# CHEMPLAST CUDDALORE VINYLS LIMITED

## Annual Report 2023 – 24

**Chemplast Cuddalore Vinyls Limited**

## Directors' Report

The Directors have pleasure in presenting the Thirty third Annual Report along with the accounts for the year ended 31st March 2024.

### Financial Summary

**Rs Crores**

| **Particulars** | **2023-24** | **2022-23** |
|---|---|---|
| Revenue from Operations and Other income | 2486 | 3054 |
| **Profit before depreciation, interest and taxes** | **123** | **216** |
| Depreciation | 45 | 50 |
| Interest | 148 | 131 |
| **Profit / (Loss) before tax and exceptional items** | **(69)** | **36** |
| Exceptional Items | 0 | (31) |
| **Profit / (Loss) before tax** | **(69)** | **5** |
| Tax Expenses | 15 | 2 |
| **Profit / (Loss) after tax** | **(54)** | **7** |
| Total Other Comprehensive Income for the year | 0 | 0 |
| Total Comprehensive Income (Loss) for the year | (54) | 7 |
| Basic and Diluted Earnings per share (equity shares, par value Rs 10/- each) | (0.34) | 0.04 |

### Financial Performance

The Company incurred a Loss before tax of Rs.69.23 crores for the year ended 31st March, 2024 as compared to profit before tax of Rs. 4.78 crores for 2022-23. The Loss after tax for 2023-24 was Rs.54.40 crores, as against a profit after tax of Rs. 6.74 crores in 2022-23.

### Dividend and Transfer to Reserve:

Considering the loss incurred for the FY 2023-24, the Directors do not recommend payment of dividend on equity shares for the year 2023-24. The Directors also do not recommend any transfer to reserves.

### Share Capital

The Company's paid-up equity share capital stood at Rs.303.03 Crores as on 31st March, 2024, consisting of 30,30,30,303 equity shares of Rs.10/- each. There is no change in the share capital off the company.

**Borrowings**

The total borrowings, including interest accrued, stood at Rs.891.51 Crores as on 31st March, 2024 as against Rs.801.13 Crores as on 31st March, 2023.

**Operations**

(FY= Financial Year)

Suspension PVC resin domestic demand in FY 2023-24, at 4.007 mn mt, was healthy, registering a year-on-year growth of close to 7%. However, the year witnessed a challenging situation on the price front as the demand in the rest of the world did not recover for a variety of reasons. In USA, demand from the construction segment started to slow down due to increase in mortgage rates and high inflationary pressures. European demand continued to be down due to higher energy prices & recessionary conditions. In Asia, China demand did not recover even after revocation of their zero COVID policy. The property sector in China was worst hit post the pandemic, with demand for new construction coming down sharply. This had a major impact on PVC demand in China, leading to significant exports of PVC to India, at very low prices. Imports into India, from the USA and China, have grown significantly over the last couple of years. This flood of low-priced imports led to a situation where market sentiments in India tended towards maintaining low inventory in the anticipation of further price decreases. With prices coming down month on month, processors started to reduce inventory plans and began buying on lower prices "need basis" with everyone in the supply chain attempting to hold very minimal inventory.

This situation led to the average price of PVC for FY2023-24 dropping by 25% compared to FY2022-23.

During the year, the company produced 321.74 kt of Suspension PVC, largely in line with the previous year.

**Outlook**

The demand from construction and water supply sectors is expected to remain strong in FY 2024-25 also. The government's push for ISI marked pipes will result in lower filler usage and higher PVC consumption.

Various Government schemes to provide housing in both rural and urban India (such as the Pradhan Mantri Awas Yojana) as also to provide drinking water to households (Jal Jeevan Mission) are expected to continue to boost the demand for Suspension PVC resin in India. The focus on increasing the area under irrigation through various schemes (like the Pradhan Mantri Krishi Sinchayee Yojana) is also driving the demand for PVC in the country.

While PVC demand is very good and is expected to stay strong in the years to come, considering the low per capita consumption of PVC in India as compared to other countries in the world, the industry is currently severely impacted by the flood of low-priced imports. The domestic industry continues to work closely with the regulatory authorities on measures to address this.

**Safety and Environment**

**1. Process Safety Management & Behavioural Based Safety**

Chemplast Cuddalore Vinyls Limited has, over the years, worked on establishing a 'ZERO Harm Culture' through a systematic approach to Occupational Health, Safety and Environment (OHS&E). The company's efforts in this regard have been recognized with a Five-Star rating by the British Safety Council. The company has also embarked on a Process Safety Management and Behaviour-based Safety programme to further strengthen the organizational emphasis on safe operations.

**2. Process Safety Studies**

CCVL has conducted Safety Integrity Level - Layer of Protection Analysis (SIL - LOPA).

**3. IS 14489 – Statutory Audit**

IS 14489 statutory safety audit was conducted and all recommendations implemented.

**4. Awards and Rewards**

Chemplast Cuddalore Vinyls Limited declared "Winner" in the "Within the Fence" category of the prestigious Confederation of Indian Industry (CII)- National Award for Excellence in Water Management 2023.

**Finance**

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

During the first week of January 2024, CRISIL Ratings has reaffirmed the Company's credit ratings of AA- (long term), with outlook revised from "Stable" to "Negative". CRISIL has also reaffirmed short term rating of A1+, which is the highest rating possible.

**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 System 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 2023-24 was carried out by R.G.N. Price & Co, Chartered Accountants covering all significant areas of operations. All significant observations of the Internal Auditors are placed before the Board 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 31$^{st}$ March 2024, the Company did not have any outstanding public deposit.

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

The Company has not made any investment or given any loans and guarantees under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

**Subsidiary/ Associate Companies**

As on date the Company does not have any subsidiary or associate company.

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

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

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

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

**Material Changes and Commitment affecting the financial position of the Company that occurred after 31st March 2024**

No material changes and commitments affecting the financial position of the Company 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**

Dr Amarnath Ananthanarayanan (DIN: 02928105) is liable to retire by rotation and eligible for reappointment.

During the year, Mr Ramkumar Shankar has been re-appointed as Managing Director and Key Managerial Personnel of the Company for a period of one year with effect from 1st April, 2024, subject to the approval of Shareholders at the ensuing Annual General Meeting of the Company.

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. In the opinion of the Board, all the Independent Directors possess integrity, expertise, experience and proficiency and are independent of the management. Mr Aditya Jain and Dr (Mrs) Lakshmi Vijayakumar are also the Independent Directors of Chemplast Sanmar Limited, the holding company.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules thereunder, the Key Managerial Personnel of the Company are Mr 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 holding company Chemplast Sanmar 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 2024, 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 2024 and of the loss of the Company for the year ended that date.

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

d) The Directors have prepared the annual accounts of the Company on a going concern basis.

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

f) 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.

**Number of Board Meetings**

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

**Committees**

The Company, being a wholly owned subsidiary of Chemplast Sanmar Limited, is exempted from the provisions of the Companies Act, 2013 relating to the Audit Committee and Nomination and Remuneration Committee of Directors.

**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 2023-24 as per the criteria laid down by the Board. The evaluation process contained various aspects of the functioning of the Board and its committees, their roles, frequency of meetings, level of participation, and independence of judgement, performance of duties and obligations.

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

**Personnel**

Industrial relations with employees remained cordial 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**

Statement containing particulars of Top 10 employees and 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.

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

The Company has complied with the provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in regard to constitution of an internal Committee as prescribed. During the year, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**Corporate Social Responsibility**

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

As mandated by the Companies Act, 2013 and the rules framed thereunder, the Company has formulated a Policy on CSR and has constituted a CSR Committee to recommend and monitor expenditure on CSR. Details are furnished in Annexure 1.

The details of CSR Expenditure are given in the prescribed format and forms part of this Report. The same is attached as Annexure 1.

**Auditors**

BSR & Co. LLP, Chartered Accountants (Firm Registration No 101248W/W-100022) was appointed as the Statutory Auditors of the Company for a period of 5 years, from the conclusion of 31st Annual General Meeting to 36th Annual General Meeting of the Company, that is, for the Financial Years 2022-23 to 2026-27.

**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 with 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 Board of Directors, any instance of unethical behavior, actual or suspected fraud or violation of the Company's Ethics Policy.

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

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

- To ensure that no personnel is denied access to the Chairman of the Board in respect of reporting any of the above instances.

**Internal Auditors**

RGN Price & Co. LLP, Chartered Accountants are the Internal Auditors of the Company.

**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 & Management Accountants, Chennai (Firm Registration No. 100662) as cost auditors to audit the cost accounts of the Company for the financial year 2023-24.

The Board of Directors at its meeting held on 20th May, 2024 have approved the appointment of N. Sivashankaran & Co, Cost & Management Accountants, Chennai (Firm Registration No. 100662) as cost auditors to audit the cost accounts of the Company for the financial year 2024-25.

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

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor for FY 2024-25 is placed before the Members for their ratification.

**Secretarial Audit**

The Board of Directors had appointed B Ravi & Associates, Company Secretaries in Practice, Chennai to carry out the Secretarial Audit of the Company for the financial year 2023-24. The Report of the Secretarial Auditor is annexed herewith as Annexure 2 and forms part of this Report.

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 for the financial year 2024-25.

**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 3 and forms part of this Report.

**Acknowledgement**

The Board of Directors thank the customers, vendors, bankers, regulatory and Government authorities, business associates and all other stakeholders for their assistance, support and cooperation extended. The Board of Directors places on record its appreciation for the committed service of all the employees of the Company.

For and on behalf of the Board

| | |
|---|---|
| Ramkumar Shankar | Amarnath Ananthanarayanan |
| Managing Director | Director |
| DIN 00018391 | DIN 02928105 |

Chennai
20th May, 2024

**Annexure 1**

## 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 ("CSR 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:

| S No | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Amarnath Ananthanarayanan | Chairman | 1 | 1 |
| 2 | Ramkumar Shankar | Managing Director | 1 | 1 |
| 3 | Dr Lakshmi Vijayakumar | Independent Director | 1 | 1 |

**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:**

Not applicable as the Company does not have a website.

