	
	March 31, 2022 %	March 31, 2021 %
Discount rate(s)	7.36%	6.97%
Expected return on plan assets	7.36%	6.97%
Expected rate(s) of salary increase	7.30%	7.00%
Attrition rate	2.00%	2.00%

Cost of defined benefit plans are as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	12.35	12.68
Interest on obligation	8.37	7.35
Expected return on plan assets (to the extent it represents an adjustment to interest cost)	(8.36)	(7.30)
Net cost recognised in the Statement of Profit and Loss	**12.36**	**12.73**
Expected return on plan assets (to the extent it does not represent an adjustment to interest cost)	-	-
Actuarial (gains)/losses recognized in the year	13.88	(5.08)
Net gain recognised in the Other Comprehensive Income	**13.88**	**(5.08)**

The amount included in the Financial Statements arising from the entity's obligation in respect of its defined benefit plans were as follows:

	As at March 31, 2022	As at March 31, 2021
Present value of funded defined benefit obligation	151.94	116.69
Fair value of plan assets	125.52	116.51
Net Liability / (Asset)	**26.42**	**0.18**

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

	Year ended March 31, 2022	Year ended March 31, 2021
Opening fair value of plan assets	116.51	107.39
Expected return on plan assets	8.36	7.30
Actuarial gains / (losses)	(6.13)	(1.14)
Contributions from the employer	-	26.61

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 48 Employee benefit cost (contd.)

	Year ended March 31, 2022	Year ended March 31, 2021
Transfer of obligations	20.86	3.79
Benefits paid	(14.08)	(27.44)
Closing fair value of plan assets	**125.52**	**116.51**

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

	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	116.69	126.53
Current service cost	12.35	12.68
Interest cost	8.37	7.35
Actuarial (gains)/losses	7.75	(6.22)
Transfer of obligations	20.86	3.79
Benefits paid	(14.08)	(27.44)
Closing defined benefit obligation	**151.94**	**116.69**
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	(1.15)	0.37
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	8.90	(6.59)
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]		
Year 1	6.32	5.83
Year 2	27.57	14.15
Year 3	21.28	14.79
Year 4	14.58	14.17
Year 5	15.99	8.77
Years 6 through 10	50.08	40.29

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. 34.26 Million to the defined benefit plans during the next financial year.

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

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	1.33	3.04	(12.23)
Decrease in discount rate by 1 %	5.33	2.01	14.37
Increase in salary escalation by 1 %	5.33	3.64	14.42
Decrease in salary escalation by 1 %	1.29	1.66	(12.50)

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 49 Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reason for variance
Current ratio	Current Assets	Current Liabilities	2.01	1.16	74.04%	Increase in Current ratio is on account of increase in cash and cash equivalents and trade receivables mainly due to higher cash generated during the year and higher sales
Debt-equity ratio	Total Debt[1]	Shareholder's Equity	0.00	0.61	(99.39%)	During the year 2021-22, the Company repaid the entire debt out of the IPO proceeds, hence the debt equity ratio has become zero in March'22
Debt service coverage ratio	Earning for Debt Service[2]	Debt Service[3]	4.32	1.35	219.07%	Higher profit in 2021-22 together with decrease in Debt service on account of repayment of entire Debt as mentioned above, debt service coverage ratio is higher for the year 2021-22.
Return on equity ratio	Net Profits after taxes	Avg. Shareholder's Equity[4]	20.88%	4.63%	351.34%	Higher return on equity during 2021-22, due to higher profits.
Inventory turnover ratio	Revenue from operations	Avg. Inventory[5]	6.89	6.15	12.00%	-
Trade receivables turnover ratio	Revenue from operations	Avg. Trade Receivable[6]	16.20	22.19	(26.99%)	Despite the increase in revenue from operations of 2021-22, average trade receivable value has significantly increased leading to decrease in Trade receivables turnover ratio
Trade payables turnover ratio	Total Purchases	Avg. Trade Payables[7]	2.25	1.80	25.26%	Increase in purchases during the year 2021-22 on account of higher prices and quantity has caused an increase in trade payable turnover ratio
Net capital turnover ratio	Revenue from operations	Working Capital[8]	3.64	11.84	(69.27%)	2021-22 Workings capital has increased mainly on account of increase in cash and cash equivalents and trade receivables. Accordingly the ratio has decreased.
Net profit ratio	Net Profit after taxes	Revenue from operations	18.86%	3.39%	457.10%	Higher profits in 2021-22 has led to the increase in Net profit ratio, mainly due to higher sales and lower finance cost
Return on capital employed	EBIT[9]	Capital Employed[10]	17.74%	10.83%	63.75%	EBIT has almost doubled in 2021-22, due to higher sales, accordingly Return on Capital employed has increased.
Return on investment	Net Profit after taxes	Average Total Assets[11]	12.19%	1.56%	682.39%	Higher profits in 2021-22 has led to the increase in return on investment.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 49 Analytical Ratios (contd.)

Note:

1 Total Debt = Long term Borrowings (including current maturities of Long term Borrowings), lease liabilities (current and non-current), short term borrowings and Interest accrued on Debts

2 Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

3 Debt service = Interest & Lease Payments + Principal Repayments

4 Avg. Shareholder's Equity = Average of Opening Total Equity and Closing Total Equity excluding revaluation reserve

5 Avg. Inventory = Average of Opening Inventory and Closing Inventory

6 Avg. Trade Receivable = Average of Opening Trade Receivables and Closing Trade Receivables

7 Avg. Trade Payables = Average of Opening Trade Payables and Closing Trade Payables

8 Working capital shall be calculated as current assets minus current liabilities (excluding current maturities of long term debt, lease liability and interest accrued on borrowings)

9 EBIT = Earning before interest and taxes

10 Capital Employed = Tangible Net Worth (excluding revaluation reserve) + Total Debt + Deferred Tax Liability

11 Average Total Assets = Average of Opening Total Assets and Closing Total Assets excluding revaluation impact

Note 50 Capital Work-in-progress (CWIP) ageing schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2022					
Projects in Progress	259.89	12.15	-	0.08	272.12
Projects temporarily suspended	-	-	-	-	-
	259.89	**12.15**	**-**	**0.08**	**272.12**
March 31, 2021					
Projects in Progress	245.51	4.55	0.07	-	250.13
Projects temporarily suspended	-	-	-	-	-
	245.51	**4.55**	**0.07**	**-**	**250.13**

Note - There are no assets/projects forming part of CWIP which have become overdue or where cost is exceeded compared to their original plans.

Note 51 Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2022							
(i) Undisputed Trade receivables – considered good	1,713.84	90.54	-	-	-	-	1,804.38
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 51 Trade Receivables ageing schedule (contd.)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2021							
(i) Undisputed Trade receivables – considered good	670.01	9.67	-	-	-	-	679.68
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-

Note 52 Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2022							
(i) MSME	3.83	28.94	0.63	-	-	-	33.40
(ii) Others	149.05	3,373.88	34.72	6.40	1.46	0.01	3,565.52
(iii) MSME Disputed dues	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-
March 31, 2021							
(i) MSME	-	45.04	-	-	-	-	45.04
(ii) Others	98.49	2,882.68	71.01	1.86	0.01	-	3,054.05
(iii) MSME Disputed dues	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-

Note 53 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.

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 53 Significant accounting judgements, estimates and assumptions (contd.)

Impairment of non-financial assets

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

Taxes

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

Defined benefit plans

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

Further details about defined benefit obligations are given in Note 48.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 35.11 for further disclosures.

Fair value measurement of property, plant and equipments

The Company measures land, buildings, plant and machinery classified as property, plant and equipment at revalued amounts with changes in fair value being recognised in OCI. The Company had engaged an independent valuation specialist to assess fair value for revaluation of land, buildings, plant and equipment as at January 1, 2022. Fair value of land was determined by using the market approach, hypothetical layout method and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 14.3.

Revenue from contract with customers

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

Leases - Estimating the incremental borrowing rate

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

Useful life of PPE

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

Notes forming part of Standalone Financial Statements for the year ended March 31, 2022

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

Note 54 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 55

Previous year's figures have been regrouped wherever necessary.

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Chemplast Sanmar Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Chemplast Sanmar Limited ("the Holding Company"), and its subsidiary (the Holding Company and its subsidiary are together referred to as "The Group") which comprise the Consolidated Balance sheet as at March 31 2022, the Consolidated Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 3.8 & Note 4 of the Consolidated Financial Statements)	
The Group recognizes revenues when control of the goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. In determining the sales price, the Group considers the effects of rebates and discounts (variable consideration). The terms of arrangements in case of domestic and exports sales, including those relating to the timing of transfer of control, the nature of discount and rebates arrangements, and delivery specifications, require judgment in their application, for determining revenues. The risk of revenue being recognised without meeting the revenue recognition norms in accordance with Ind AS 115 'Revenue from Contracts with Customers' is determined to be a key audit matter.	Our audit procedures included the following: • We evaluated the Group's order to cash processes, including design and implementation of controls and tested the operating effectiveness of such controls in relation to revenue recognition. • On a sample basis, we tested revenue transactions to contracts with customers, purchase orders issued by customers, sales invoices raised by the Group and shipping records to determine the timing of transfer of control and the pricing terms, and therefore the timing of revenue recognition in respect of such contracts. • We performed substantive analytical procedures over disaggregated data of revenue transactions during the audit period to identify trends / patterns warranting additional audit procedures.

Key audit matters	How our audit addressed the key audit matter
	• We selected samples of rebates and discounts during the year, compared them with the supporting documents and performed re-calculations of those variable considerations on a sample basis. • We read and understood, and evaluated the Group's accounting policies pertaining to revenue recognition and assessed compliance thereof with the policies in terms of Ind AS 115 - 'Revenue from Contracts with Customers'. • We assessed the disclosures with applicable accounting standards.
Revaluation of property, plant and equipment (as described in Note 3.5 & Note 14 of the Consolidated Ind AS Financial Statements)	
the Group has opted for revaluation model for measuring freehold / leasehold land, buildings and plant and machineries ('PPE') and these assets are carried in the books at the fair value less accumulated depreciation. Independent valuations are undertaken at least once in every three years, or more frequently if there is an indicator that the fair value has changed significantly. Pursuant to this policy, management undertook an independent valuation in the current year and as at March 31, 2022, the Group has recognised revaluation surplus of Rs. 1,210 Million (net of tax of Rs. 630 Million). Revaluation of PPE is considered to be a key audit matter due to the magnitude of the underlying amounts, and judgements involved in the assessment of the fair value of these assets insofar as they relate to the valuation methodologies and assumptions used.	Our audit procedures included the following: • We read and assessed the Group's accounting policies with respect to PPE. • We evaluated the design and tested the operating effectiveness of internal controls relating to revaluation of PPE including the use of management's expert. • We obtained the management's expert's report on valuation of PPE and evaluated the valuation methodology as well as key assumptions and estimates used in valuation. • We have also involved our internal experts towards validating the key assumptions and estimates used in the aforesaid valuation. • We assessed the competence, objectivity and independence of the management's expert. • We assessed the disclosures with the requirements of Ind AS.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

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

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

Those respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the Companies included in the Consolidated Financial Statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
   (b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books;
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor who is appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's Companies is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, and based on the consideration of reports of other statutory auditor of the subsidiary, the managerial remuneration for the year ended March 31, 2022 has been paid by the Holding Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Ind AS Financial Statements – Refer Note 43 to the Consolidated Ind AS Financial Statements;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiary whose Financial Statements have been audited by the Act have represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary whose Financial Statements have been audited under the Act have represented that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared subsequent to the year-end by the Holding Company is in compliance with Section 123 of the Act.

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

per Aravind K
Partner
Membership Number: 221268
UDIN: 22221268AISXEV9507

Place of Signature: Chennai
Date: May 10, 2022

ANNEXURE 1 - TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF CHEMPLAST SANMAR LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Chemplast Sanmar Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "The Group") for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Aravind K
Partner
Membership Number: 221268
UDIN: 22221268AISXEV9507

Place of Signature: Chennai
Date: May 10, 2022

Consolidated Balance Sheet as at March 31, 2022

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

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	31,951.41	30,867.25
Capital work-in-progress		336.56	250.81
Right-of-use assets	14.1	638.61	611.90
Financial Assets			
(i) Investments	15	0.44	0.44
(ii) Other Financial Assets	16	233.66	242.88
Other non-current assets	17	262.57	101.51
Non-Current tax assets (Net)		20.86	43.31
		33,444.11	**32,118.10**
Current assets			
Inventories	18	7,110.44	4,070.90
Financial Assets			
(i) Trade Receivables	19	1,898.48	739.27
(ii) Cash and cash equivalents	20	9,997.56	3,034.88
(iii) Other Bank balances	21	2,294.37	3,477.70
(iv) Other Financial Assets	22	878.41	892.23
Other current assets	23	386.76	333.18
		22,566.02	**12,548.16**
Assets classified as held for sale	14.2	-	198.91
		22,566.02	**12,747.07**
Total assets		**56,010.13**	**44,865.17**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	24	790.55	670.40
Instruments entirely equity in nature	25	343.20	343.20
Other Equity	26	15,916.63	(4,508.51)
Total Equity		**17,050.38**	**(3,494.91)**
Liabilities			
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	27	7,990.52	20,245.49
(ia) Lease liability	14.1	112.38	141.00
(ii) Other Financial Liabilities	28	742.62	617.79
Deferred Tax Liabilities (Net)	29	7,414.54	7,200.02
Other non-current liabilities	30	164.19	173.63
		16,424.25	**28,377.93**
Current liabilities			
Financial Liabilities			
(i) Borrowings	31	683.26	856.79
(ia) Lease liability	14.1	28.62	25.08
(ii) Trade Payables	32		
- Total outstanding dues of micro enterprises and small enterprises		55.60	67.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises		18,727.49	16,493.77
(iii) Derivative liabilities	33	69.28	156.50
(iv) Other financial liabilities	34	1,642.79	1,587.43
Other current liabilities	35	828.85	402.10
Current Tax Liabilities (Net)		499.61	392.79
		22,535.50	**19,982.15**
Total liabilities		**38,959.75**	**48,360.08**
Total equity and liabilities		**56,010.13**	**44,865.17**

*Refer to Note 42

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

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. No. ACS 06248
Place: Chennai

Date: May 10, 2022

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

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

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
Revenue			
Revenue from operations	4	58,919.87	37,987.26
Other income	5	574.85	163.82
Total Income		**59,494.72**	**38,151.08**
Expenses			
Cost of materials consumed	6a	37,036.22	20,648.42
Purchase of traded goods	6b	269.02	310.78
Changes in inventories of traded goods, finished goods and work-in-progress	7	(169.35)	262.83
Employees' benefit expense	8	1,200.64	1,135.83
Other expenses	9	8,615.43	6,014.78
Depreciation expense	14 & 14.1	1,371.30	1,310.86
Finance costs	10	3,216.00	4,333.62
Total Expenses		**51,539.26**	**34,017.12**
Profit before share of Profit / (Loss) from Joint Venture and associate and tax		**7,955.46**	**4,133.96**
Share of Profit / (Loss) from Joint Venture and Associate	39	-	(3,335.65)
Profit on redemption/sale of investments in Joint Venture		-	4,828.29
Profit / (Loss) before tax and exceptional items		**7,955.46**	**5,626.60**
Exceptional items	41	-	(156.84)
Profit / (Loss) before tax		**7,955.46**	**5,469.76**
Tax expense:			
Current Tax	11	(1,898.50)	(811.70)
Income Tax relating to earlier years		33.65	35.14
Deferred Tax		395.87	(592.35)
Profit / (Loss) after tax		**6,486.48**	**4,100.85**
Other Comprehensive Income	12		
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans		(23.37)	6.81
- Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate	38	-	(104.93)
- Deferred tax on the above items		7.24	34.45
- Revaluation of property, plant and equipment		1,981.85	-
- Deferred Tax relating to revaluation of property, plant and equipment		(617.63)	-
- Adjustment of deferred tax liability relating to assets revalued on change in tax rates		-	29.82
Items that may be reclassified to profit or loss in subsequent periods			
- Share of OCI from Joint Venture and Associate	38	-	(265.70)
- Deferred tax on the above items		-	78.73
Total Other Comprehensive Income		**1,348.09**	**(220.82)**
Total Comprehensive Income		**7,834.57**	**3,880.03**
Basic and Diluted Earnings per share (equity shares, par value Rs 5/- each)	13	**43.66**	**30.59**

*Refer to Note 42

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

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Consolidated Statement of Cash Flows for the year ended March 31, 2022

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

	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	NET PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEM	7,955.46	5,626.60
	Adjustments for:		
	Depreciation expense	1,371.30	1,310.86
	Interest and finance charges	3,216.00	4,333.62
	(Profit) / Loss on sale of Property, Plant & Equipment (net)	(193.18)	2.74
	Liabilities no longer required written back	(26.68)	(29.16)
	Fair value change in Investment	-	6.00
	Interest Income	(338.61)	(123.12)
	Share of Loss from Joint Ventures / Associates	-	3,335.65
	Profit on redemption of investments in Joint Venture	-	(4,828.29)
	Difference in fair value of derivative instruments	(87.22)	686.40
	Unrealised (gain) / loss of foreign exchange transactions	266.10	730.87
	Government Grant Income	(5.81)	(5.81)
	Exceptional Item	-	(156.84)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**12,157.36**	**10,889.52**
	Adjustments for changes in:		
	Trade and other receivables	(1,322.73)	(391.37)
	Inventories	(3,039.54)	(872.40)
	Trade and other payables	2,950.07	1,743.60
	CASH GENERATED FROM OPERATIONS	**10,745.15**	**11,369.36**
	Income taxes paid (net of refunds)	(1,735.58)	(605.45)
	NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**9,009.57**	**10,763.91**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Redemption of investments in Joint Venture (net)		10,734.63
	Redemption of investments in compulsorily convertible preference shares in associate	-	16,821.95
	Investments made in equity shares of subsidiary	-	(3,003.45)
	Purchase of Property, Plant & Equipment	(1,124.67)	(553.93)
	Deposits (placed) / realised (net) (including Margin Deposits)	1,294.15	(2,600.71)
	Interest received	308.46	108.58
	Proceeds from sale of Property, Plant & Equipment	603.90	8.80
C.	**NET CASH FROM / (USED IN) INVESTING ACTIVITIES**	**1,081.84**	**21,515.87**
	CASH FLOW FROM FINANCING ACTIVITIES:		
	Repayment of non-convertible debentures	(12,382.50)	(317.50)
	Proceeds from Long term borrowings	1,000.00	2,000.00
	Proceeds / (Repayment) from short-term borrowings (net)	-	(1,127.49)
	Repayment of long-term borrowings	(1,515.84)	(2,226.80)
	Redemption of instruments entirely equity in nature consequent to change in terms	-	(24,553.35)
	Payment of lease liability	(45.60)	(45.60)
	Interest and finance charges paid	(3,006.31)	(3,895.81)
	Proceeds from issue of equity shares	13,000.00	-
	Transaction cost on issue of shares paid	(178.48)	-
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**(3,128.73)**	**(30,166.55)**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,962.68**	**2,113.22**
	Cash and cash equivalents at the beginning of the year	3,034.88	921.66
	Cash and cash equivalents at the end of the year	9,997.56	3,034.88

*Refer to Note 42

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Consolidated Statement of changes in equity for the year ended March 31, 2022

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

Particulars	Equity Share Capital	Instruments entirely equity in nature	Other Equity								
			Reserves and Surplus						Share of Associate and Joint Venture	Asset Revaluation Reserve	Total
			Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	General Reserve			
Balance at April 1, 2020 (Restated)	670.40	24,896.55	(32,307.19)	1,266.71	392.51	1,270.00	5,064.19	207.57	176.32	15,541.35	(8,388.54)
Profit/(Loss) for the year	-	-	-	-	-	-	4,100.85	-	-	-	4,100.85
Depreciation on revalued assets	-	-	-	-	-	-	412.10	-	-	(412.10)	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	(31.75)		31.75	-	-	-
Profit / (loss) on sale/redemption of investments of Joint Venture	-	-	-	-	-	-	(78.91)	-	78.91	-	-
Redemption consequent to change in terms of the instruments	-	(24,553.35)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	4.59	-	(255.23)	29.82	(220.82)
Balance at March 31, 2021	**670.40**	**343.20**	**(32,307.19)**	**1,266.71**	**392.51**	**1,238.25**	**9,502.82**	**239.32**	**-**	**15,159.07**	**(4,508.51)**
Issue of equity shares during the year (Refer Note 46)	120.15	-	-	12,879.86	-	-	-	-	-	-	12,879.86
Transaction cost on issue of shares (Refer Note 46)	-	-	-	(289.29)	-	-	-	-	-	-	(289.29)
Profit for the year	-	-	-	-	-	-	6,486.48	-	-	-	6,486.48
Depreciation on revalued assets	-	-	-	-	-	-	398.41	-	-	(398.41)	-
Transfer from revaluation reserve on disposal of asset on redemption	-	-	-	-	-	-	132.07	-	-	(132.07)	-
Transfer from Debenture Redemption Reserve	-	-	-	-	-	(1,238.25)	-	1,238.25	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	(16.13)	-	-	1,364.22	1,348.09
Balance at March 31, 2022	**790.55**	**343.20**	**(32,307.19)**	**13,857.28**	**392.51**	**-**	**16,503.65**	**1,477.57**	**-**	**15,992.81**	**15,916.63**

*Refer to Note 42

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 1 Corporate Information

Chemplast Sanmar Limited ("the Holding Company", "CSL") is a public limited Company incorporated and domiciled in Chennai. The Holding Company is listed on Bombay Stock Exchange and National Stock Exchange. The registered office is located at Cathedral Road, Chennai and is into the production and sale of speciality chemicals. As of March 31, 2022, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies. As approved by the Board of Directors on March 30, 2021, the Holding Company had acquired 100% of Equity Share Capital in Chemplast Cuddalore Vinyls Limited ("the Subsidiary Company", "CCVL"), a company engaged in the business of manufacture and sale of Suspension PVC from Sanmar Engineering Services Limited.

Note 2 Basis of Preparation

2.1 Statement of Compliance:

These Consolidated Financial Statements which comprise the Financial Statements of the Holding Company and its Subsidiary Company (Together called as the Group) have been prepared and presented from April 1, 2021 to March 31, 2022 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.

The Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

a. derivative financial instruments

b. investment in unquoted equity shares

c. property, plant and equipment under revaluation model

These Consolidated Financial Statements are presented in INR and are rounded off to the nearest Million, except when otherwise indicated. These Consolidated Financial Statements were authorized for issue by the Holding Company's Board of Directors on May 10, 2022.

2.2. Basis of Consolidation

Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Holding Company, its Subsidiary, its Joint Venture and its Associates' voting rights and potential voting rights
- The size of the Holding Company, its Subsidiary, its Joint Venture and its Associates' holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Holding Company, its Subsidiary, its Joint Venture and it's Associates re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group, its Joint Venture and it's Associates obtains control over the subsidiary and ceases when the Group, its Joint Venture and its Associates loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group, its Joint Venture and its Associates gains control until the date the Group, its Joint Venture and its Associates ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

Consolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent group.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Historical Audited Consolidated Financial Statements at the acquisition date.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

2.2. Basis of Consolidation (contd.)

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-Group transactions that are recognized in assets, such as fixed assets, are eliminated in full). Intra-Group losses may indicate an impairment that requires recognition in the Historical Audited Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If the Group loses control over a subsidiary, it:

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

Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Investments in Associate and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

2.2. Basis of Consolidation (contd.)

discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Particulars of consolidation

The Financial Statements of the following Subsidiary, Joint Venture and Associates were considered for Consolidation:

Name of the Company	Percentage of voting Power as on	
	March 31, 2022	March 31, 2021
Chemplast Cuddalore Vinyls Limited (CCVL)	100%	100%
Sanmar Group International Limited (SGIL) (Associate of CSL)	-	-
Mowbrays Corporate Finance (MCF) (Joint Venture of CSL)	-	-
Sanmar Group International Limited (Associate of MCF)	-	-

Also refer Note 42, 38(A) and 38(B)

2.3. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

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

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Group has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

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

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

2.4. Covid-19 and its impact on the Group's business (contd.)

As detailed in the relevant notes to the Consolidated Financial Statements, the Group has made a detailed assessment of its liquidity position for the next one year and of the recoverability of the Group's assets comprising Property, plant and equipment, Investments and Inventories based on internal and external information up to the date of approval of these Financial Statements. Based on performance of sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to the Group's operations (wherever applicable), management expects to recover the carrying value of these assets.

The impact of Covid-19 may differ from that estimated as at the date of approval of these Consolidated Financial Statements.

2.5. Appropriateness of the Going Concern Assumption in the preparation of the Financial Statements:

During the year ended March 31, 2022, the Group has made a profit before share of profit / (loss) from associate and joint venture and tax of Rs. 7,955.46 Million (Profit before share of profit / (loss) from associate and joint venture and tax of Rs. 4,133.96 Million for the comparative year ended March 31, 2021). The management expects the demand for the Group's products to follow the recent trend established towards the end of the current period and considering the overall deficit in the Paste Grade PVC capacity in India and demand for PVC, is confident that the Group would be able to operate its plant at optimal capacity to generate profitable operations for the foreseeable future..

The Group also has a net current asset position of Rs. 30.52 Million as at March 31, 2022 (net current liability position of Rs. 7,433.99 Million as at March 31, 2021)

Note 3 Significant Accounting Policies

3.1. Business combination under common control

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

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

The Consolidated Financial Statements incorporate the Financial Statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Consolidated Financial Statements are presented as if the entities or businesses had began combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred. Also refer Note 42.

3.2 Foreign currency transactions

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

3.3. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

3.3. Measurement of fair values (contd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair values of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

For the purpose of fair value disclosures, the Group has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares

3.4 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.4.1 Financial Assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

a. Debt instruments at amortised cost;

b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);

a. Debt instruments at amortised cost;

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

3.4.1 Financial Assets (contd.)

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 amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

b. Financial assets at FVTPL

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 36.11.

3.4.1.1. Impairment of financial assets

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

- Financial assets that are debt instruments are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

  The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

  The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

- Financial assets measured as at amortized cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

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

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

3.4.1.2 Derecognition of financial assets

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

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

3.4.2. Financial liabilities and equity instruments

3.4.2.1 Classification as debt or equity

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

3.4.2.2. Equity instruments

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

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

3.4.2.3. Convertible debt instruments

Convertible debt instruments are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible debt instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible debt instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

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

3.4.2.4. Financial liabilities

Initial Recognition and Measurement

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

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised

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as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

3.4.2.5. Financial Guarantees

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

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

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

3.4.2.6. Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included 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 36.11.

3.4.2.7. Derecognition of financial liabilities

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

3.4.3. Offsetting of financial instruments

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

3.4.4. Effective interest method

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

3.4.5. Derivative financial instruments

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

3.5 Property, plant and equipment

3.5.1. Recognition and measurement

Property, Plant & Equipment are initially recognized at cost.

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

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

3.5.1. Recognition and measurement (contd.)

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

The fair value changes are effected by eliminating the accumulated depreciation against the gross carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Apart from the above, the Group follows the cost model for Motor cars, Office equipments, Furniture & Fittings.

Other assets are measured at cost less deprecation. Freehold land is not depreciated

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

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

The Group, based on technical assessment made by management estimate supported by external Chartered engineer's study, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

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

3.6. Non-Current Assets Held for Sale

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

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

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Balance sheet.

3.7. Inventories

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

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

The Group produces certain joint-products which are valued on joint cost basis by apportioning the total costs incurred in the manufacture of those joint-products. By-products are valued at the net realizable value.

3.8. Retirement and Employees benefits

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

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

Provident Fund / Employee State Insurance:

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

Gratuity:

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

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

Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Termination benefits

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

3.9. Revenue recognition

Revenue from contracts with customers

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

Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

Sale of goods

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

Contract Balances:

Contract assets

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Trade receivables

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

Contract liabilities

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

Variable consideration

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

Volume Rebates / Price concessions / Special discounts:

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

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

Service Income

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

Interest income

Interest income is recognized using the Effective Interest Rate (EIR) method.

3.10. Leases

Group as a lessor:

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

Group as a lessee:

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

i) Right-of-use assets

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

Plant and Machinery - 7 Years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

3.10. Leases (contd.)

iii) Short-term leases and leases of low-value assets

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

3.11. Taxes

Income Tax

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the respective reporting dates.

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

Deferred tax

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

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of any unused tax losses and unabsorbed depreciation.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

Deferred tax assets are recognized only if there is a reasonable certainty, with respect to unabsorbed depreciation and business loss, that they will be realized. Current tax / deferred tax relating to items recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Current tax / deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

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

Minimum Alternate Tax (MAT)

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

3.11. Taxes (contd.)

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

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

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

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

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

3.12. Cash and cash equivalents

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

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

3.13. Provisions and contingencies

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

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

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

3.14. Government grants

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

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

3.15. Intangible assets

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

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note - 3.15. Intangible assets (contd.)

as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

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

3.16. Borrowing costs

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

3.17. Impairment of non-financial assets

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

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

3.18. Earnings per share

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

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

3.19. Standards issued but not effective

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and there is no impact on its Consolidated Financial Statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Group has evaluated the amendment and the impact is not expected to be material.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 4 Revenue from operations

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations		
(i) Revenue from contracts with customers*		
Revenue from the sale of goods	58,451.53	37,676.91
Revenue from the sale of traded goods	399.07	248.67
Revenue from the rendering of services	0.48	0.39
Leasing income	1.00	1.28
(ii) Other operating revenue		
Revenue from sale of scrap	57.38	31.43
Revenue from export incentives	10.41	28.58
	58,919.87	**37,987.26**

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

	Year ended March 31, 2022	Year ended March 31, 2021
Revenue as per Contracted Price	60,202.33	38,597.01
Adjustments towards:		
Volume Rebates	305.23	246.98
Price concessions	832.26	339.32
Special discounts	212.76	83.46
Revenue as per statement of profit and loss	**58,852.08**	**37,927.25**

Contract Balances

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Trade Receivables (contract asset)	1,898.48	739.27
Advance from customers (contract liability)	294.48	200.65
Revenue recognised from opening contract liabilities	200.65	378.63
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India	2,620.36	1,765.55
- Within India	56,299.51	36,221.71

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

Note 5 Other income

	Year ended March 31, 2022	Year ended March 31, 2021
Gain on disposal of property, plant and equipment (net)	193.18	-
Provisions no longer required written back	26.68	29.16
Amortization of Government grants	5.81	5.81
Recovery of bad debts	0.09	-
Interest Income on financial assets at amortised cost	338.61	123.12
Miscellaneous income	10.48	5.73
	574.85	**163.82**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 6

	Year ended March 31, 2022	Year ended March 31, 2021
(a) Cost of materials consumed		
Inventories of materials at the beginning of the year	2,947.25	1,906.01
Add: Purchases	39,181.32	21,689.66
Less: Inventories of materials at the end of the year	5,092.35	2,947.25
	37,036.22	**20,648.42**
(b) Purchase of traded goods	269.02	310.78
	269.02	**310.78**

Note 7 Changes in inventories of traded goods, finished goods and work in progress

	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the beginning of the year		
Work in progress	110.29	54.44
Finished goods	217.74	650.38
Traded goods	113.96	-
	441.99	**704.82**
Inventories at the end of year		
Work in progress	117.06	110.29
Finished goods	490.46	217.74
Traded goods	3.82	113.96
	611.34	**441.99**
	(169.35)	**262.83**

Note 8 Employees' benefit expense

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	1,100.33	1,050.26
Contribution to provident and other funds	50.32	47.28
Gratuity Expense	16.63	17.17
Staff welfare expenses	33.36	21.12
	1,200.64	**1,135.83**

Note 9 Other expenses

	Year ended March 31, 2022	Year ended March 31, 2021
Power and fuel	4,767.75	2,995.33
Stores consumed	843.23	627.83
Commission on sales	86.66	86.13
Rent	34.26	4.83
Insurance	175.34	133.24
Rates and taxes	73.77	50.79
Repairs and maintenance		
- Machinery	502.14	337.59
- Building	77.57	54.23
- Others	154.14	95.59
Freight and handling	459.37	280.41
Difference in foreign exchange (net) *	631.77	548.60
Outside processing expenses	67.61	53.32
Operation & Maintenance expenses	173.42	153.69
Legal and professional fees	141.47	91.76

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 9 Other expenses (contd.)

	Year ended March 31, 2022	Year ended March 31, 2021
Payment to auditor^	11.93	9.32
Miscellaneous expenses	415.00	492.12
	8,615.43	**6,014.78**
Expense relating to short term leases (included in other expenses)	34.26	4.83

*Net of fair value gain on derivative instruments at FVTPL of Rs.87.23 Million (2020-21:Loss Rs. 686.40 Million)

^ Payment to auditor		
For Statutory Audit	7.15	6.66
For Tax Audit	1.07	1.07
For Limited Review	1.33	1.13
For Certification Services	0.27	0.32
For Other Services	2.10	0.10
For Reimbursement of Expenses	0.01	0.04
	11.93	**9.32**

The Holding Company has made payment to auditors of Rs.28.08 Million towards IPO expenses and the same has been considered as part of share issue expenses.