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

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

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

| S No | Financial Year | Amount available for set-off from preceding financial years (in Rs Lakhs) | Amount required to be setoff for the financial year, if any (in Rs Lakhs) |
|---|---|---|---|
| 1 | 2022-23 | 2.63 | 2.63 |
| 2 | 2021-22 | Nil | Nil |
| 3 | 2020-21 | Nil | Nil |

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

Profit of Rs. 24,152 Lakhs

**7.** (a) Two percent of average net profit of the company as per section 135(5) Rs. 483.03 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. Rs. 2.63 Lakhs
(d). Total CSR obligation for the financial year (7a+ 7b-7c) Rs. 480.40 Lakhs

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

| Total Amount Spent for the Financial Year (in Rs. lakhs) | Amount Unspent (Rs) | | | | |
|---|---|---|---|---|---|
| | *Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 481.66 | Nil | NA | NA | Nil | NA |

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

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

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

| S No | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project District State | Amount spent for the project Rs Lakhs | Mode of implementation - Direct (Yes/ No) | Mode of Implementation- Through Implementing Agency - Name - CSR Reg. No |
|---|---|---|---|---|---|---|---|
| 1 | Drinking water supply & plantation of trees | Making available safe drinking water (Covered under Item -(i) of the Schedule VII) | Yes | Cuddalore, Cuddalore dist, Tamil Nadu | 3.37 | Yes | NA |
| 2 | Education and Training expenses | Promoting education (Covered under Item -(ii) of the Schedule VII) | Yes | Cuddalore, Cuddalore dist, Tamil Nadu | 40.11 | Yes | NA |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | Training to promote rural Sports | Training to promote nationally recognised Sports (Covered under Item -(vii) of the Schedule VII) | Yes | Cuddalore, Cuddalore dist, Tamil Nadu | 186.47 | 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 | Cuddalore, Cuddalore dist, Tamil Nadu | 0.15 | Yes | NA |
| 5 | Expenditure towards Rural development | Rural development projects (Covered under Item -(x) of the Schedule VII) | Yes | Cuddalore, Cuddalore dist, Tamil Nadu | 23.97 | Yes | NA |
| 6 | Contribution to CSR Trust | Rule 4 of CSR | NA | Trust | 227.59 | No | The Group CSR Trust Regn No. CSR00006038 |

d. Amount spent in Administrative Overheads: Not Applicable.
e. Amount spent on Impact Assessment, if applicable: Not Applicable.
f. Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.481.66 Lakhs
g. Excess amount for set off, if any.

| S No | Particular | Amount (Rs Lakhs) |
|---|---|---|
| (i) | 2% of average net profit of the Company as per section 135(5) | 483.03 |
| (ii) | Amount required to be set off from previous years | 2.63 |
| (iii) | Amount to be spent after set off | 480.40 |
| (ii) | Total amount spent for the Financial Year | 481.66 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 1.26 |
| (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)] | 1.26 |

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

| S No | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (Rs) | Amount spent in the reporting Financial Year (Rs) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in `) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (Rs) | Date of transfer | |
| 1 | 2022-23 | Nil | Nil | Nil | Nil | Nil | Nil |
| 2 | 2021-22 | Nil | Nil | Nil | Nil | Nil | Nil |
| 3 | 2020-21 | Nil | Nil | Nil | Nil | Nil | Nil |

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

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

Ramkumar Shankar
Managing Director
DIN 00018391

Amarnath Ananthanarayanan
Chairman – CSR Committee
DIN 02928105

Annexure - 2

# B. RAVI & ASSOCIATES
Company Secretaries

"GURU NILAYAM"
42 (Old No.16) Rathinam Street,
Gopalapuram, Chennai 600 086.
Phone : 044-28350517 / 28351055
email : bravics@gmail.com
P2016TN052400
GSTIN: 33AAQFB4598N1ZO

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 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: 04.04.2024

Signature: B. Ravi
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

B. RAVI & ASSOCIATES ★ COMPANY SECRETARIES ★ CHENNAI 600 086 Firm Regn No P2016TN052400

**B. RAVI & ASSOCIATES**
Company Secretaries

"GURU NILAYAM"
42 (Old No.16) Rathinam Street,
Gopalapuram, Chennai 600 086.
Phone : 044-28350517 / 28351055
email : bravics@gmail.com
P2016TN052400
GSTIN: 33AAQFB4598N1ZO

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st March 2024

*[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 **31st March, 2024** 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, 2024** 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;

B. Ravi

B. RAVI & ASSOCIATES CHENNAI 600 086 Firm Regn No P2016TN052400 COMPANY SECRETARIES

(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; (SEBI-LODR) except to the extent of regulations applicable to material subsidiary ;

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 Non-Convertible Securities) Regulations, 2021;

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) Hazardous Waste (Management and Handling) Rules, 1989

b) Bureau of Indian Standards Act, 1986

c) The Air (Prevention and Control of Pollution) Act, 1981 and rules framed there under

d) The Water (Prevention and Control of Pollution) Act, 1974 and rules framed there under

e) The Standards of Weights and Measures Act, 1976

f) The Electricity Act, 2003 and rules framed there under

g) Explosive Act, 1884

h) Gas Cylinder Rules, 2016

B. Ravi

B. RAVI & ASSOCIATES CHENNAI 600 086 Firm Regn No P2016TN052400 COMPANY SECRETARIES

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 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 Material 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, Key Managerial Personnel and two independent directors. Two independent directors of the Holding company are on the Board of the company as Independent directors. There is no change in the composition of the Board or Key Managerial Personnel during the period under audit except that consent of the members have been obtained for reappointment of Managing Director for a further period of one year with effect from 01.04.2023 in the 32nd Annual General Meeting held on 09.08.2023.

Further the Managing Director was re-appointed for another period of one year in the Board Meeting held on 12.02.2024 with effect from 01.04.2024 subject to the approval of the shareholders at the ensuing Annual General Meeting to be held in 2024.

Adequate notice is given to all directors to schedule the Board and Committee meetings, agenda and detailed notes on agenda 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. Wherever the meeting is convened at shorter notice consent of the directors have been obtained. The company had convened its meeting of Board physically and through Video Conferencing in compliance with the requirements of the Act. No circular resolution was passed during the year under report.

B. RAVI & ASSOCIATES COMPANY SECRETARIES CHENNAI 600 086 Firm Regn No P2016TN052400

B. Ravi.

All decisions were taken unanimously at the Board and Committee meetings and at the Annual General Meeting. There was no General Meeting other than Annual general meeting held during the year under audit.

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:-

1. The Board in its meeting held on 15.05.2023 has accorded approval to invest an amount not exceeding Rs.20 crores and 26% of the equity shares of the entity(ies) providing Hybrid Green Power.

2. In line with the requirement of Rule 9 of the Companies (Management and Administration) Rules 2013, the Board of directors of the company at their meeting held on 12.02.2024 has nominated Mr M Raman- Company Secretary as Designated Person for furnishing and extending co-operation for providing information to the Registrar of Companies or any other authorized officer with respect to beneficial interest in the shares of the Company

Place: Chennai
Date: 04.04.2024

B RAVI & ASSOCIATES
CHENNAI 600 086
Firm Regn No P2016TN052400
COMPANY SECRETARIES

Signature: B. Ravi
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: F001810F000021973**

**Annexure 3**

Information under Section 134(3)(m) of the Companies Act, 2013 forming part of the Directors' Report for the year ended March 31, 2024.

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

(i) In PVC Plant - 18 nos. of fluorescent lamps, CFL, High Power Mercury Vapour lamps and High-Power Sodium Vapour lamps has been changed to LED. Resulting in saving of 4030 units per annum.

b. Additional Investment

Rs. 0.37 Lakhs

c. Impact of measures taken above.

| **Particulars** | **Substitution/ Reduction in energy consumption per annum** | **Savings in Cost (Annualized) (Rs Lakhs)** |
|---|---|---|
| 1. Introducing LED lamps at PVC plant | 4030 Kwh | 0.33 |

## 2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

| | | | |
|---|---|---|---|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation | : | The technology transferred to the company has been fully absorbed. Developments, where required, have been carried out by adapting to Indian conditions. |
| 2. | Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, import substitution, etc. | : | The technology absorption has contributed to substantial savings in foreign exchange by way of import substitution. |

| | |
|---|---|
| 3. In case of imported technology, (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished. | Not Applicable |

**RESEARCH AND DEVELOPMENT (R&D)**

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

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

| | (Rs. Lakhs) |
|---|---|
| Foreign exchange outgo | 1,92,718 |

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st and 2nd Floors
No. 1, Harrington Road, Chetpet
Chennai – 600 031, India
Telephone: +91 44 4608 3100
Fax: +91 44 4608 3199

# Independent Auditor's Report

## To the Members of Chemplast Cuddalore Vinyls Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Chemplast Cuddalore Vinyls Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material 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 financial statements give the information required by the Companies Act, 2013 ("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 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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 opinion on the financial statements.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the 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.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows 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.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

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

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. the modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 41 to the financial statements.

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

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

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 46 to the financial statements, 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 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

## Independent Auditor's Report (Continued)

## Chemplast Cuddalore Vinyls Limited

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 46 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that that audit trail was not enabled at the database level for accounting software SAP hosted on Oracle database to log any direct data changes. For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.:101248W/W-100022

**Nachiappan Subramanian**
*Partner*
Membership No.: 218727
ICAI UDIN:24218727BKHGWZ4033

Place: Chennai
Date: 20 May 2024

## Annexure A to the Independent Auditor's Report on the Financial Statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024

## (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(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 does not have any intangible assets. Accordingly, clause 3(i)(a)(B) of the Order is not applicable.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, entire property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value | Held in the name of | Whether promoter, director or their relative or employee | Period held-indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|---|---|---|---|---|---|
| Land at Cuddalore- 0.91 acres (Survey No. 166/9) | 0.16 crores | Ms. Sumathi | No | 2007-2008 | Title under dispute |
| Land at Cuddalore- 5.65 acres (Survey No. 139/11), 178/1-5) | 0.99 crores | Mr.Jaga deesan | No | 2007-2008 | |
| Land at Cuddalore- 1.00 acres (Survey No. 177/2) | 0.18 crores | Ms.Sent hamizh Selvi | No | 2007-2008 | |

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year

## Annexure A to the Independent Auditor's Report on the Financial Statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024 (Continued)

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or 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 inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013. In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

## Annexure A to the Independent Auditor's Report on the Financial Statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024 (Continued)

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Service tax, Duty of excise, Sales tax and Value added tax, 'Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are set out in Appendix I.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the 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) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

## Annexure A to the Independent Auditor's Report on the Financial Statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024 (Continued)

(xiii) According to the information and explanation given to us and based on our examination of the books of accounts of the Company, transactions entered by the Company with the related parties during the year are in compliance with section 188 of the Act where applicable and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Section 177 of the Act is not applicable to the Company.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.

(xvii) The Company has incurred cash losses of Rs 26.34 crores in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation 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 the 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.