Note 10 Finance costs

	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank overdrafts and loans	2,393.78	3,612.39
Other finance costs	814.79	716.92
Bank charges	7.43	4.31
	3,216.00	**4,333.62**

Note 11 Income tax (expenses) / credit

	Year ended March 31, 2022	Year ended March 31, 2021
Current Tax:		
Current Income tax charge	(1,898.50)	(811.70)
Adjustments in respect of current income tax of prior years	33.65	35.14
Deferred tax:		
Relating to origination and reversal of temporary differences	395.87	(592.35)
Income tax expense reported in statement of profit and loss	**(1,468.98)**	**(1,368.91)**
Other comprehensive income (OCI):		
Items that will not be reclassified to Profit or Loss in subsequent periods		
Net loss/(gain) on remeasurements of defined benefit obligations	7.24	(2.22)
Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate	-	36.67
Deferred Tax expense relating to revaluation of property,plant and equipment	(617.63)	-
Adjustment of deferred tax liability relating to assets revalued on change in tax rates	-	29.82
Items that may be reclassified to profit or loss in subsequent periods		
Share of OCI from Joint Venture and Associate	-	78.73
Income tax charged to OCI	**(610.39)**	**143.00**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022

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

	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	7,955.46	5,469.76
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) as follows:	(2,779.96)	(1,911.35)

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 11 Income tax (expenses) / credit (contd.)

	Year ended March 31, 2022	Year ended March 31, 2021
Effects of:		
Availment of unrecognised MAT credit	934.64	174.77
Ineligible expenses	(25.61)	(29.89)
Effect of different tax rates of subsidiaries	353.82	377.55
Adjustments in respect to current Income Tax of previous years	33.65	21.68
Leashold land rent charges claimable under Income Tax	(7.00)	(13.30)
Effect of change in substantively enacted tax rates	-	4.21
Impact of income tax on sale of land	19.50	-
Impact of Government grant being recognised on below-par loan from Government	1.46	1.46
Others	0.52	5.96
Net effective Income tax (expenses) / credit	**(1,468.98)**	**(1,368.91)**

Note 12 Components of Other Comprehensive Income (OCI)

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

	Year ended March 31, 2022	Year ended March 31, 2021
Retained Earnings		
Re-measurement gains/(losses) on defined benefit obligations	(16.13)	4.59
Share of Associate and Joint Venture		
Profit / (Loss) on sale/redemption of investments in Joint Venture that will not be reclassified to Profit or Loss in subsequent periods	-	(68.26)
Share of OCI from Joint Venture and Associate that may be reclassified to Profit or Loss in subsequent periods	-	(186.97)
Revaluation Surplus		
Revaluation of property, plant and equipment	1,364.22	-
Adjustment of deferred tax liability relating to assets revalued on change in tax rates	-	29.82
	1,348.09	**(220.82)**

Note 13 Earnings per share (EPS):

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

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

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

Earnings per share :

	Year ended March 31, 2022	Year ended March 31, 2021
Profit/(Loss) after tax	6,486.48	4,100.85
Earnings used in the calculation of earnings per share	6,486.48	4,100.85
Weighted average number of Equity shares for Basic & Diluted EPS	14,85,63,579	13,40,80,000

Basic and diluted earnings per share

	Year ended March 31, 2022	Year ended March 31, 2021
Basic earnings per share	43.66	30.59
Diluted earnings per share	43.66	30.59

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 14 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Helicopter	Total
Cost or valuation								
Balance as at April 1, 2020	10,903.28	2,452.79	19,664.37	48.22	21.03	61.89	282.45	33,434.03
Additions	-	15.90	414.00	8.66	1.14	4.12	-	443.82
Disposals	-	1.38	57.82	0.11	0.03	15.19	-	74.53
Assets reclassified as held for sale (Refer Note 14.2)	-	-	-	-	-	-	282.45	282.45
Balance as at March 31, 2021	**10,903.28**	**2,467.31**	**20,020.55**	**56.77**	**22.14**	**50.82**	**-**	**33,520.87**
Additions	-	43.85	625.48	8.78	1.69	4.50	-	684.30
Disposals	205.64	10.97	118.70	0.18	1.28	12.35	-	349.12
Adjustments towards revaluation * (Refer Note 14.4)	515.18	(187.30)	(1,511.33)	-	-	-	-	(1,183.45)
Balance as at March 31, 2022	**11,212.82**	**2,312.89**	**19,016.00**	**65.37**	**22.55**	**42.97**	**-**	**32,672.60**
Accumulated depreciation								
Balance as at April 1, 2020	-	128.38	1,289.80	13.29	9.23	17.56	66.83	1,525.09
Depreciation expense	-	112.87	1,123.28	11.96	3.17	7.07	16.71	1,275.06
Eliminated on disposals of assets	-	1.38	57.53	0.11	0.03	3.94	-	62.99
Assets reclassified as held for sale (Refer Note 14.2)	-	-	-	-	-	-	83.54	83.54
Balance as at March 31, 2021	**-**	**239.87**	**2,355.55**	**25.14**	**12.37**	**20.69**	**-**	**2,653.62**
Depreciation expense	-	120.69	1,197.06	9.44	2.19	5.65	-	1,335.03
Eliminated on disposals of assets	-	10.97	118.71	0.18	1.28	6.20	-	137.34
Adjustments towards revaluation * (Refer Note 14.4)	-	(312.94)	(2,817.18)	-	-	-	-	(3,130.12)
Balance as at March 31, 2022	**-**	**36.65**	**616.72**	**34.40**	**13.28**	**20.14**	**-**	**721.19**
Net Block								
Balance as at March 31, 2022	**11,212.82**	**2,276.24**	**18,399.28**	**30.97**	**9.27**	**22.83**	**-**	**31,951.41**
Balance as at March 31, 2021	**10,903.28**	**2,227.44**	**17,665.00**	**31.63**	**9.77**	**30.13**	**-**	**30,867.25**

Note:

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

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 14 Property, plant and equipment (contd.)

Note : 14.1

Carrying amounts of Right-of-use (ROU) assets recognised and movement during the year

Particulars	Plant and equipment	Leasehold land
Carrying amount		
Balance as at April 01, 2020	184.27	410.59
Additions	-	52.84
Depreciation	30.87	4.93
Balance As at March 31, 2021	**153.40**	**458.50**
Additions	-	27.81
Depreciation	30.86	5.41
Adjustments towards revaluation	-	35.17
Balance as at March 31, 2022	**122.54**	**516.07**

Carrying amounts of Lease liability recognised and movement during the year

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at beginning of the year	166.08	188.07
Accretion of interest	20.52	23.61
Payments	45.60	45.60
Balance as at end of the year	**141.00**	**166.08**

	As at March 31, 2022	As at March 31, 2021
Current	28.62	25.08
Non-current	112.38	141.00

*Note on Recognition of Right-of-use asset

The Group has adopted the modified retrospective approach as given in Ind AS 116 and so has recognised Right-of-use assets and Lease liability for unexpired contracts as at April 1, 2019 and which has a lease term of more than 12 months from the date of initial application. Prepayments amounting to Rs.7.54 Million were reclassified as part of Right-of-use asset relating to Plant and Equipment on the date of initial application.

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

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use asset	36.27	35.80
Interest expense on lease liabilities	20.52	23.61
Expense relating to short term leases (included in other expenses)	34.26	4.83
Total amount recognised in Statement of Profit and Loss	**91.05**	**64.24**

Note : 14.2

Assets held for sale

(a) The management had approved the sale of helicopter during the previous year and has accordingly classified the same as "Asset held for sale" as at March 31, 2021. Subsequently, the Group has sold the same in the current year.

Note : 14.3

Title deeds of Immovable Property not held in the name of the Company

Freehold land to the extent of 7.56 acres having a carrying value of Rs. 13.25 Million as at March 31, 2022 (7.56 acres of Rs 24.23 Million as at March 31, 2021) are in dispute. Pending resolution of the dispute, related title deeds have not been registered in the name of the Subsidiary company.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 14 Property, plant and equipment (contd.)

Note : 14.4

Revaluation of Property, Plant and Equipment and Right-of-use Assets

Fair value of property, plant and equipment was determined by using the market value method, hypothetical layout method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of latest revaluation of January 1, 2022 the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP & N.Ayyapan (for land), who are both Registered Valuers as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Information of revaluation model:

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

Net book value	March 31, 2022 Rs Million	March 31, 2021 Rs Million
Cost	14,401.28	9,202.44
Accumulated depreciation	4,088.09	2,411.58
Net carrying amount	**10,313.19**	**6,790.86**

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

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

	Fair value measurement using			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	Rs Million	Rs Million	Rs Million	Rs Million
Assets measured at fair value:				
March 31,2022				
Revalued Property, Plant and Equipment				
Freehold Land	11,212.82	-	2,202.41	9,010.41
Buildings	2,276.24	-	-	2,276.24
Plant and Machinery	18,399.28	-	-	18,399.28
Revalued ROU				
Leasehold land	516.07	-	516.07	-
	32,404.41	**-**	**2,718.48**	**29,685.93**

	Fair value measurement using			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	Rs Million	Rs Million	Rs Million	Rs Million
Assets measured at fair value:				
March 31,2021				
Revalued Property, Plant and Equipment				
Freehold Land	10,903.28	-	10,903.28	-
Buildings	2,227.44	-	-	2,227.44
Plant and Machinery	17,665.00	-	-	17,665.00
Revalued ROU				
Leasehold land	-	-	-	-
	30,795.72	**-**	**10,903.28**	**19,892.44**

Significant Observable and unobservable Valuation Inputs :

The value of Freehold land was determined based on condition, location, demand, supply in and around, plant-layout and other infrastructure facility available at and around the said plot of land.

Right-of-use on leasehold land which was based on Government promoted industrial estates, was measured on the present fair market value depending on the condition of the said estates, its location and availability of such plots in the said industrial estate.

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 15 Investments at FVTPL

	As at March 31, 2022	As at March 31, 2021
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E (2 Equity shares of face value of EGP 1000/- each)	0.44	0.44
Sai Regency Power Corporation Private Limited	-	-
	0.44	**0.44**
Aggregate value of unquoted investments	**0.44**	**0.44**

(Also refer to Note 40 for details of investments and also Refer Note 40a

Note 16 Other non-current financial assets

	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Security deposits	214.06	222.90
Margin deposits	0.58	0.59
Non-current bank deposits	0.11	0.48
Sundry receivables	5.62	5.62
Claims receivables	13.29	13.29
	233.66	**242.88**

Note 17 Other non-current assets

	As at March 31, 2022	As at March 31, 2021
Security Deposit - Government Authorities	47.70	47.50
Prepaid expenses	41.65	8.22
Capital Advances	173.22	45.79
	262.57	**101.51**

Note 18 Inventories

	As at March 31, 2022	As at March 31, 2021
Raw materials	1,079.98	726.88
Work-in-progress	117.06	110.29
Finished goods	490.46	217.74
Traded goods	3.82	113.96
Stores and spares	1,407.07	681.96
Intermediaries	4,012.05	2,220.07
	7,110.44	**4,070.90**

As at March 31, 2020 Inventories with a value of Rs. 1,165.98 Million were carried at net realizable value. This was after considering a charge to the statement of profit and loss of Rs.1,068.95 Million for the year ended March 31, 2020 towards write-down of inventories to their net realisable value. During the year ended March 31, 2022, Nil (Previous Year Rs. 812.72 Million) was utilized or released to the statement of profit and loss from such written-down value of inventory.

Note :

Inventories includes Goods in transit	As at March 31, 2022	As at March 31, 2021
Raw Material	181.85	47.99
Intermediaries	2,497.34	1,181.32
Stores and Spares	686.68	8.81
	3,365.87	**1,238.12**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 19 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good**		
Receivable from others	1,898.48	739.27
	1,898.48	**739.27**

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

** Also refer Note 52 for Trade receivables ageing schedule

Note 20 Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Bank balances		
- in current account	519.47	834.84
- Deposits with original maturity of less than three months	9,449.82	2,179.50
Cheques on hand	25.67	14.75
Cash on hand	2.48	5.64
Stamps on hand	0.12	0.15
	9,997.56	**3,034.88**

Note 21 Other bank balances

	As at March 31, 2022	As at March 31, 2021
Margin deposits (Refer Note 27)	1,969.45	3,267.70
Deposits with original maturity of more than three months but less than twelve months	214.10	210.00
Public Offer Account*	110.82	-
	2,294.37	**3,477.70**

* There are restrictions on the bank balances held in Public Offer Account

Note 22 Other current financial assets

	As at March 31, 2022	As at March 31, 2021
(unsecured, considered good)		
Security deposits	33.33	3.39
Sundry receivable (Refer Note 40)	648.76	767.21
Claims receivables	147.06	102.52
Interest receivable	49.26	19.11
	878.41	**892.23**

Note 23 Other current assets

	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	29.89	33.97
Balances with Government authorities	-	25.78
Advances given to suppliers	356.87	273.43
	386.76	**333.18**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 24 Equity Share Capital

	As at March 31, 2022	As at March 31, 2021
Authorised		
400,000,000 equity shares of Rs.5/- each (Previous year 400,000,000 equity shares of Rs.5/- each)	2,000.00	2,000.00
3,500,000 cumulative redeemable preference shares of Rs.100/- each (Previous year 3,500,000 cumulative redeemable preference shares of Rs.100/- each)	350.00	350.00
	2,350.00	**2,350.00**
Issued		
158,109,574 equity shares of Rs.5/- each (Previous year 134,080,000 equity shares of Rs.5/- each fully paid up)	790.55	670.40
Subscribed and fully paid-up		
158,109,574 equity shares of Rs.5/- each (Previous year 134,080,000 equity shares of Rs.5/- each fully paid up)	790.55	670.40
	790.55	**670.40**

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

Particulars	No. of Shares	Share Capital
Balance at April 1, 2020	67,040,000	670.40
Sub-division of shares*	67,040,000	-
Balance as at March 31, 2021	134,080,000	670.40
Issued during the year (Refer Note 46)	24,029,574	120.15
Balance as at March 31, 2022	**158,109,574**	**790.55**

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

Shares Held by Holding Company and its subsidiaries

Sanmar Holdings Limited and its nominees 86,945,065 equity shares (Previous Year 132,480,000 equity shares)

Rights, Preferences and Restrictions attached to shares

Equity Shares: The Holding Company has one class of equity shares having a par value of Rs. 5 per share (March 31, 2021- Rs. 5 per share). Each share holder is eligible for one vote per share held. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Holdings Limited & its nominees	86,945,065	54.99%	132,480,000	98.81%
SBI Magnum Children's Benefit Fund - Investment Plan	15,430,527	9.76%	-	-
Mirae Asset Tax Saver Fund	13,715,783	8.67%	-	-

C: Details of Shares held by promoters at the end of the year

Promoter name	For the year March 31, 2022		
	No. of Shares	% of total shares	% Change during the year
Sanmar Holdings Limited	86,945,065	54.99%	(43.82%)
	86,945,065	**54.99%**	**(43.82%)**

Promoter name	For the year March 31, 2021		
	No. of Shares	% of total shares	% Change during the year
Sanmar Holdings Limited	132,480,000	98.81%	-
Sanmar Engineering Services Limited	1,600,000	1.19%	-
	134,080,000	**100.00%**	**-**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 25 Instruments entirely equity in nature

A: Reconciliation of Instruments entirely equity in nature outstanding at the beginning and at the end of the year

	No. of CCD	Amount
Balance at 1 April 2020	248,965,500	24,896.55
Issued during the year	-	-
Redeemed during the year	(245,533,516)	(24,553.35)
Balance at 31 March 2021	3,431,984	343.20
Issued during the year	-	-
Redeemed during the year	-	-
Balance at 31 March 2022	**3,431,984**	**343.20**

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

(i) 735,000 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 31, 2029

(ii) 1,200,000 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 31, 2029

(iii) 1,496,984 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 20, 2029

(iv) The CCDs shall not carry any interest.

(v) The CCDs are not marketable securities and can be transferred only at the discretion of the issuer company of the Group.

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

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

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

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

B: Details of Debenture holders of the Group

Name of Debenture holder	As at March 31, 2022		As at March 31, 2021	
	No. of Debentures	% of holding	No. of Debentures	% of holding
Sanmar Engineering Services Limited (Ultimate Holding Company) of face value of Rs.100 each	3,431,984	100%	3,431,984	100%

Note 26 Other Equity

	As at March 31, 2022	As at March 31, 2021
General Reserve	1,477.57	239.32
Retained earnings (Refer A below)	16,503.65	9,502.82
Share of Associate and Joint Venture (Refer E below)	-	-
Capital Reserve (Refer B below)	(32,307.19)	(32,307.19)
Capital Redemption Reserve	392.51	392.51
Debenture Redemption Reserve (Refer C below)	-	1,238.25
Asset Revaluation Reserve (Refer D below)	15,992.81	15,159.07
Securities premium (Refer F below)	13,857.28	1,266.71
	15,916.63	**(4,508.51)**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 26 Other Equity (contd.)

(A) Retained Earnings

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	9,502.82	5,064.19
Profit / (Loss) for the year	6,486.48	4,100.85
Depreciation on revalued assets	398.41	412.10
Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate	-	(78.91)
Transfer from revaluation reserve on disposal of asset	132.07	-
Other Comprehensive Income	(16.13)	4.59
Balances at the end of the year	**16,503.65**	**9,502.82**

(B) Capital Reserve

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	(32,307.19)	(32,307.19)
Balances at the end of the year	**(32,307.19)**	**(32,307.19)**

(C) Debenture Redemption Reserve

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	1,238.25	1,270.00
Amounts transferred from General Reserve	-	-
Deductions during the year	(1,238.25)	(31.75)
Balances at the end of the year	**-**	**1,238.25**

(D) Asset Revaluation Reserve

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	15,159.07	15,129.24
Depreciation on revalued assets	(398.41)	-
Transfer from revaluation reserve on disposal of asset	(132.07)	-
Other Comprehensive Income	1,364.22	29.82
Balances at the end of the year	**15,992.81**	**15,159.07**

(E) Share of Associate and Joint Venture

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	-	176.32
Other Comprehensive Income	-	(255.23)
Reclassification of profit on sale or redemption to retained earnings	-	78.91
Balances at the end of the year	**-**	**-**

(F) Securities premium

	As at March 31, 2022	As at March 31, 2021
Balances at the beginning of the year	1,266.71	**1,266.71**
Issue of equity shares during the year (Refer Note 46)	12,879.86	-
Transaction cost on issue of shares (Refer Note 46)	(289.29)	-
Balances at the end of the year	**13,857.28**	**1,266.71**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 26 Other Equity (contd.)

Nature and purpose of reserves:

Asset Revaluation Reserve:

The Group has recognised the surplus arising out of revaluation of Property, plant and equipment to Asset Revaluation Reserve in accordance with Ind AS 16.

Capital Reserve:

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

Capital Redemption Reserve:

The Group had created Capital Redemption reseve in respect of redemption of preference shares in accordance with Companies Act.

Debenture Redemption Reserve (DRR):

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

Securities Premium:

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

General Reserve:

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

Note 27 Non Current Borrowings

		As at March 31, 2022	As at March 31, 2021
Redeemable, Non-convertible debentures			
17.50% Debentures Nil (Previous Year 1,270 Debentures of face value of Rs.9,750,000 each)		-	12,117.16
Term loan from Banks		5,152.83	6,126.05
Term loan from Financial Institutions		2,617.71	1,974.13
SIPCOT Soft Loan		903.24	884.94
	(A)	**8,673.78**	**21,102.28**
Less:			
Current maturities of borrowings			
17.50% Debentures		-	280.67
Term loan from Banks		286.87	232.17
Term loan from Financial Institutions		396.39	343.95
	(B)	**683.26**	**856.79**
	(A) - (B)	**7,990.52**	**20,245.49**

Summary of borrowing arrangements

Debentures outstanding

17.50% Debentures outstanding of Nil (March 31, 2021: Rs.12,117.16 Million) was originally repayable in 7 unequal annual installments commencing from 21-Dec-2020. Also refer Note 46.

Security particulars of debentures

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

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

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 27 Non Current Borrowings (contd.)

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

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

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

Term Loan from Bank

A. Term loan of the subsidiary company from bank amounting to Rs. 5,152.83 Million (March 31, 2021: Rs. 6,126.05 Million) is secured by first pari passu charge over moveable and immoveable property, plant and equipment, second pari passu charge over current assets and exclusive charge over Debt Service Reserve Account.

B. Corporate Guarantee of Sanmar Engineering Services Limited for Rs.8,250 Million towards the term loan, but limited to current outstanding of Rs.5,152.83 Million.

C. The Bank has a put option on the term loan at the end of 7 years from the period of first disbursement being December, 2019.

Soft loan from SIPCOT

A. Term loan of the subsidiary company from SIPCOT amounting to Rs. 903.24 Million (March 31, 2021: Rs. 884.94 Million) is secured by first pari passu charge on specific land, buildings and plant and machinery of subsidiary. (Refer Note 3.14)

Term loan from Financial Institution

A. Term loan of subsidiary from financial institution amounting to Rs. 2,617.71 Million (March 31, 2021: Rs 1,974.13 Million) is secured by first pari passu charge over entire moveable fixed assets of the Borrower, both present and future, first pari passu charge over the entire immoveable fixed assets (leasehold and freehold lands admeasuring about 190 acres) of the Borrower, both present and future, second pari passu charge over current assets of the Borrower, both present and future and exclusive charge over Debt Service Reserve Account of subsidiary.

B. Corporate Guarantee of Sanmar Engineering Services Limited towards the term loan aggregating to Rs.3,000 Million but limited to current outstanding of Rs.2,617.71 Million.

C. The financial institution has a put option on the term loan amounting to Rs.987.12 Million at the end of 5 years from the period of first disbursement being December, 2021.