## Annexure A to the Independent Auditor's Report on the Financial Statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024 (Continued)

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

*for* **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**Nachiappan Subramanian**

*Partner*

Membership No.: 218727

ICAI UDIN:24218727BKHGWZ4033

Place: Chennai

Date: 20 May 2024

**Annexure A to the Independent Auditor's Report on the Financial Statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024 (Continued)**

**Appendix I to Annexure A to the Independent auditor's report to the Members of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024**

| Name of the statute | Nature of the dues | Amount (Rs. in crores) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Customs Act, 1962 | Customs Duty | 2.74 | 2013-14 and 2016-17 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| Central Excise Act, 1944 | Excise duty/ Service Tax/ Penalty | 0.07 | 2016-17 | Commissioner (Appeals) |
| Central Excise Act, 1944 | Excise duty/ Service Tax/ Penalty | 0.30 | 2012-13 to 2013-14 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| Central Excise Act, 1944 | Excise duty/ Service Tax/ Penalty | 4.06 | 2006-09 | Supreme Court of India |
| Income Tax Act, 1961 | Income Tax | 0.10 | 2017-18 | Commissioner (Appeals) |
| Electricity Act, 2003 | Electricity Tax | 0.87 | 2016-17 | Honourable High Court of Madras |
| Goods and Services tax Act, 2017 | Goods and Services Tax | 0.36 | 2019-20 | Joint Commissioner (ST), GST Appeals |

# Annexure B to the Independent Auditor's Report on the financial statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024

# Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

# (Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Opinion

We have audited the internal financial controls with reference to financial statements of Chemplast Cuddalore Vinyls Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 Company's internal financial controls with reference to financial statements.

## Annexure B to the Independent Auditor's Report on the financial statements of Chemplast Cuddalore Vinyls Limited for the year ended 31 March 2024 (Continued)

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for* **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**Nachiappan Subramanian**

*Partner*

Membership No.: 218727

ICAI UDIN:24218727BKHGWZ4033

Place: Chennai

Date: 20 May 2024

**Chemplast Cuddalore Vinyls Limited**
**Balance Sheet as at March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

| | Note | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | 928.43 | 936.43 |
| Capital work-in-progress | 14.1 | 4.01 | 13.98 |
| Right-of-use assets | 14.2 | 49.09 | 49.59 |
| Financial Assets | | | |
| (i) Investments | 15 | - | - |
| (ii) Other financial assets | 16 | 9.47 | 8.28 |
| Non-current Tax assets (net) | | 28.53 | 16.38 |
| Other non-current assets | 17 | 2.76 | 8.03 |
| | | 1,022.29 | 1,032.69 |
| **Current assets** | | | |
| Inventories | 18 | 187.14 | 250.52 |
| Financial Assets | | | |
| (i) Trade receivables | 19 | 14.84 | 2.28 |
| (ii) Cash and cash equivalents | 20 | 441.74 | 598.74 |
| (iii) Bank balances other than (ii) above | 21 | 72.59 | 65.60 |
| (iv) Other financial assets | 22 | 8.46 | 44.63 |
| Other current assets | 23 | 20.20 | 19.41 |
| | | 744.97 | 981.18 |
| Total Assets | | **1,767.26** | **2,013.87** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 24 | 303.03 | 303.03 |
| Instruments entirely equity in nature | 25 | 1,289.66 | 1,289.66 |
| Other equity | 26 | (2,176.50) | (2,122.24) |
| **Total Equity** | | **(583.81)** | **(529.55)** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 27 | 602.83 | 725.45 |
| (ii) Other financial liabilities | 28 | 3.53 | 3.53 |
| Deferred Tax liabilities (net) | 29 | 181.77 | 195.55 |
| Other non-current liabilities | 30 | 30.38 | 31.96 |
| | | 818.51 | 956.49 |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 31 | 288.68 | 75.68 |
| (ii) Trade payables | 32 | | |
| - total outstanding dues of micro enterprises and small enterprises | | 2.77 | 2.62 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,155.32 | 1,406.35 |
| (iii) Derivative liabilities | 33 | 3.70 | 6.03 |
| (iv) Other financial liabilities | 34 | 60.00 | 58.52 |
| Other current liabilities | 35 | 20.99 | 37.14 |
| Provisions | 36 | 0.97 | 0.42 |
| Current Tax liability (net) | | 0.13 | 0.17 |
| | | 1,532.56 | 1,586.93 |
| Total liabilities | | 2,351.07 | 2,543.42 |
| **Total equity and liabilities** | | **1,767.26** | **2,013.87** |

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
*for* **B S R & Co. LLP**
Chartered Accountants
**Firm Registration Number : 101248W/W-100022**

**Nachiappan Subramanian**
*Partner*
Membership No. 218727
Place: Chennai
Date: May 20, 2024

For and on behalf of the Board of Directors of
**Chemplast Cuddalore Vinyls Limited**

**Ramkumar Shankar**
*Managing Director*
DIN : 00018391
Place:Chennai

**Amarnath Ananthanarayanan**
*Director*
DIN : 02928105
Place:Chennai

**N Muralidharan**
*Chief Financial Officer*
Place:Chennai

**M Raman**
*Company Secretary*
Memb No. ACS 06248
Place:Chennai

Date: May 20, 2024

**Chemplast Cuddalore Vinyls Limited**
**Statement of Profit and Loss for the year ended March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

| | Note | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 4 | 2,447.70 | 3,000.20 |
| Other income | 5 | 38.76 | 54.14 |
| **Total Income** | | **2,486.46** | **3,054.34** |
| **Expenses** | | | |
| Cost of materials consumed | 6 | 2,010.02 | 2,480.28 |
| Changes in inventories of stock-in-trade, finished goods and work-in-progress | 7 | 29.91 | 10.03 |
| Employee benefits expense | 8 | 52.62 | 47.37 |
| Finance costs | 9 | 147.83 | 131.38 |
| Depreciation expense | 14 | 44.64 | 49.60 |
| Other expenses | 10 | 270.68 | 300.20 |
| **Total expenses** | | **2,555.70** | **3,018.86** |
| **Profit / (Loss) before tax and exceptional items** | | **(69.24)** | **35.48** |
| Exceptional items | 18 | - | 30.70 |
| **Profit / (Loss) before tax** | | **(69.24)** | **4.78** |
| **Tax expense :** | 11 | | |
| **Current tax** | | | |
| a) Current year | | - | (7.36) |
| b) Earlier years | | 1.01 | 0.11 |
| Deferred tax | | 13.83 | 9.21 |
| **Profit / (Loss) after tax** | | **(54.40)** | **6.74** |
| **Other comprehensive income** | 12 | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| - Remeasurement of defined benefit plans | | 0.18 | 0.22 |
| - Deferred Tax expense relating to remeasurement of defined benefit plans | | (0.04) | (0.06) |
| **Total other comprehensive income** | | **0.14** | **0.16** |
| **Total comprehensive income for the year** | | **(54.26)** | **6.90** |
| **Basic and Diluted earnings per share (equity shares of ₹ 10/- each)** | 13 | **(0.34)** | **0.04** |

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
*for* **B S R & Co. LLP**
Chartered Accountants
**Firm Registration Number : 101248W/W-100022**

**Nachiappan Subramanian**
*Partner*
Membership No. 218727
Place: Chennai
Date: May 20, 2024

For and on behalf of the Board of Directors of
**Chemplast Cuddalore Vinyls Limited**

**Ramkumar Shankar**
*Managing Director*
DIN : 00018391
Place:Chennai

**Amarnath Ananthanarayanan**
*Director*
DIN : 02928105
Place:Chennai

**N Muralidharan**
*Chief Financial Officer*
Place:Chennai

**M Raman**
*Company Secretary*
Memb No. ACS 06248
Place:Chennai

Date: May 20, 2024

**Chemplast Cuddalore Vinyls Limited**
**Statement of Cash Flows for the year ended March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **NET PROFIT BEFORE TAX** | (69.24) | 4.78 |
| Adjustments for: | | |
| Depreciation expense | 44.64 | 49.60 |
| Finance costs | 147.83 | 131.38 |
| Liabilities no longer required written back | - | (0.02) |
| Interest income on financial assets at amortised cost | (37.14) | (39.54) |
| Difference in fair value of derivative instruments | (2.33) | 0.84 |
| Exceptional Items | - | 30.70 |
| Unrealised (gain) / loss of foreign exchange transactions (net) | 0.13 | (10.65) |
| Government grant income | (1.58) | (14.44) |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | **82.31** | **152.65** |
| Adjustments for changes in : | | |
| Inventories | 63.38 | 82.90 |
| Trade and other receivables | 21.67 | (28.39) |
| Trade and other payables | (303.09) | (76.86) |
| **CASH GENERATED FROM OPERATIONS** | (135.73) | 130.30 |
| Income tax paid (net of refunds) | (11.19) | (45.47) |
| **NET CASH FROM / (USED IN) OPERATING ACTIVITIES** | **(146.92)** | **84.83** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipments | (17.39) | (23.85) |
| Proceeds from sale of property, plant and equipment | - | 1.38 |
| Deposits (placed) / realised (net) (including margin deopsit) | (6.99) | 51.24 |
| Interest received | 37.54 | 40.28 |
| **NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES** | **13.16** | **69.05** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from long term borrowings | 230.54 | - |
| Repayment of long term borrowings | (248.34) | (59.30) |
| Proceeds / (Repayment) from short-term borrowings (net) | 148.84 | |
| Interest and finance charges paid | (154.28) | (138.33) |
| **NET CASH FROM / (USED IN) FINANCING ACTIVITIES** | **(23.24)** | **(197.63)** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(157.00)** | **(43.75)** |
| Cash and cash equivalents at beginning of the year | 598.74 | 642.49 |
| Cash and cash equivalents at end of the year | 441.74 | 598.74 |

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
*for* **B S R & Co. LLP**
Chartered Accountants
**Firm Registration Number : 101248W/W-100022**

**Nachiappan Subramanian**
*Partner*
Membership No. 218727
Place: Chennai
Date: May 20, 2024

For and on behalf of the Board of Directors of
**Chemplast Cuddalore Vinyls Limited**

**Ramkumar Shankar**
*Managing Director*
DIN : 00018391
Place:Chennai

**Amarnath Ananthanarayanan**
*Director*
DIN : 02928105
Place:Chennai

**N Muralidharan**
*Chief Financial Officer*
Place:Chennai

**M Raman**
*Company Secretary*
Memb No. ACS 06248
Place:Chennai

Date: May 20, 2024

**Chemplast Cuddalore Vinyls Limited**
**Statement of changes in equity for the year ended March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

**(a) Equity share capital**

| | Number of shares | Amount |
|---|---|---|
| Balance as at April 1,2022 | 303,030,303 | 303.03 |
| Changes during the year 2022-23 | - | - |
| Balance as at March 31,2023 | 303,030,303 | 303.03 |
| Changes during the year 2023-24 | - | - |
| **Balance as at March 31, 2024** | **303,030,303** | **303.03** |