Repayment of loans

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

Note: Current interest rate of the above term loan is 8.75% (March 31, 2021: 11.75%)

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

(c) Repayment of 1st tranch of term loan amounting to Rs. 1,630.59 Million from financial institution in 23 equated quarterly installments, commencing from May, 2021

Note: Current interest rate of the above term loan is 10.75% (March 31, 2021: 10.75%)

(d) Repayment of 2nd tranch of term loan amounting to Rs. 987.12 Million from financial institution in 34 structured quarterly installments, commencing from February, 2022

Note: Current interest rate of the above term loan is 8.90% (March 31, 2021: NA)

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 28 Other non-current financial liabilities

	As at March 31, 2022	As at March 31, 2021
Trade Deposits	52.88	43.28
Accrued salaries and benefits	521.96	408.44
Other Payables	167.78	166.07
	742.62	**617.79**

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

	As at March 31, 2022	As at March 31, 2021
A. Deferred tax liability		
Difference between book and tax written down value of Property, Plant & Equipment	7,716.10	7,392.55
Payments allowable in full under Income Tax but amortised over a period in books	21.83	98.00
MTM/Forward Premium claimable in future	35.18	(12.25)
Difference in allowable expenditure on forward exchange contracts	(43.42)	12.71
Expenses allowable on payment basis	(282.19)	(234.28)
Employees Separation Scheme	(33.75)	(57.62)
Others	0.78	0.91
	7,414.54	**7,200.02**

Note:

Unrecognised Minimum Alternate Tax Credit

Financial year	Year of Maturity	As at March 31, 2022	As at March 31, 2021
2016-17	2031-32	-	479.47
2017-18	2032-33	349.87	805.04
Total		**349.87**	**1,284.51**

Reconciliation of deferred tax liabilities (net):

	As at March 31, 2022	As at March 31, 2021
Opening Balance	7,200.02	6,750.67
Change in Statement of Profit and Loss	(395.87)	592.35
Change in Other Comprehensive Income	610.39	(143.00)
Closing Balance	**7,414.54**	**7,200.02**

Note 30 Other non-current liabilities

	As at March 31, 2022	As at March 31, 2021
Government grant*	126.48	132.29
Other liabilities	37.71	41.34
	164.19	**173.63**

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 31 Current Borrowings

	As at March 31, 2022	As at March 31, 2021
Secured – at amortized cost		
- Term loan from Banks	286.87	232.17
- Term loan from Financial Institutions	396.39	343.95
- 17.50% Debentures	-	280.67
	683.26	**856.79**

Security Particulars :

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

The quarterly return submitted by the Group to its Bankers are in agreement with the books of accounts.

Note 32 Trade payables

	As at March 31, 2022	As at March 31, 2021
Payable to others*	18,783.09	16,561.46
	18,783.09	**16,561.46**

* General Terms: The average credit period varies for each product between 1 to 270 days. In General - No interest is charged for the initial period of 60 days. Thereafter interest / discounting charges is paid at LIBOR / SOFR + Spread on the outstanding balance.

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

* Includes dues for payment to Micro and Small Enterprises Rs. 55.60 Million (Previous year Rs. 67.69 Million) (Also refer Note 45)

* Also refer Note 53 for Trade payables ageing schedule

Note 33 Derivative Instruments

	As at March 31, 2022	As at March 31, 2021
Derivative Liability / (Asset) #	69.28	156.50
	69.28	**156.50**

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

Note 34 Other current financial liabilities

	As at March 31, 2022	As at March 31, 2021
Trade Deposits	0.57	1.21
Payable / Accrual towards Capital Expenditure*	53.28	252.64
Accrued salaries and benefits	367.97	542.49
Other Payables	1,220.97	791.09
	1,642.79	**1,587.43**

* Includes dues for payment to Micro and Small Enterprises Rs. 8.61 Million (March 31, 2021: Rs. 10.37 Million) (Also refer Note 45)

Note 35 Other current liabilities

	As at March 31, 2022	As at March 31, 2021
Government grant	5.81	5.81
Advance from customers	294.48	200.65
Withholding and other tax payables	343.94	41.49
Other Liabilities	184.62	154.15
	828.85	**402.10**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 36 Financial instruments

36.1 Capital management

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

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

Gearing ratio

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2022 and March 31, 2021 were as follows:

	As at March 31, 2022	As at March 31, 2021
Borrowings (i)	8,673.78	21,102.28
Cash and Cash Equivalents	9,997.56	3,034.88
Net debt	(1,323.78)	18,067.40
Equity (ii)	17,050.38	(3,494.91)
Gearing Ratio	(0.08)	(5.17)

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

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

36.2 Categories of financial assets and liabilities carried at amortised cost

36.2.1 Financial assets - At amortised cost

	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents (Note 20)	9,997.56	3,034.88
Other bank balances (Note 21)	2,294.37	3,477.70
Trade receivables (Note 19)	1,898.48	739.27
Other financial assets (Note 16 & 22)	1,112.07	1,135.11
	15,302.48	**8,386.96**

36.2.2 Financial liabilities- At amortised cost

	As at March 31, 2022	As at March 31, 2021
Borrowings (Note 27 & 31)	8,673.78	21,102.28
Trade payables (Note 32)	18,783.09	16,561.46
Other financial liabilities (Note 28 & 34)	2,385.41	2,205.22
Lease liability (Note 14.1)	141.00	166.08
	29,983.28	**40,035.04**

36.3 Financial risk management objectives

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

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

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

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

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 36 Financial instruments (contd.)

36.4 Market risk

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

36.5 Foreign currency risk management

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

36.5.1 Foreign currency sensitivity analysis

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

Particulars	Change in currency exchange rate	Impact on post tax profits and equity	
		March 31, 2022	March 31, 2021
USD	1%	112.43	73.77
EURO		(0.33)	-

36.6 Commodity price risk

The Group imports Ethylene, Ethylene Dichloride (EDC) and Vinyl cholo monomer (VCM) for manufacture of PVC , Methanol for manufacture of Chloromethanes and Coal for its Captive Power Plant.

A) Ethylene, EDC, VCM :

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

B) Coal, Methanol :

The following table shows the effect of price changes for Coal, Methanol for the year 2021-22 :

Product	Change in Price	Impact on post tax profits and equity	
		March 31, 2022	March 31, 2021
Coal	5%	59.14	30.92
Methanol	5%	13.09	6.71
Total		**72.23**	**37.63**

36.7 Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. It also uses sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term loans. Wherever the Group has fixed interest borrowings there is no exposure to risk of changes in market rates.

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

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

Particulars	Increase/(Decrease) in basis points	Impact on post tax profits and equity	
		March 31, 2022	March 31, 2021
INR	100	58.30	60.19

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 36 Financial instruments (contd.)

36.8 Credit risk management

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

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

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

None of the Group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2022, that defaults in payment obligations will occur.

36.8.1 Trade receivables

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

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

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2022	648.73	90.54	-	739.27
Trade Receivables as of March 31, 2021	578.46	0.09	-	578.55

36.8.2 Financial instruments and cash deposits

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

36.9 Liquidity risk management

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

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

March 31, 2022	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	20,418.04	444.23	20,862.27
Interest bearing	789.00	8,401.29	9,190.29
	21,207.04	**8,845.52**	**30,052.56**

March 31, 2021	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	5,719.54	283.93	6,003.47
Interest bearing	13,467.72	20,720.35	34,188.07
	19,187.26	**21,004.28**	**40,191.54**

36.10 Fair value hierarchy

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 36 Financial instruments (contd.)

- 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, 2022		
	Level 1	Level 2	Level 3
Financial Assets / (Liabilities) measured at fair value			
Investments	-	-	0.44
Derivative liabilities	-	(69.28)	-

	Fair value hierarchy as at March 31, 2021		
	Level 1	Level 2	Level 3
Financial Assets / (Liabilities) measured at fair value			.
Investments	-	-	0.44
Derivative liabilities	-	(156.50)	-

Derivative instruments classified under Level 2 are valued using the quotes obtained by aggregators based on deals entered between market participants. Investments in unquoted equity shares classified under Level 3 are valued using DCF method. Long-term growth rate and Weighted average cost of capital are significant unobservable inputs whose sensitivity does not significantly affect the carrying values of such investments.

36.11 Fair values

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

	Carrying value		Fair value	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets				
Investments	0.44	0.44	0.44	0.44
Other financial assets:				
Deposits	2,542.45	3,705.06	2,542.45	3,705.06
Sundry receivables	703.64	791.94	703.64	791.94
Claims receivable	160.35	115.81	160.35	115.81
Trade receivables	1,898.48	739.27	1,898.48	739.27
Cash and cash equivalents	9,997.56	3,034.88	9,997.56	3,034.88
Total	**15,302.92**	**8,387.40**	**15,302.92**	**8,387.40**
Financial liabilities				
Borrowings:				
Floating rate borrowings	7,770.54	8,100.18	7,770.54	8,100.18
Fixed rate borrowings	903.24	13,002.10	903.24	13,002.10
Trade payables	18,783.09	16,561.46	18,783.09	16,561.46
Other financial liabilities:				
Accrued salaries and benefits	889.93	950.93	889.93	950.93
Payable / Accrual towards Capital Expenditure	53.28	252.64	53.28	252.64
Other payables	1,442.20	1,001.65	1,442.20	1,001.65
Lease Liability	141.00	166.08	141.00	166.08
Derivatives not designated as hedge				
Derivative (asset) / liability	69.28	156.50	69.28	156.50
Total	**30,052.56**	**40,191.54**	**30,052.56**	**40,191.54**

i. The management assessed that cash and cash equivalents, short-term investments, trade receivables, trade payables, other current financial liabilities, other current financial assets, current sundry receivables, current deposits, accrued salaries and benefits approximate their carrying amounts largely due to their short-term nature.

ii. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 37 Employee benefit cost

Defined benefit plans

Gratuity:

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2022 by a private actuary.

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

	Valuation at	
	March 31, 2022 %	**March 31, 2021 %**
Discount rate(s)	7.36%	6.97%
Expected return on plan assets	7.36%	6.97%
Expected rate(s) of salary increase	7.30%	7.00%
Attrition rate	2.00%	2.00%

Cost of defined benefit plans are as follows:

	Year ended March 31, 2022	**Year ended March 31, 2021**
Current service cost	16.66	17.01
Interest on obligation	12.37	10.15
Expected return on plan assets (to the extent it represents an adjustment to interest cost)	12.40	9.99
Net cost recognised in the Statement of Profit and Loss	**41.43**	**37.15**
Expected return on plan assets (to the extent it does not represent an adjustment to interest cost)	-	-
Actuarial (gains)/losses recognized in the year	23.37	(6.81)
Net gain recognised in the Other Comprehensive Income	**23.37**	**(6.81)**

The amount included in the Financial Statements arising from the entity's obligation in respect of its defined benefit plans were as follows:

	Year ended March 31, 2022	**Year ended March 31, 2021**
Present value of funded defined benefit obligation	233.16	164.87
Fair value of plan assets	193.50	165.21
Net Liability / (Asset)	**39.66**	**(0.34)**

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

	Year ended March 31, 2022	**Year ended March 31, 2021**
Opening fair value of plan assets	165.21	141.52
Expected return on plan assets	12.40	9.99
Actuarial (gains)/losses	(9.42)	(1.24)
Contributions from the employer	-	39.69
Transfer of obligations	40.40	3.23
Benefits paid	(15.09)	(27.98)
Closing fair value of plan assets	**193.50**	**165.21**

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 37 Employee benefit cost (contd.)

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

	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	164.87	170.51
Current service cost	16.66	17.01
Interest cost	12.37	10.15
Actuarial (gains)/losses	13.95	(8.05)
Transfer of obligations	40.40	3.23
Benefits paid	(15.09)	(27.98)
Closing defined benefit obligation	**233.16**	**164.86**
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	(1.65)	0.51
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	15.60	(8.56)
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]	-	-
Year 1	12.85	8.49
Year 2	42.81	16.99
Year 3	25.66	21.72
Year 4	18.35	18.85
Year 5	25.97	16.27
Years 6 through 10	101.48	62.47

Notes:

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

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

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

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

The Group expects to make a contribution of Rs. 49.93 Million to the defined benefit plans during the next financial year.

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

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	2.94	5.10	(17.65)
Decrease in discount rate by 1 %	8.11	3.36	20.52
Increase in salary escalation by 1 %	8.11	5.83	20.60
Decrease in salary escalation by 1 %	2.88	2.99	(18.05)

Note: 38

(A) Investment in Joint Venture

Investment in partnership firm - Mowbrays Corporate Finance (MCF)

The Group had previously invested in a Joint Venture Mowbrays Corporate Finance, a partnership firm and exited with effect from December 15, 2020. As per the terms mutually agreed, the Group's investment in this joint venture had redeemed at its original cost. Pursuant to this, the Group has recognised a gain of Rs.1,702.21 Million arising from the Group's exit from this partnership firm in the Consolidated Financial Statements for the year ended March 31, 2021.

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note : 38 (contd.)

Particulars	As at March 31, 2022	As at March 31, 2021
Total partners	-	2
%age holding	-	50%
Opening Carrying Value of Investments	**-**	**9,796.04**
Redemption of investments	-	(10,734.63)
Share of Profit/(Loss) of Joint Venture	-	(699.12)
Less: Share of realised profits from Joint Venture	-	-
Share of Other Comprehensive Income of a Joint Venture		
Items that may be reclassified to Profit or Loss in subsequent years	-	(64.50)
Items that will not be reclassified to Profit or Loss in subsequent years	-	-
Gain on disposal of investment in Joint Venture	-	1,702.21
Closing Carrying Value of Investments	**-**	**-**

Statement of Profit and Loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	-	-
Other income	-	-
Total Income	**-**	**-**
Expenses		
Finance costs	-	0.00
Other expenses	-	0.01
Total Expenses	**-**	**0.01**
Profit / (Loss) before share of (profit)/loss of an associate, exceptional items and tax	-	(0.01)
Share of profit/(loss) of an associate	-	(1,398.40)
Profit / (Loss) on sale/redemption of investments of Associate	-	-
Profit before tax	**-**	**(1,398.41)**
Tax Expense		
(1) Current tax	-	-
(2) Deferred tax	-	-
Total Tax Expense	**-**	**-**
Profit / (Loss) for the year	**-**	**(1,398.41)**
Group's share of Profit / (Loss) for the year	**-**	**(699.12)**
Other Comprehensive Income		
Items that may be reclassified to profit or loss in subsequent years, net of tax		
- Share of OCI of an Associate	-	(129.01)
Group's share for the year	**-**	**(64.50)**
Items that will not be reclassified to Profit or Loss in subsequent years, net of tax		
- Profit / (Loss) on sale/redemption of investments of Associate	-	-
Group's share for the year	**-**	**-**
Total Other Comprehensive Income for the year	**-**	**(129.01)**
Group's share of OCI for the year	**-**	**(64.50)**
Total Comprehensive Income for the year	**-**	**(1,527.42)**
Group's share of Total Comprehensive Income for the year	**-**	**(763.62)**

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note : 38 (contd.)

(B) Investment in an Associate

Investment in Equity instruments of an Associate company

Sanmar Group International Limited

	As at March 31, 2021
Nil (March 31, 2021: 1,682,195,623) Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each	16,821.95
Group share of %	44.75%

The Group had previously invested in CCPS of Sanmar Group International Limited (SGIL), which is involved in the investment activities. The above investment was redeemed during the previous year ended March 31, 2021. The Group's interest in SGIL was accounted for using the equity method in the Consolidated Financial Statements. The following table illustrates the summarised financial information of the Group's investment in SGIL:

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

Particulars	As at March 31, 2022	As at March 31, 2021
Current assets	-	7,020.96
Non Current assets	-	93,420.26
Current liabilities	-	(28,571.69)
Non Current liabilities	-	(61,651.14)
Equity	-	10,218.39
Group's share	-	4,572.73

Statement of Profit and Loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	-	23,043.77
Other income	-	14.06
Total Income	**-**	**23,057.83**
Expenses		
Cost of materials consumed	-	10,923.37
Changes in inventories of finished goods and work-in-progress	-	99.21
Employees' benefit expense	-	1,079.62
Other expenses	-	7,823.77
Depreciation expense	-	3,813.42
Finance costs	-	4,056.28
Total Expenses	**-**	**27,795.67**
Profit / (Loss) before tax	**-**	**(4,737.84)**
Tax expense:		
Current Tax	-	0.01
Deferred Tax	-	(1,153.85)
Profit / (Loss) for the year after tax	**-**	**(5,891.68)**
Group's share of Profit / (Loss) for the year	**-**	**(2,636.53)**
Other comprehensive loss that may be reclassified to profit or loss in subsequent years, net of tax		
- Foreign currency translation reserve	-	(449.60)
Companies share of Other Comprehensive Income for the year	**-**	**(201.20)**
Investments at Cost	-	16,821.95
Less: Cumulative Share of Profits/(Losses) of Associate	-	(2,844.68)
Less: Cumulative Share of Other Comprehensive Income of Associate	-	(176.47)

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note : 38 (contd.)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Carrying Value of Investments	-	13,800.80
Goodwill included in carrying value of investments	-	9,228.75
Opening Carrying Value of Investments	**-**	**16,638.53**
Investments made during the year	-	-
Add: Share of Profit/(Loss) of an Associate for the year	-	(2,636.53)
Add: Share of OCI of associate pertaining to items that may be reclassified to profit or loss in subsequent years	-	(201.20)
Less: Redemption of investment in Associate *	-	(16,821.95)
Gain on disposal of investment in Associate *	-	3,021.15
Closing Carrying Value of Investments	**-**	**-**
Goodwill included in carrying value of investments	-	-

* As per the terms mutually agreed, the Group had redeemed its investments in CCPS held in Sanmar Group International Limited as at March 31, 2021 at its original cost. Pursuant to this, the Group had recognised a gain of Rs. 3,021.15 Million arising from the above redemption in the Consolidated Financial Statements for the year ended March 31, 2021.

Note 39 Segment Reporting

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

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

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

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

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

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

The Board of Directors of the Group whom have been identified as the Chief Operating Decision Maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicators of the Group into manufacture and sale of speciality chemicals and commodity chemicals as per the requirement of Ind AS 108 "Operating Segments". The Group's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

Description	Specialities		Commodity		Inter segment elimination		Unallocated		Total	
	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21
Revenue (Net of Goods and Services Tax)										
External revenue	20,092.56	12,880.11	38,827.30	25,107.15	-	-	-	-	58,919.86	37,987.26
Inter segment revenue	28.89	7.27	0.51	0.24	(29.40)	(7.51)	-	-	-	-
Segment revenue	**20,121.45**	**12,887.38**	**38,827.81**	**25,107.39**	**(29.40)**	**(7.51)**	**-**	**-**	**58,919.86**	**37,987.26**
Other income	326.58	57.78	248.27	106.04	-	-	-	-	574.85	163.82
Segment results	**20,448.03**	**12,945.16**	**39,076.08**	**25,213.43**	**(29.40)**	**(7.51)**	**-**	**-**	**59,494.71**	**38,151.08**
Segment result (Profit before interest, exceptional item and tax)	5,693.74	3,092.40	5,477.80	5,375.30	(0.08)	(0.12)	-	-	11,171.46	8,467.58
Less: Finance Cost	1,357.48	2,536.69	1,858.52	1,796.93	-	-	-	-	3,216.00	4,333.62
Share of Profit/(Loss) from Joint Venture and Associate	-	-	-	-	-	-	-	(3,335.65)	-	(3,335.65)

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 39 Segment Reporting (contd.)

Description	Specialities		Commodity		Inter segment elimination		Unallocated		Total	
	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 21 to Mar 22	Apr 20 to Mar 21
Profit on redemption/sale of investments in Joint Venture and Associate	-	-	-	-	-	-	-	4,828.29	-	4,828.29
Exceptional Items	-	(156.84)	-	-	-	-	-	-	-	(156.84)
Profit before tax	**4,336.26**	**398.87**	**3,619.28**	**3,578.37**	**(0.08)**	**(0.12)**	**-**	**1,492.64**	**7,955.46**	**5,469.76**
Provision for tax										
- Current	(845.40)	(133.10)	(1,053.10)	(678.60)	-	-	-	-	(1,898.50)	(811.70)
- Deferred	270.32	135.36	125.55	(233.29)	-	-	-	(494.42)	395.87	(592.35)
Income Tax relating to earlier years	33.58	35.14	0.07	-	-	-	-	-	33.65	35.14
Profit / (Loss) after tax	**3,794.76**	**436.27**	**2,691.80**	**2,666.48**	**(0.08)**	**(0.12)**	**-**	**998.22**	**6,486.48**	**4,100.85**
Other Comprehensive Income										
Items that will not be reclassified to Profit or Loss in subsequent years										
- Remeasurement of Defined Benefit Plans	(13.88)	5.08	(9.49)	1.73	-	-	-	-	(23.37)	6.81
- Share of OCI from Joint Venture and Associate	-	-	-	-	-	-	-	-	-	-
- Profit / (Loss) on sale/ redemption of investments in Joint Venture and Associate	-	-	-	-	-	-	-	(104.93)	-	(104.93)
- Deferred tax expense on the above items	4.85	(1.78)	2.39	(0.44)	-	-	-	36.67	7.24	34.45
- Revaluation of property, plant and equipment	1,855.20	-	126.65	-	-	-	-		1,981.85	-
- Deferred Tax expense relating to revaluation of property,plant and equipment	(586.15)	-	(31.48)	-	-	-	-		(617.63)	
- Adjustment of deferred tax liability relating to assets revalued on change in tax rates	-	-	-	29.82	-	-	-	-	-	29.82
Items that may be reclassified to Profit or Loss in subsequent years										
- Share of OCI from Joint Venture and Associate	-	-	-	-	-	-	-	(265.70)	-	(265.70)
- Deferred tax expense on the above items	-		-	-	-	-	-	78.73	-	78.73
Other Comprehensive Income	**1,260.02**	**3.30**	**88.07**	**31.11**	**-**	**-**	**-**	**(255.23)**	**1,348.09**	**(220.82)**
Total Comprehensive Income	**5,054.78**	**439.57**	**2,779.87**	**2,697.59**	**(0.08)**	**(0.12)**	**-**	**742.99**	**7,834.57**	**3,880.03**
Other Information										
Segment assets	33,970.18	27,281.86	22,059.05	17,594.66	(19.10)	(11.35)	-	-	56,010.13	44,865.17
Total assets	**33,970.18**	**27,281.86**	**22,059.05**	**17,594.66**	**(19.10)**	**(11.35)**	**-**	**-**	**56,010.13**	**44,865.17**
Segment liabilities	11,555.23	22,632.31	27,423.63	25,739.11	(19.10)	(11.35)	-	-	38,959.76	48,360.07
Total liabilities	**11,555.23**	**22,632.31**	**27,423.63**	**25,739.11**	**(19.10)**	**(11.35)**	**-**	**-**	**38,959.76**	**48,360.07**
Capital expenditure	560.76	369.16	123.54	127.50	-	-	-	-	684.30	496.66
Depreciation and impairment	908.22	877.15	463.08	433.71	-	-	-	-	1,371.30	1,310.86