**(b) Instruments entirely equity in nature**

| | Number of shares | Amount |
|---|---|---|
| Balance as at April 1,2022 | 128,965,500 | 1,289.66 |
| Changes during the year 2022-23 | - | - |
| Balance as at March 31,2023 | 128,965,500 | 1,289.66 |
| Changes during the year 2023-24 | - | - |
| **Balance as at March 31, 2024** | **128,965,500** | **1,289.66** |

**(c) Other Equity**

| Particulars | Capital Reserve | Capital Redemption Reserve | Retained Earnings | Asset Revaluation Reserve | Total |
|---|---|---|---|---|---|
| Balance at April 1, 2022 | (3,313.09) | 0.07 | 722.52 | 461.36 | (2,129.14) |
| Total Comprehensive Income | | | 6.90 | - | 6.90 |
| Depreciation on revalued assets | | | 19.08 | (19.08) | - |
| **Balance at March 31, 2023** | **(3,313.09)** | **0.07** | **748.50** | **442.28** | **(2,122.24)** |
| Total Comprehensive Income | | | (54.26) | - | (54.26) |
| Depreciation on revalued assets | | | 15.19 | (15.19) | - |
| **Balance as at March 31, 2024** | **(3,313.09)** | **0.07** | **709.43** | **427.09** | **(2,176.50)** |

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
*for* **B S R & Co. LLP**
Chartered Accountants
**Firm Registration Number : 101248W/W-100022**

**Nachiappan Subramanian**
*Partner*
Membership No. 218727
Place: Chennai
Date: May 20, 2024

For and on behalf of the Board of Directors of
**Chemplast Cuddalore Vinyls Limited**

**Ramkumar Shankar**
*Managing Director*
DIN : 00018391
Place:Chennai

**Amarnath Ananthanarayanan**
*Director*
DIN : 02928105
Place:Chennai

**N Muralidharan**
*Chief Financial Officer*
Place:Chennai

**M Raman**
*Company Secretary*
Memb No. ACS 06248
Place:Chennai

Date: May 20, 2024

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2024**

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

## 1 Corporate Information

Chemplast Cuddalore Vinyls Limited ("the Company") is a public limited company incorporated and domiciled in Chennai. The registered office is located at Cathedral Road, Chennai. During the year ended March 31, 2021, pursuant to a share transfer arrangement between Chemplast Sanmar Limited ("CSL") and Sanmar Engineering Services Limited ("SESL"), CSL became the holding company of the Company and has the acquired the ability to control its operating and financial policies. However, SESL continues to be the ultimate holding company of the Company.

## 2 Basis of Preparation

### 2.1 Statement of Compliance:

These financial statements of the Company have been prepared and presented from April 1, 2023 to March 31, 2024 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

**Basis of measurement:**

These 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 financial statements are presented in INR and are rounded off to the nearest Crore, except when otherwise indicated and are authorised for issue by the Company's Board of Directors on May 20, 2024

### 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 Appropriateness of the Going Concern Assumption in the preparation of the financial statements:

During the current year ended March 31, 2024, the Company has incurred a loss before tax after exceptional items of Rs. 69.24 crores (profit before tax after exceptional items of Rs. 4.78 crores for the year ended March 31, 2023). The management expects the demand for the Company's products to follow the recent trend established towards the end of the current year and considering the overall demand for PVC, outstripping the installed capacity in India, the company is confident that it 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 financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

B S R & Co. LLP * Chartered Accountants *

Chemplast Cuddalore Vinyls Ltd. * No. 9, Cathedral Road Chennai - 86

## 3 Material 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).

The Company recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
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.
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.

### 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.

B S R & Co. LLP ★ Chartered Accountants ★

CHEMPLAST CUDDALORE VINYLS LTD. ★ No. 9, Cathedral Road Chennai - 86

### 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 (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.
ii. Subsequent measurement

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

**a. Debt instruments at amortised cost;**
A 'Debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

**b. Financial assets at FVTPL**

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 37.11.

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

• Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared Credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**3.3.1.2 Derecognition of financial assets**

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

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

**3.3.2 Financial liabilities and equity instruments**

**3.3.2.1 Classification as debt or equity**

Debt and equity instruments issued by the 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".

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**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**

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

**3.3.2.6 Financial liabilities at FVTPL**

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 37.11

**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 de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3.3.3 Offsetting of financial instruments:**

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

**3.3.4 Effective interest method**

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

**3.3.5 Derivative financial instruments**

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

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

**3.4 Property, plant and equipment**

**3.4.1 Recognition and measurement**

Property, Plant and Equipment and Capital Work in Progress are initially recognized at cost when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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 and loss account 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.

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company will be included.

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 and leasehold land classified as right-of-use assets as the Company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the land, buildings and plant and equipment's fair value. The Company applied the revaluation model prospectively. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The 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 and 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 using straight-line method. 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. On addition / deletion, depreciation is charged on prorata basis based on month of addition / deletion.

| Particulars | Useful life |
|---|---|
| Buildings | 20 years - 50 years |
| Plant and equipment | 1 years - 65 years |
| Vehicles | 3 years - 6 years |
| Computers and peripherals and motor cars | 3 years |
| Office equipments | 3 years - 5 years |
| Furniture and fixtures | 5 years |

The residual value for all the above assets are retained at 5% of the cost.

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

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

**3.5 Inventories**

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

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## 3.6 Retirement and Employees benefits

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

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

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

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

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

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

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

## 3.7 Revenue recognition

**Revenue from contracts with customers**
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer (primarily upon dispatch or delivery, as per the terms of sale as applicable) 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 transaction price 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 :**
**i) 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.

**ii) Trade receivables**
A receivable represents the Company's right to an amount of consideration that is unconditional and is measured at transaction price. Refer to accounting policies of financial assets in Note 3.3.1.

**iii) 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.

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**3.7 Revenue recognition (Continued)**

**iv) Variable consideration:**

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

**Volume Rebates / Price concessions / Special discounts:**

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

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

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the transaction price 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.

**3.8 Other Income**

**Interest income**

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

**3.9 Leases**

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.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

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

**3.10 Taxes**

**Income tax**

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to items recognised directly in equity or in other comprehensive income.

**Current 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.

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**3.10 Taxes (Continued)**

**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.

**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 Borrowing costs**

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

**3.15 Impairment of non-financial assets**

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

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

**3.16 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity share holder of the Company by the weighted average number of equity shares and instruments held entirely equity in nature outstanding during the year. 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 year. The weighted average number of equity shares outstanding during the year 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 Company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**3.17 Recent accounting pronouncements**

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. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| **4 Revenue from operations** | | |
| **(i) Revenue from contract with customers *** | | |
| Revenue from the sale of manufactured goods | 2,446.69 | 2,999.04 |
| Revenue from the sale of stock in trade | - | 0.17 |
| Revenue from the rendering of services | 0.43 | - |
| **(ii) Other operating revenue** | | |
| Revenue from sale of scrap | 0.58 | 0.99 |
| | **2,447.70** | **3,000.20** |

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

| | | |
|---|---|---|
| Revenue as per contracted price | 2,547.72 | 3,132.95 |
| Adjustments towards: | | |
| Volume Rebater | 71.64 | 66.29 |
| Price concessions | 8.93 | 34.70 |
| Special discounts | 20.46 | 32.75 |
| Revenue as per statement of profit and loss | 2,446.69 | 2,999.21 |

**Contract balances**

| **Particulars** | | |
|---|---|---|
| Trade receivables (contract asset) | 14.84 | 2.28 |
| Advance from customers (contract liability) | 12.49 | 26.35 |
| Revenue recognised from opening contract liabilities | 26.35 | 13.49 |
| Revenue recognised from contracts with customers (including other operating revenue) | | |
| - Outside India | - | - |
| - Within India | 2,447.70 | 3,000.20 |

*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

| | | |
|---|---|---|
| **5 Other income** | | |
| Interest income under effective interest rate method on financial assets at amortised cost | 37.14 | 39.54 |
| **Other non-operating income** | | |
| Provisions no longer required written back | - | 0.02 |
| Amortization of Government grant | 1.58 | 14.44 |
| Miscellaneous income | 0.04 | 0.14 |
| | **38.76** | **54.14** |

| | | |
|---|---|---|
| **6 Cost of materials consumed** | | |
| Inventories of material at the beginning of the year | 190.17 | 288.58 |
| Add: Purchase | 1,978.08 | 2,381.87 |
| Inventories of material at the end of the year | 158.23 | 190.17 |
| | **2,010.02** | **2,480.28** |

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**Chemplast Cuddalore Vinyls Limited**
**Notes forming part of financial statements for the year ended March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| **7 Changes in inventories of stock-in-trade, finished goods and work-in-progress** | | |
| Inventories at the beginning of the year | | |
| Work-in-progress | 7.49 | 5.02 |
| Finished Goods | 25.01 | 37.13 |
| Stock-in-trade | - | 0.38 |
| | 32.50 | 42.53 |
| Inventories at the end of the year | | |
| Work-in-progress | 1.28 | 7.49 |
| Finished Goods | 1.31 | 25.01 |
| Stock-in-trade | - | - |
| | 2.59 | 32.50 |
| Difference between opening and closing inventories | | |
| Work in progress | 6.21 | (2.47) |
| Finished goods | 23.70 | 12.12 |
| Stock-in-trade | - | 0.38 |
| | **29.91** | **10.03** |
| **8 Employee benefits expense** | | |
| Salaries and wages | 48.96 | 44.09 |
| Contribution to provident fund and others | 2.55 | 2.41 |
| Staff welfare expenses | 1.11 | 0.87 |
| | **52.62** | **47.37** |
| **9 Finance costs** | | |
| Interest expense on financial liabilities measured at amortised cost using effective interest rate method | 70.89 | 71.49 |
| Other finance costs | 76.51 | 58.32 |
| Bank charges | 0.43 | 1.57 |
| | **147.83** | **131.38** |
| **10 Other Expenses** | | |
| Power and fuel | 93.46 | 93.58 |
| Stores consumed | 70.62 | 69.91 |
| Commission on sales | 7.14 | 7.25 |
| Rent | 2.52 | 2.52 |
| Insurance | 8.37 | 9.98 |
| Rates and taxes | 1.02 | 1.03 |
| Repairs and maintenance | | |
| -Machinery | 7.26 | 9.98 |
| -Building | 0.75 | 1.62 |
| -Others | 5.18 | 6.49 |
| Freight and handling | 6.31 | 8.07 |
| Difference in foreign exchange (net)* | 26.75 | 46.91 |
| Operation & Maintenance expenses | 12.75 | 13.29 |
| Legal and Professional fees | 6.98 | 11.56 |
| Payment to auditor^ | 0.36 | 0.36 |
| Miscellaneous expenses | 21.21 | 17.65 |
| | **270.68** | **300.20** |
| Expense relating to short term leases (included in other expenses) | 2.52 | 2.52 |