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 40 Related party transactions

List of parties where control exists

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

Joint Ventures

Mowbrays Corporate Finance (Upto December 15, 2020)

Fellow Subsidiaries

Sanmar Group International Limited (Upto March 17, 2020 and from March 31, 2021)
TCI Sanmar Chemicals S.A.E.
Sanmar Overseas Investments AG

Associates

Sanmar Group International Limited (From March 18, 2020 to March 30, 2021)
Sanmar Estates and Investments (Upto March 17, 2020)

Directors

Vijay Sankar (From April 26, 2021)
P S Jayaraman (Upto January 31, 2021)
Ramkumar Shankar (From April 1, 2020)
Lavanya Venkatesh (Upto April 26, 2021)
V K Parthasarathy (Upto April 26, 2021)
Dr. Amarnath Ananthanarayanan
Chandran Ratnaswami (From April 26, 2021)
Dr. Lakshmi Vijayakumar (From April 26, 2021)
Aditya Jain (From April 26, 2021)
Sanjay Vijay Bhandarkar (From April 26, 2021)
Prasad Raghava Menon (From April 26, 2021)

Terms and conditions of transactions with related parties:

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

For the year ended March 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties

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

Description	Parties where control exists		Joint Venture / Subsidiaries / Fellow Subsidiaries / Associates		Directors	
Transactions during the year	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**
Expenses Recovered						
Sanmar Engineering Services Limited	-	0.08	-	-	-	-
Profit / (Loss) on sale of redemption/sale of Joint Venture (including OCI share)						
Mowbrays Corporate Finance	-	-	-	1,702.21	-	-
Sanmar Group International Limited	-	-	-	3,021.15	-	-
Share of profit / (loss) from Associate and Joint Venture (including OCI share)						
Mowbrays Corporate Finance	-	-	-	(763.62)	-	-
Sanmar Group International Limited	-	-		(2,837.73)	-	-
Purchase of MEIS Scrips						
Sanmar Engineering Services Limited	1.16	-	-	-	-	-
Sitting Fees						
Dr. Lakshmi Vijayakumar	-	-	-	-	0.70	-
Aditya Jain	-	-	-	-	0.73	-

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 40 Related party transactions (contd.)

Description	Parties where control exists		Joint Venture / Subsidiaries / Fellow Subsidiaries / Associates		Directors	
Transactions during the year	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**	**Apr 21 to Mar 22**	**Apr 20 to Mar 21**
Sanjay Vijay Bhandarkar	-	-	-	-	0.60	-
Prasad Raghava Menon	-	-	-	-	0.45	-
V K Parthasarathy	-	-	-	-		0.05
Remuneration						
Ramkumar Shankar	-	-	-	-	16.95	14.81
P S Jayaraman	-	-	-	-	-	17.55
Investment redeemed						
Mowbrays Corporate Finance	-	-		10,734.63	-	-
Investment redeemed in CCPS						
Sanmar Group International Limited	-	-	-	16,821.95	-	-
Redemption of debentures						
Sanmar Engineering Services Limited		24,553.35	-	-	-	-
Balances as at year end	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**	**31-Mar-22**	**31-Mar-21**
Investments	-	-	0.44	0.44	-	-
Sundry receivable	-	-	549.29	731.72	-	-

Note 40a Disclosure as per Section 186(4) of Companies Act, 2013

Details of Investments:

	As at March 31, 2022	As at March 31, 2021
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E.* 2 Equity shares, fully paid up, par value EGP 1000/- each (Previous year 2 Equity shares, fully paid up, par value EGP 1000/- each)	0.44	0.44
Sai Regency Power Corporation Private Limited 600,000 Shares of face value Rs 10/- each (Previous year 600,000 Shares of face value Rs 10/- each)	-	-

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

Note 41

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

Note 42 Business combinations under common control

Acquisition of Chemplast Cuddalore Vinyls Limited

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

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

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 42 Business combinations under common control (contd.)

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

Note 43 Contingent liabilities *

Particulars	As at March 31, 2022	As at March 31, 2021
A. Claims against the Group not acknowledged as debts :		
- On account of Direct Taxes	122.38	67.26
- On account of Indirect Taxes	295.86	277.22
- On account of other disputes	166.36	143.96
Total	**584.60**	**488.44**

*

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

Note 44 Capital commitments

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,301.42	350.57
	1,301.42	**350.57**

Note 45 Dues to Micro and Small Enterprises

As at March 31, 2022, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 32 and 34 have been determined to the extent such parties have been identified on the basis of information available with the Group.

Note 46

The Holding Company has completed the Initial Public Offer ("IPO") of 71,164,509 Equity Shares of the face value of Rs 5/- each at an issue price of Rs 541/- per Equity Share, comprising offer for sale of 47,134,935 shares by Selling Shareholders and fresh issue of 24,029,574 shares. The Equity Shares of the Holding Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on August 24, 2021.

The utilisation of the net IPO proceeds is summarised below

Objects of the issue	Amount as per prospectus	Revised Amount	Utilisation upto 31 Mar, 2022	Unutilised As at 31 Mar, 2022
Early redemption of Non-Convertible Debentures issued by Holding Company, in full	12,382.50	12,382.50	12,382.50	-
General corporate purposes	271.20	276.12	276.12	-
Total	**12,653.70**	**12,658.62**	**12,658.62**	**-**

The total estimated offer expenses are Rs 997.00 Million (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Holding Company as per respective offer size. The Holding Company's share of these expenses is Rs 341.38 Million (inclusive of taxes), of which Rs 289.30 Million (excluding taxes) has been adjusted against securities premium.

Note 47

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 48 Corporate Social Responsibility

		March 31, 2022	March 31, 2021
(i)	Amount required to be spent by the Group during the year	49.20	50.14
(ii)	Amount of expenditure incurred	51.03	53.94
(iii)	Shortfall at the end of the year (i - ii)	-	-
(iv)	Total of previous years shortfall	-	-
(v)	Reason for shortfall	N.A	N.A
(vi)	Nature of CSR activities	Activities mentioned in i, ii,vi,vii, x & xii of Schedule VII of the Companies Act, 2013	
(vii)	Details of related party transactions, e.g., contribution to a trust controlled by the Group in relation to CSR expenditure as per relevant Accounting Standard	-	-
(viii)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

The above expenditure is spent on purposes other than towards construction / acquisition of any asset.

Excess amount spent on CSR			
Opening Balance	**Amount required to be spent during the year**	**Amount spent during the year**	**Closing balance**
0.38	49.20	51.03	2.21

The Group has incurred expenditure towards Corporate Social Responsibility in excess of the prescribed limits for the year ended March 31, 2022 and the same is carried forward to the next year for utilisation as per applicable provisions of Companies Act, 2013.

Note 49 Other Statutory Information

(i) The Group does not have any Benami property. No proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group has not advanced to or loaned to or invested funds in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that such the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(iv) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961

(v) The Group has not been declared as a wilful defaulter as prescribed by Reserve Bank of India.

Note 50 Relationship with Struck off Companies

During the year, the Holding Company had transactions with a company which was struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Name of struck off Company – a customer of the Company	Nature of transactions with struck-off Company	Balance outstanding Rs Million	Relationship with the Struck off company, if any, to be disclosed
Nathanz Chemicals Pvt. Ltd	Sale of Products	0.02 (owed by the Holding Company to the customer)	Not Related in any way to the Holding Company

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 51

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended 31st March 2022 and 31st March 2021.

Name of entity	For the year ended March 31, 2022							
	Net Assets		Share in Profit or loss		Other Comprehensive Income		Total Comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Consolidated Profit and Loss	Amount	as % of Consolidated Other Comprehensive Income	Amount	as % of Consolidated Total Comprehensive Income	Amount
Parent								
Chemplast Sanmar Limited	222.86%	37,998.61	58.50%	3,794.68	93.47%	1,260.02	64.52%	5,054.70
Subsidiary								
Chemplast Cuddalore Vinyls Limited	(122.86%)	(20,948.23)	41.50%	2,691.80	6.53%	88.07	35.48%	2,779.87
Total	**100.00%**	**17,050.38**	**100.00%**	**6,486.48**	**100.00%**	**1,348.09**	**100.00%**	**7,834.57**

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 52 Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment							
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Intercompany elimination	Total
March 31, 2022								
(i) Undisputed Trade Receivables – considered good	1,827.04	90.54	-	-	-	-	(19.10)	1,898.48
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-		-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-		-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-		-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-		
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-		-
March 31, 2021								
(i) Undisputed Trade Receivables – considered good	730.56	9.67	-	-	-	-	(0.96)	739.27
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-

Note 53 Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment							
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Intercompany elimination	Total
March 31, 2022								
(i) MSME	3.83	51.14	0.63	-	-	-		55.60
(ii) Others	238.68	18,416.66	82.08	7.61	1.55	0.01	(19.10)	18,727.49
(iii) MSME Disputed dues	-	-	-	-	-	-		-
(iv) Others Disputed dues	-	-	-	-	-	-		-
March 31, 2021								
(i) MSME	0.14	67.54	-	-	-	-	-	67.69
(ii) Others	147.17	16,242.37	103.17	2.02	0.01	-	(0.96)	16,493.77
(iii) MSME Disputed dues	-	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-	-

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 54 Significant accounting judgements, estimates and assumptions

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

a. Judgements

In the process of applying the Group's accounting policies, management has not made any judgements, which have significant effect on the amounts recognised in the Financial Statements.

b. Estimates and assumptions

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

Impairment of non-financial assets

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

Taxes

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

Defined benefit plans

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

Further details about defined benefit obligations are given in Note 37

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 36.11 for further disclosures.

Fair value measurement of property, plant and equipments

The Group measures land, buildings, plant and machinery classified as property, plant and equipment and leasehold land classified as right-of-use assets at revalued amounts with changes in fair value being recognised in OCI. The Company had engaged an independent valuation specialist to assess fair value for revaluation of land, buildings, plant and equipment as at January 1, 2022. Fair value of land was determined by using the market approach, hypothetical layout method and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 14.4

Revenue from contract with customers

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

Leases - Estimating the incremental borrowing rate

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

Notes forming part of Consolidated Financial Statements for the year ended March 31, 2022

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

Note 54 Significant accounting judgements, estimates and assumptions (contd.)

Useful life of PPE

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

Note 55 Employees' benefits obligations

a. Defined contribution plan

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

b. Defined benefit plan

Gratuity

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

Note 56

Previous year's figures have been regrouped wherever necessary.

As per our report of even date

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

per Aravind K
Partner
Membership No: 221268
Place: Chennai

Date: May 10, 2022

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

Vijay Sankar
Chairman
DIN: 00007875
Place: Chennai

Ramkumar Shankar
Managing Director
DIN: 00018391
Place: Chennai

Sanjay Vijay Bhandarkar
Chairman – Audit Committee
DIN: 01260274
Place: Mumbai

N Muralidharan
Chief Financial Officer
Place: Chennai

M Raman
Company Secretary
Membership No. ACS 06248
Place: Chennai

Date: May 10, 2022

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Disclaimer: This document contains statements about expected future events and financial and operating results of Chemplast Sanmar Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to this disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Chemplast Sanmar Limited Report 2021-22

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SANMAR

CHEMPLAST SANMAR LIMITED