*Net of fair value gain on derivative instruments at FVTPL of ₹ 2.33 crores (FY 2022-23: loss ₹ 0.84 crores)

| | | |
|---|---|---|
| **^Payment to auditors** | | |
| Statutory audit | 0.29 | 0.29 |
| Limited review | 0.05 | 0.06 |
| Reimbursement of expenses | 0.02 | 0.01 |
| | **0.36** | **0.36** |

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**Notes forming part of financial statements for the year ended March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

### 11 Income taxes expenses

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Current tax: | | |
| Current income tax charge | - | (7.36) |
| Adjustments in respect of current income tax of prior years | 1.01 | 0.11 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 13.83 | 9.21 |
| **Income tax expense reported in statement of profit and loss** | **14.84** | **1.96** |
| **Other comprehensive income (OCI)** | | |
| **Items that will not be reclassified to profit and loss in subsequent periods** | | |
| Net loss/(gain) on remeasurements of defined benefit obligations | (0.04) | (0.06) |
| **Income tax charged to OCI** | **(0.04)** | **(0.06)** |

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2024**
The tax on the company's profit before tax differs from the theoritical amount that would arise using the standard rate of corporation tax in India (25.168%*) as follows:

| | | |
|---|---|---|
| Accounting profit before tax | (69.24) | 4.78 |
| Profit before Income tax multiplied by standard rate of corporate tax in India (25.168%) (March 31, 2023 - 25.168%) as follows: | 17.43 | (1.20) |
| **Effects of:** | | |
| Impact of Government grant being recognised on below-par loan from Government | (2.42) | 3.63 |
| Ineligible expenses | (1.21) | (0.93) |
| Impact of income tax provision relating to earlier years | 1.01 | 0.11 |
| Others | 0.03 | 0.35 |
| **Net effective Income tax** | **14.84** | **1.96** |

*The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Law.

### 12 Components of Other Comprehensive Income (OCI)

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

| **During the year ended 31st March 2024** | **Retained Earnings** | **Total** |
|---|---|---|
| Re-measurement gains/(losses) on defined benefit obligations | 0.14 | 0.14 |
| | **0.14** | **0.14** |

| **During the year ended 31st March 2023** | **Retained Earnings** | **Total** |
|---|---|---|
| Re-measurement gains/(losses) on defined benefit obligations | 0.16 | 0.16 |
| | **0.16** | **0.16** |

### 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** | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Profit/(Loss) after tax | (54.40) | 6.74 |
| Earnings used in the calculation of earnings per share | (54.40) | 6.74 |
| Weighted average number of equity shares for basic and diluted EPS | 1,592,685,303 | 1,592,685,303 |
| **Basic and diluted earnings per share** | | |
| Basic earnings per share (₹) | (0.34) | 0.04 |
| Diluted earnings per share (₹) | (0.34) | 0.04 |

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**Chemplast Cuddalore Vinyls Limited**
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(All amounts are in Indian Rupees in Crores unless otherwise stated)

**14 Property, plant and equipment**

| | Freehold land | Buildings | Plant and equipment | Furniture and fixture | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | |
| Balance at April 01, 2022 | 55.78 | 58.74 | 874.84 | 1.96 | 0.54 | 1.38 | 993.24 |
| Additions | - | - | 9.59 | 0.29 | 0.01 | 0.83 | 10.72 |
| Disposals | - | - | 2.84 | 0.72 | - | 0.04 | 3.60 |
| **Balance as at March 31, 2023** | **55.78** | **58.74** | **881.59** | **1.53** | **0.55** | **2.17** | **1,000.36** |
| Additions | - | 1.79 | 33.79 | 0.01 | - | 0.55 | 36.14 |
| Disposals | - | 0.06 | 0.98 | 0.18 | - | - | 1.22 |
| **Balance as at March 31, 2024** | **55.78** | **60.47** | **914.40** | **1.36** | **0.55** | **2.72** | **1,035.28** |
| **Accumulated depreciation** | | | | | | | |
| Balance at April 01, 2022 | - | 0.75 | 15.68 | 1.40 | 0.23 | 0.50 | 18.56 |
| Depreciation expense | - | 3.09 | 45.41 | 0.25 | 0.03 | 0.18 | 48.96 |
| Eliminated on disposals of assets | - | - | 2.84 | 0.71 | - | 0.04 | 3.59 |
| **Balance as at March 31, 2023** | - | **3.84** | **58.25** | **0.94** | **0.26** | **0.64** | **63.93** |
| Depreciation expense | - | 3.04 | 40.57 | 0.22 | 0.03 | 0.28 | 44.14 |
| Eliminated on disposals of assets | - | 0.06 | 0.98 | 0.18 | - | - | 1.22 |
| **Balance as at March 31, 2024** | - | **6.82** | **97.84** | **0.98** | **0.29** | **0.92** | **106.85** |
| **Net Block** | | | | | | | |
| **Balance as at March 31, 2024** | **55.78** | **53.65** | **816.56** | **0.38** | **0.26** | **1.80** | **928.43** |
| **Balance as at March 31, 2023** | **55.78** | **54.90** | **823.34** | **0.59** | **0.29** | **1.53** | **936.43** |

Note:
For details of charge on Property, plant and equipment refer Note 27

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

**14.1 Capital in work-in-progress**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance as at beginning of the year | 13.98 | 6.44 |
| Additions | 26.17 | 18.26 |
| Assets capitalised during the year | 36.14 | 10.72 |
| Balance as at end of the year | 4.01 | 13.98 |

Also refer note 49 for Capital work-in-progress ageing schedule

**14.2 Carrying amounts of right-of-use assets recognised and movement during the year**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Carrying amounts** | | |
| Balance as at beginning of the year | 49.59 | 51.61 |
| Depreciation | 0.50 | 0.64 |
| Sub - leased to Chemplast | - | 1.38 |
| **Balance as at end of the year** | **49.09** | **49.59** |

**The following are the amounts recognised in Statement of profit and loss relating to leases**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Depreciation expense of right-of-use asset | 0.50 | 0.64 |
| Expense relating to short term leases (included in other expenses) | 2.52 | 2.52 |
| **Total amount recognised in Statement of profit and loss** | **3.02** | **3.16** |

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### 14.3 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 for freehold land and leasehold land classified as ROU, depreciable replacement cost method (DRC) for Buildings and Plant and 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 and N.Ayyapan (for land), who are both Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

**Information of revaluation model:**

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

| | Freehold land | Buildings | Property, plant and equipment | Right-of-use (ROU) assets | Total |
|---|---|---|---|---|---|
| **Net book value** | | | | | |
| **March 31, 2024** | | | | | |
| Cost | 55.64 | 35.68 | 459.42 | 18.44 | 569.18 |
| Accumulated depreciation | - | 13.90 | 147.61 | 1.02 | 162.53 |
| **Net carrying amount** | **55.64** | **21.78** | **311.81** | **17.42** | **406.65** |
| **March 31, 2023** | | | | | |
| Cost | 55.64 | 33.95 | 431.25 | 18.45 | 539.29 |
| Accumulated depreciation | - | 12.88 | 131.18 | 0.87 | 144.93 |
| **Net carrying amount** | **55.64** | **21.07** | **300.07** | **17.58** | **394.36** |

**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:

| | Total | Quoted prices in active markets Level1 | Significant observable inputs Level 2 | Significant unobservable inputs Level 3 |
|---|---|---|---|---|
| **Assets measured at fair value:** | | | | |
| **As at March 31, 2024** | | | | |
| **Revalued property, plant and equipment** | | | | |
| Freehold land | 55.78 | - | 55.78 | - |
| Buildings | 53.65 | - | - | 53.65 |
| Plant and machinery | 816.56 | - | - | 816.56 |
| **Revalued ROU** | | | | |
| Leasehold land | 49.09 | - | 49.09 | - |
| | **975.08** | - | **104.87** | **870.21** |

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| | Total | Quoted prices in active markets Level1 | Significant observable inputs Level 2 | Significant unobservable inputs Level 3 |
|---|---|---|---|---|
| **Assets measured at fair value:** | | | | |
| **As at March 31, 2023** | | | | |
| **Revalued property, plant and equipment** | | | | |
| Freehold land | 55.78 | - | 55.78 | - |
| Buildings | 54.90 | - | - | 54.90 |
| Plant and machinery | 823.34 | - | - | 823.34 |
| **Revalued ROU** | | | | |
| Leasehold land | 49.59 | - | 49.59 | - |
| | **983.61** | - | **105.37** | **878.24** |

Significant Observable and unobservable Valuation Inputs :

The value of Freehold land was determined based on condition, location, demand, supply, plant-layout and other infrastructure facility available at and around the said plot of land.

Right of use of 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.

**14.4 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 ₹ 1.33 crore as at March 31, 2024 (7.56 acres of ₹ 1.33 crore as at March 31, 2023) are in dispute. Pending resolution of the dispute, related title deeds have not been registered in the name of the Company

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| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **15 Investments** | | |
| **Investments at FVTPL** | | |
| **Investments in the shares of bodies corporate** | | |
| Unquoted fully paid equity shares | | |
| Sai Regency Power Corporation Private Limited | - | - |
| **Aggregate value of unquoted investments** | - | - |
| (Refer note 39 for details of investments) | | |
| **16 Other non-current financial assets** | | |
| (Unsecured, considered good) | | |
| Security deposits | 9.47 | 8.28 |
| | **9.47** | **8.28** |
| **17 Other non-current assets** | | |
| Capital advances | 0.75 | 5.58 |
| **Advances other than capital advances** | | |
| Security deposit - Government Authorities | 1.31 | 1.31 |
| Prepaid expenses | 0.70 | 1.14 |
| | **2.76** | **8.03** |
| **18 Inventories** | | |
| Raw materials and intermediates | 158.23 | 190.17 |
| Work-in-progress | 1.28 | 7.49 |
| Finished goods | 1.31 | 25.01 |
| Stores and spares | 26.32 | 27.85 |
| | **187.14** | **250.52** |
| **Note (1) Inventories includes Goods in transit** | | |
| Raw materials and Intermediates | 94.78 | 138.51 |
| Stores and spares | | 0.77 |
| | **94.78** | **139.28** |

**Note (2) Exceptional item -**
During the previous year, the Zero COVID policy in China and the resultant COVID related shutdown there, had resulted in a sharp contraction of demand for PVC resin in that country. On account of this, there was a spike in exports of PVC resin from China, leading to a steep fall in finished products prices in India as well as feedstock prices. In line with generally accepted accounting principles, the Company had written down the carrying value of stocks of major intermediates and finished products, to levels corresponding to the net realisable value of finished products, leading to an exceptional charge of ₹ 30.70 crores during the previous year.

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **19 Trade receivables** | | |
| **Unsecured, considered good**** | | |
| Receivable from related party (Refer note 38) | 7.33 | - |
| Receivable from others | 7.51 | 2.28 |
| | **14.84** | **2.28** |

** Trade receivables are non interest bearing and are generally on terms of 1-60 days.
**Also refer Note 50 for Trade receivable ageing schedule.

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **20 Cash and cash equivalents** | | |
| Bank balances | | |
| - in current account * | 139.97 | 110.79 |
| - Deposits with original maturity of less than three months | 301.72 | 487.90 |
| Cash on hand | 0.05 | 0.05 |
| | **441.74** | **598.74** |

* includes lien marked against debt service reserve account ("DSRA") amounting to ₹ 36.29 crores (March 31, 2023: Nil)

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

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **21 Other bank balances** | | |
| Margin deposits | 66.27 | 61.89 |
| Deposits with original maturity of more than three months but less than twelve months | 6.32 | 3.71 |
| | **72.59** | **65.60** |
| **22 Other current financial assets** | | |
| (Unsecured, considered good) | | |
| Security deposits | 1.56 | 1.43 |
| Sundry receivable (Refer note 38) | 0.02 | 34.78 |
| Claims receivables | 4.89 | 6.03 |
| Interest receivable | 1.99 | 2.39 |
| | **8.46** | **44.63** |
| **23 Other current assets** | | |
| **Advances other than capital advances** | | |
| Prepaid expenses | 3.99 | 0.62 |
| Balances with Government authorities | 5.41 | 5.62 |
| Advance given to suppliers | 10.80 | 13.17 |
| | **20.20** | **19.41** |

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**Chemplast Cuddalore Vinyls Limited**
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(All amounts are in Indian Rupees in Crores unless otherwise stated)

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **24 Equity Share Capital** | | |
| **Authorised** | | |
| 30,40,00,000 Equity shares of ₹ 10/- each<br>Previous Year (30,40,00,000 Equity shares of ₹ 10/- each) | 304.00 | 304.00 |
| 8,000 cumulative redeemable preference shares of ₹ 100/- each<br>Previous Year (8,000 cumulative redeemable preference shares of ₹ 100/- each) | 0.08 | 0.08 |
| | **304.08** | **304.08** |
| **Issued** | | |
| 30,30,30,303 equity shares of ₹ 10/- each<br>Previous Year (30,30,30,303 equity shares of ₹ 10/- each) | 303.03 | 303.03 |
| **Subscribed and fully paid-up** | | |
| 30,30,30,303 equity shares of ₹ 10/- each<br>Previous Year (30,30,30,303 equity shares of ₹ 10/- each) | 303.03 | 303.03 |
| | **303.03** | **303.03** |

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

| Particulars | No. of Shares | Share Capital |
|---|---|---|
| Balance as at 1st April, 2022 | 303,030,303 | 303.03 |
| Issued during the year | - | - |
| Balance at 31 March, 2023 | 303,030,303 | 303.03 |
| Issued during the year | - | - |
| **Balance as at 31st March, 2024** | **303,030,303** | **303.03** |

**Shares Held by Holding company and its subsidiaries**
Chemplast Sanmar Limited and its nominees holds 100% share capital of the company.

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

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

| Name of Shareholder | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Chemplast Sanmar Limited and its nominees | 303,030,303 | 100 % | 303,030,303 | 100 % |

**C. Details of shares held by promoters**

| Promoter name | As at 31-March-2024 | | |
|---|---|---|---|
| | No. of Shares | % of holding | % Change during the year |
| Chemplast Sanmar Limited | 303,030,303 | 100.00 % | - |

| Promoter name | As at 31-March-2023 | | |
|---|---|---|---|
| | No. of Shares | % of holding | % Change during the year |
| Chemplast Sanmar Limited | 303,030,303 | 100.00 % | - |

D: 30,30,303 Equity shares of ₹ 10 each alloted as fully paid up for consideration other than cash pursuant to scheme of arrangement (Previous year: 30,30,303).

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**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 2022 | 128,965,500 | 1,289.66 |
| Issued during the year | - | - |
| Balance at 31 March 2023 | 128,965,500 | 1,289.66 |
| Issued during the year | - | - |
| **Balance at 31st March 2024** | **128,965,500** | **1,289.66** |

**Rights, Preferences and Restrictions attached to Zero Coupon Compulsorily Convertible Debentures**

(i) The Zero Coupon Compulsorily Convertible Debentures (CCD) shall not carry any interest.

(ii) 1,81,89,562 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 30, 2030

(iii) 3,23,43,954 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 30, 2030

(iv) 3,75,00,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 29, 2030

(v) 3,75,00,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 29, 2030

(vi) 7,35,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 31, 2029

(vii) 12,00,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 31, 2029

(viii) 14,96,984 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 20, 2029

(ix) The application for CCD shall be deemed to be the application for Shares when the conversion takes place.
(x) The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.
(xi) The CCD are not marketable securities and can be transferred only at the discretion of the Company.
(xii) 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.

**B: Details of Debenture holders in the company**

| | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of Debentures | % of holding | No. of Debentures | % of holding |
| Chemplast Sanmar Limited (Holding Company) of face value of ₹ 100 each | 125,533,516 | 97.34 % | 125,533,516 | 97.34 % |
| Sanmar Engineering Services Limited (Ultimate Holding Company)of face value of ₹ 100 each | 3,431,984 | 2.66 % | 3,431,984 | 2.66 % |
| | **128,965,500** | **100 %** | **128,965,500** | **100 %** |

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **26 Other Equity** | | |
| Capital reserve | (3,313.09) | (3,313.09) |
| Capital redemption reserve | 0.07 | 0.07 |
| Asset revaluation reserve (Refer A below) | 427.09 | 442.28 |
| Retained earnings (Refer B below) | 709.43 | 748.50 |
| | **(2,176.50)** | **(2,122.24)** |

| | | |
|---|---|---|
| **(A) Asset revaluation reserve** | | |
| Balances at the beginning of the year | 442.28 | 461.36 |
| Depreciation on revalued assets | (15.19) | (19.08) |
| **Balance at the end of the year** | **427.09** | **442.28** |

| | | |
|---|---|---|
| **(B) Retained earnings** | | |
| Balances at the beginning of the year | 748.50 | 722.52 |
| Profit/ (Loss) for the year | (54.40) | 6.74 |
| Other comprehensive income | 0.14 | 0.16 |
| Depreciation on revalued assets | 15.19 | 19.08 |
| **Balance at the end of the year** | **709.43** | **748.50** |

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**Chemplast Cuddalore Vinyls Limited**
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**Nature and purpose of reserves:**

**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 as an adjustment 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, 2013.

**Asset revaluation reserve:**
The Company had recognised the surplus arising out of revaluation of property, plant and equipment and right-of-use asset to asset revaluation reserve in accordance with Ind-AS 16.

**27 Non Current Borrowings**

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Secured – at amortized cost** | | |
| **Term Loans** | | |
| Term loan from banks | 630.87 | 486.60 |
| Term loan from financial institutions | - | 222.13 |
| SIPCOT soft loan | 110.63 | 92.40 |
| | **741.50** | **801.13** |
| **Less : Current maturities of borrowings** | | |
| Term loan from banks | 82.44 | 34.31 |
| Term loan from financial institutions | - | 41.37 |
| SIPCOT soft loan | 56.23 | - |
| | **138.67** | **75.68** |
| | **602.83** | **725.45** |

**A) Summary of borrowing arrangements**

**Term Loan from Banks**
a. Term loan from bank amounting to ₹ 452.29 Crores (March 31, 2023: ₹ 486.60 Crores) is secured by first pari passu charge over moveable and immoveable property, plant and equipment of the Company, second pari passu charge over current assets and exclusive charge over debt service reserve account of the Company.
b. Term loan from bank amounting to ₹ 178.32 Crores (March 31, 2023: Nil) is secured by first pari passu charge over moveable and immoveable property, plant and equipment of the Company, second pari passu charge over current assets and exclusive charge over debt service reserve account of the Company. Further Chemplast Sanmar Limited has given letter of comforts in favour of the banks in connection with the borrowings availed by the Company.
c. Vehicle loan from bank amounting to ₹ 0.26 Crores (March 31, 2023: Nil) is secured by hypothecation of the vehicle purchased out of the loan financed.
d. Corporate Guarantee of Sanmar Engineering Service Limited for ₹ 825 Crore towards the term loan, but limited to current outstanding of ₹ 452.29 Crores.
e. Corporate Guarantee of Sanmar Engineering Service Limited for ₹ 181.45 Crores towards the term loan.
f. The Bank has a put option on the term loan from bank amounting to ₹ 452.29 at the end of 7 years from the period of first disbursement being December 2019.
~~g. The Bank has a put option on the term loan from bank amounting to ₹ 178.32 at the end of 34th month (November 2026) from the period of first disbursement being March 2024.~~

**Soft loan from SIPCOT**
A. Term loans from SIPCOT amounting to ₹ 110.63 Crore (March 31, 2023: ₹ 92.4 Crore) is secured by first pari passu charge on specific land, buildings and plant and machinery of the Company and Corporate Guarantee given by Chemplast Sanmar Limited to SIPCOT for the soft loan facility is ₹ 331.86 Crore but limited to the loan outstanding – Soft loan drawn down as on on 31st March, 2024 is ₹ 156.48 Crore (March 31, 2023: ₹ 107.66 Crore).

**Term loan from Financial Institution**
Term loan from financial institution March 31, 2023: ₹ 222.13 Crore has been repaid during the year.

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**Chemplast Cuddalore Vinyls Limited**
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**Repayment of loans**

(a) Repayment of term loan from bank amounting to ₹ 452.29 Crore (March 31, 2023: 486.60 Crore) in 40 structured quarterly installments commenced from February 2020. The 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% p.a. (March 31, 2023: 8.75% p.a.)
(b) Repayment of term loan amounting to ₹ 178.32 Crore (March 31, 2023: Nil) from bank in 25 structured quarterly installments, commencing from May 2024.
Note: Current interest rate of the above term loan is 9.90% p.a. (March 31, 2023: NA)
(c) Soft loan from SIPCOT repayable in the 10th year from drawal.
(d) Repayment of vehicle loan amounting to ₹ 0.26 Crores (March 31, 2023: Nil) in 60 equal monthly instalments of ₹ 55024/- commencing from January 2024
Note: Current interest rate of the above term loan is 8.85% p.a. (March 2023: NA)

**B) Reconciliation of cashflows from financing activities**

| | Liabilities from financing activities | | |
|---|---|---|---|
| | Short tem borrowings | Long term borrowings | Total |
| Debt as at April 1, 2023 | - | 801.13 | 801.13 |
| Proceeds from borrowings | 393.20 | 230.54 | 623.74 |
| Repayment of borrowings, net | (244.36) | (248.34) | (492.70) |
| Interest payments and non-cash movements (net) | 1.17 | (41.83) | (40.66) |
| **Debt as at March 31, 2024** | **150.01** | **741.50** | **891.51** |

| | Liabilities from financing activities | | |
|---|---|---|---|
| | Short tem borrowings | Long term borrowings | Total |
| Debt as at April 1, 2022 | - | 867.38 | 867.38 |
| Repayment of borrowings, net | - | (59.30) | (59.30) |
| Interest payments and non-cash movements (net) | - | (6.95) | (6.95) |
| **Debt as at March 31, 2023** | - | **801.13** | **801.13** |

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| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **28 Other non-current financial liabilities** | | |
| Trade deposits | 2.05 | 2.05 |
| Other payables | 1.48 | 1.48 |
| | **3.53** | **3.53** |
| **29 Deferred tax liabilities/(assets) (net)** | | |
| Difference between book and tax written down value of depreciable property, plant and equipment | 203.11 | 210.40 |
| Payments allowable in full under income tax but amortised over a period in books | 3.30 | 1.50 |
| MTM/Forward premium claimable in future | 0.92 | 1.17 |
| Difference in allowable expenditure on foreign exchange contracts | (1.31) | (1.31) |
| Unabsorbed depreciation / Carried forward business losses | (12.73) | - |
| Expenses allowable on payment basis | (11.59) | (16.28) |
| Others | 0.07 | 0.07 |
| | **181.77** | **195.55** |
| **Reconciliation of deferred tax liabilities (net)** | | |
| Opening balance | 195.55 | 204.70 |
| Change in statement of profit and loss | (13.83) | (9.21) |
| Change in other comprehensive income | 0.05 | 0.06 |
| **Closing balance** | **181.77** | **195.55** |
| **30 Other non - current liabilities** | | |
| Government grant* | 30.38 | 31.96 |
| | **30.38** | **31.96** |

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

| | | |
|---|---|---|
| **31 Current Borrowings** | | |
| **Secured – at amortized cost** | | |
| Current maturities of Long term borrowings | | |
| -Term loan from Banks | 82.44 | 34.31 |
| -Term loan from Financial Institutions | - | 41.37 |
| -SIPCOT Soft Loan | 56.23 | - |
| Buyer's credit | 150.01 | - |
| | **288.68** | **75.68** |

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

The quarterly return submitted by the Company to its Bankers are in agreement with the books of accounts.

| | | |
|---|---|---|
| **32 Trade payables** | | |
| Payable to related party (Refer Note 38) | 0.12 | 115.62 |
| Payable to others* | 1,157.97 | 1,293.35 |
| | **1,158.09** | **1,408.97** |

* General Terms: The average credit period varies for each product between 1 and 240 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 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 ₹ 2.77 Crore (March 31, 2023: ₹ 2.62 Crore) (Also refer note 43)
* Also refer Note 51 for Trade payable ageing schedule.

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| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **33 Derivative instruments** | | |
| Derivative liability # | 3.70 | 6.03 |
| | **3.70** | **6.03** |

# 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

| | | |
|---|---|---|
| **34 Other current financial liabilities** | | |
| Payable / Accrual towards capital expenditure * | 4.99 | 1.04 |
| Accrued salaries and benefits | 22.15 | 28.38 |
| Other payables | 32.86 | 29.10 |
| | **60.00** | **58.52** |

* Includes dues for payment to Micro and small enterprises ₹ 0.70 Crore (March 31, 2023: ₹ 0.07 Crore) (Also refer note 43)

| | | |
|---|---|---|
| **35 Other current liabilities** | | |
| Government grant | 1.57 | 1.58 |
| Advance from customers | 12.49 | 26.35 |
| Withholding and other tax payables | 2.30 | 1.61 |
| Other liabilities | 4.63 | 7.60 |
| | **20.99** | **37.14** |

| | | |
|---|---|---|
| **36 Current provisions** | | |
| Provision for employee benefits | 0.97 | 0.42 |
| | **0.97** | **0.42** |

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**Chemplast Cuddalore Vinyls Limited**
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## 37 Financial instruments

### 37.1 Capital management

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

The capital structure of the Company consists of debt, which includes the borrowings (Note 27 and 31), cash and cash equivalents (Note 20) and equity attributable to equity holders of the Company, comprising issued capital, compulsorily convertible debentures, premium,and retained earnings."

**Gearing ratio**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2024 and March 31, 2023 were as follows:

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Borrowings (i) | 891.51 | 801.13 |
| Cash and cash equivalents | 441.74 | 598.74 |
| **Net debt** | **449.77** | **202.39** |
| Equity (ii) | (583.81) | (529.55) |
| Gearing Ratio | (0.77) | (0.38) |

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

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

**37.2.1 Financial assets at amortised cost**

| | | |
|---|---|---|
| Cash and cash equivalents (Note 20) | 441.74 | 598.74 |
| Other bank balances (Note 21) | 72.59 | 65.60 |
| Trade receivables (Note 19) | 14.84 | 2.28 |
| Other financial assets (Note 16 & 22) | 17.93 | 52.91 |
| **Total** | **547.10** | **719.53** |

**37.2.2 Financial liabilities- At amortised cost**

| | | |
|---|---|---|
| Borrowings (Note 27 & 31) | 891.51 | 801.13 |
| Trade payables (Note 32) | 1,158.09 | 1,408.97 |
| Other financial liabilities (Note 28 & 34) | 63.53 | 62.05 |
| **Total** | **2,113.13** | **2,272.15** |

### 37.3 Financial risk management objectives

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

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

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

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

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

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

### 37.4 Market risk

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

### 37.5 Foreign currency risk management

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

### 37.5.1 Foreign currency sensitivity analysis

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

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Change in currency exchange rate | Impact of post tax profits and equity | Change in currency exchange rate | Impact of post tax profits and equity |
| USD | 1 % | 9.52 | 1 % | 9.43 |

### 37.6 Commodity price risk

The Company imports Vinyl Chloride Monomer (VCM) and converts the same into PVC Resins

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 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 Company is not significantly exposed to the variation in commodity prices over a period for the above products.

### 37.7 Interest rate risk management

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

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 year was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Increase / (Decrease) in basis points | Impact on post tax profits and equity | Increase / (Decrease) in basis points | Impact on post tax profits and equity |
| INR | 100 | 4.72 | 100 | 5.31 |

### 37.8 Credit risk management

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

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

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

None of the Company's cash and cash equivalents, including time deposits with banks, trade receivables and other receivables, and other loans or receivables have an expected credit loss as at March 31, 2024.

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### 37.8.1 Trade receivables

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

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

| Particulars | Neither past due nor impaired | Past due but not impaired Less than 180 days | Past due but not impaired More than 180 days | Total |
|---|---|---|---|---|
| Trade Receivables as of March 31, 2024 | 13.73 | 1.11 | - | 14.84 |
| Trade Receivables as of March 31, 2023 | 2.28 | - | - | 2.28 |

### 37.8.2 Financial instruments and cash deposits

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

### 37.9 Liquidity risk management

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

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

| March 31, 2024 | Less than a year | More than a year | Total |
|---|---|---|---|
| Non-interest bearing (including derivatives) | 1,221.79 | 3.53 | 1,225.32 |
| Interest bearing | 288.68 | 602.83 | 891.51 |
| | **1,510.47** | **606.36** | **2,116.83** |

| March 31, 2023 | Less than a year | More than a year | Total |
|---|---|---|---|
| Non-interest bearing (including derivatives) | 1,473.52 | 3.53 | 1,477.05 |
| Interest bearing | 75.68 | 725.45 | 801.13 |
| | **1,549.20** | **728.98** | **2,278.18** |

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### 37.10 Fair value hierarchy

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

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

**Fair Value Hierarchy As at March 31, 2024**

| | Carrying value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial Assets measured at fair value** | | | | |
| Investments | - | - | - | - |
| **Financial Liabilities measured at fair value** | | | | |
| Derivative liabilities | 3.70 | - | 3.70 | - |

**Fair Value Hierarchy As at March 31, 2023**

| | Carrying value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial Assets measured at fair value** | | | | |
| Investments | - | - | - | - |
| **Financial Liabilities measured at fair value** | | | | |
| Derivative liabilities | 6.03 | - | 6.03 | - |

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.

### 37.11 Fair values

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

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| | Carrying Value | Carrying Value | Fair Value | Fair Value |
| **Financial assets** | | | | |
| Investments | - | - | - | - |
| **Other financial assets** | | | | |
| Deposits | 83.62 | 75.31 | 83.62 | 75.31 |
| Sundry receivables | 2.01 | 37.17 | 2.01 | 37.17 |
| Claims receivable | 4.89 | 6.03 | 4.89 | 6.03 |
| Trade receivables | 14.84 | 2.28 | 14.84 | 2.28 |
| Cash and cash equivalents | 441.74 | 598.74 | 441.74 | 598.74 |
| | **547.10** | **719.53** | **547.10** | **719.53** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|---|
| | Carrying Value | Carrying Value | Fair Value | Fair Value |
| **Financial liabilities** | | | | |
| **Borrowings** | | | | |
| Floating rate borrowings | 630.87 | 708.73 | 630.87 | 708.73 |
| Fixed rate borrowings | 260.64 | 92.40 | 260.64 | 92.40 |
| Trade payables | 1,158.09 | 1,408.97 | 1,158.09 | 1,408.97 |
| **Other financial liabilities** | | | | |
| Accrued salaries and benefits | 22.15 | 28.38 | 22.15 | 28.38 |
| Other payables | 41.38 | 33.67 | 41.38 | 33.67 |
| **Derivatives not designated as hedge** | | | | |
| Derivative (asset) / liability | 3.70 | 6.03 | 3.70 | 6.03 |
| | **2,116.83** | **2,278.18** | **2,116.83** | **2,278.18** |

i. The management assessed that cash and cash equivalents, short-term investments, trade receivables, trade payables, other current financial liabilities approximate their carrying amounts largely due to their short-term nature.

ii. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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**Note : 38**
**Related party transactions**

**List of parties where control exists**

| | |
|---|---|
| Sanmar Engineering Services Limited | Ultimate holding Company |
| Chemplast Sanmar Limited | Holding Company |

**Fellow Subsidiaries**
Sanmar Group International Limited
Sanmar Overseas Investments AG
TCI Sanmar Chemicals S.A.E.

**Directors**
Ramkumar Shankar (Managing Director)
Dr. Amarnath Ananthanarayanan
Aditya Jain
Dr. Lakshmi Vijayakumar

**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, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken in each financial period through examining the financial position of related party and the market in which the related party operates.

| Description | Parties where control exists | | Fellow Subsidiaries | | Directors | |
|---|---|---|---|---|---|---|
| **Transactions during the year** | **Apr 23 to Mar 24** | **Apr 22 to Mar 23** | **Apr 23 to Mar 24** | **Apr 22 to Mar 23** | **Apr 23 to Mar 24** | **Apr 22 to Mar 23** |
| **Sales** | | | | | | |
| Chemplast Sanmar Limited | **4.39** | 0.18 | - | - | - | - |
| **Sales of services** | | | | | | |
| Chemplast Sanmar Limited | **0.43** | - | - | - | - | - |
| **Sales of power and steam** | | | | | | |
| Chemplast Sanmar Limited | **2.68** | - | - | - | - | - |
| **Purchase of materials** | | | | | | |
| Chemplast Sanmar Limited | **172.80** | 255.61 | - | - | - | - |
| **Sublease of Land** | | | | | | |
| Chemplast Sanmar Limited | - | 1.38 | - | - | - | - |
| **Sitting Fee** | | | | | | |
| Dr. Lakshmi Vijayakumar | - | - | - | - | 0.03 | 0.03 |
| Aditya Jain | - | - | - | - | 0.02 | 0.03 |
| **Balances as at year end** | **March 31, 2024** | **March 31, 2023** | **March 31, 2024** | **March 31, 2023** | **March 31, 2024** | **March 31, 2023** |
| Trade Receivables | **7.33** | - | | | | |
| Sundry receivable | **0.02** | - | | | | |
| Trade payables | **0.12** | 115.62 | | | | |

Refer note 27 for details of guarantee provided on behalf of the company.

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### 39 Disclosure as per Section 186(4) of Companies Act, 2013

The Company has made investments which are disclosed below as required by section 186(4) of the Companies Act 2013.

| Details of Investment | Note | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| Unquoted fully paid equity shares | | | |
| Sai Regency Power Corporation Private Limited | 15 | - | - |
| March 31, 2024 : 600,000 (March 31, 2023: 600,000) Shares of face value ₹ 10 each | | | |

### 40 Segment Reporting

The Company's operations predominantly relate to manufacture and sales of Suspension Grade PVC Resin. The Board of Directors of the Company who 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 separate 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.

The Company's revenues from three customers contributing to more than 10% amounts to ₹ 853.72 crores (In previous year there was one customer contributing to more than 10% amounting to ₹ 390.66 crores)

### 41 Contingent liabilities *

| Particulars | | |
|---|---|---|
| Claims against the company not acknowledged as debts : | | |
| On account of Direct Taxes | 0.27 | 0.25 |
| On account of Indirect Taxes | 5.00 | 5.52 |
| On account of other disputes | 0.19 | 0.19 |
| **Total** | **5.46** | **5.96** |

*

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

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

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

### 42 Capital commitments :

| | | |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 3.17 | 15.70 |
| | **3.17** | **15.70** |

### 43 Dues to micro and small enterprises

As at 31st March, 2024, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 32 and 34 have been determined to the extent such parties have been identified on the basis of information available with the Company.

**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.

Chemplast Cuddalore Vinyls Limited
Notes forming part of financial statements for the year ended March 31, 2024
(All amounts are in Indian Rupees in Crores unless otherwise stated)

## 45 Corporate Social Responsibility

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| i) Amount required to be spent by the company during the year | 4.83 | 3.68 |
| (ii) Amount of expenditure incurred | 4.82 | 3.71 |
| (iii) Shortfall at the end of the year (i-ii) | - | - |
| (iv) Total of previous years shortfall | - | - |
| (v) Reason for shortfall | - | - |
| (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 | 0.03 | - |
| Amount required to be spent during the year | 4.83 | 3.68 |
| Amount spent during the year | 4.82 | 3.71 |
| **Closing balance** | **0.02** | **0.03** |

The Company had expenditure towards Corporate Social Responsibility in excess of the prescribed limits for the year ended March 31, 2024 and the same is carried forward to the current year for utilisation as per applicable provisions of Companies Act, 2013.

## 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 (either borrowed funds or share premium or any other sources or kind of funds) in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding whether recorded in writing or otherwise, 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.

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**Chemplast Cuddalore Vinyls Limited**
**Notes forming part of financial statements for the year ended March 31, 2024**
(All amounts are in Indian Rupees in Crores unless otherwise stated)

**47 Employee benefit cost**
**Defined benefit plans**
Gratuity:
This is a defined benefit plan and the Company's Scheme is administered by Life Insurance Corporation of India (LIC). The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2024 by an independent actuary.

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

| | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Discount rate(s) | 6.97 % | 7.23 % |
| Return on plan assets | 6.97 % | 7.23 % |
| Expected rate(s) of salary increase | 7.00 % | 7.30 % |
| Attrition rate | 2.00 % | 2.00 % |
| Average duration of defined benefit obligations (in years) | 8.20 | 8.20 |

Future mortality assumptions are in accordance with Indian Assured Lives Mortality (2012-14) Ultimate table.

Cost of defined benefit plans are as follows:

| | | |
|---|---|---|
| Current service cost | 0.71 | 0.65 |
| Interest on obligation | 0.62 | 0.59 |
| Return on plan assets (to the extent it represents an adjustment to interest cost) | (0.59) | (0.54) |
| **Net cost recognised in the Statement of profit and loss** | **0.74** | **0.70** |
| Return on plan assets (to the extent it does not represent an adjustment to interest cost) | - | - |
| Actuarial (gains)/losses recognised in the year | (0.18) | (0.22) |
| **Net (gain) /loss recognised in the other comprehensive income** | **(0.18)** | **(0.22)** |

The amount included in the financial statements arising from the entity obligation

| | | |
|---|---|---|
| Present value of funded defined benefit obligation | 9.16 | 9.26 |
| Fair value of plan assets | 8.18 | 8.84 |
| **Net liability / (asset)** | **0.98** | **0.42** |

| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Movements in the present value of the plan assets in the current year were as follows | | |
| Opening fair value of plan assets | 8.84 | 6.80 |
| Return on plan assets | 0.59 | 0.54 |
| Actuarial gains / (losses) | - | 0.44 |
| Contributions from the employer | - | 1.38 |
| Transfer of obligations | (0.23) | 0.73 |
| Benefits paid | (1.02) | (1.05) |
| **Closing fair value of plan assets** | **8.18** | **8.84** |

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| | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Movements in the present value of the define benefit obligation in the current year were as follows | | |
| Opening defined benefit obligation | 9.26 | 8.12 |
| Current service cost | 0.71 | 0.65 |
| Interest cost | 0.62 | 0.59 |
| Actuarial (gains)/losses | (0.18) | 0.22 |
| Transfer of obligations | (0.23) | 0.73 |
| Benefits paid | (1.02) | (1.05) |
| Closing defined benefit obligation | 9.16 | 9.26 |
| Actuarial (gain)/loss on obligations attributable to change in financial assumptions | (0.03) | 0.09 |
| Actuarial (gain)/loss on obligations attributable to change in demographic assumptions | - | - |
| Actuarial (gain)/loss on obligations attributable to experience adjustments | (0.15) | 0.13 |
| **Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]** | | |
| Year 1 | 0.28 | 0.32 |
| Year 2 | 1.28 | 1.60 |
| Year 3 | 0.76 | 0.55 |
| Year 4 | 0.92 | 0.60 |
| Year 5 | 1.31 | 1.17 |
| Years 6 through 10 | 5.21 | 5.54 |

**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 ₹ 1.11 crore 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 % | (0.02) | 0.04 | (0.65) |
| Decrease in discount rate by 1 % | 0.12 | (0.04) | 0.73 |
| Increase in salary escalation by 1 % | 0.12 | 0.06 | 0.74 |
| Decrease in salary escalation by 1 % | (0.02) | (0.04) | (0.66) |

B S R & Co. LLP ★ Chartered Accountants ★

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**Chemplast Cuddalore Vinyls Limited**
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**48 Analytical Ratios**

| Particulars | Numerator | Denominator | March 31, 2024 | March 31, 2023 | % Variance | Remarks |
|---|---|---|---|---|---|---|
| Current ratio | Current Assets | Current Liabilities | 0.49 | 0.62 | -20.97 % | |
| Debt-equity ratio | Total Debt | Shareholder's Equity | (1.53) | (1.51) | 1.32 % | |
| Debt service coverage ratio | Earning for Debt Service | Debt Service | 0.33 | 0.98 | -66.33 % | Decrease in revenue and consequent decrease in earnings for debt service has resulted in lower debt service coverage ratio. |
| Return on equity ratio | Net Profits after taxes | Avg. Shareholder's Equity | 5.49 % | -0.68 % | -907.35 % | The company has incurred loss after Tax in FY 2023-24. Also, the Company's share holders average equity is negative in both the financial years. |
| Inventory turnover ratio | Net Sales | Avg. Inventory | 11.19 | 9.76 | 14.65 % | |
| Trade receivables turnover ratio | Net Sales | Avg. Trade Receivable | 285.93 | 441.10 | -35.18 % | Lower sales value in FY 2023-24 has resulted in lower trade receivable turnover ratio. |
| Trade payables turnover ratio | Net Purchases | Avg. Trade Payables | 1.54 | 1.61 | -4.35 % | |
| Net capital turnover ratio | Net Sales | Working Capital | (4.91) | (5.66) | -13.25 % | |
| Net profit ratio | Net Profits after taxes | Net Sales | -2.22 % | 0.22 % | -1,109.09 % | The company has incurred loss after Tax in FY 2023-24 resulting in negative net profit ratio |
| Return on capital employed | EBIT | Capital Employed | 126.04 % | 548.22 % | -77.01 % | Lower earnings before interest and tax in FY 2023-24 has resulted in lower return on Capital employed |
| Return on investment | Net Profit after taxes | Average Total Assets | -4.15 % | 0.43% | -1,022.22 % | The company has incurred loss after Tax in FY 2023-24 resulting in negative return on investment |

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 and 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 Assets excluding revaluation impact

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**Chemplast Cuddalore Vinyls Limited**
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(All amounts are in Indian Rupees in Crores unless otherwise stated)

**49 Capital Work-in-progress ageing schedule**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| **As at March 31, 2024** | | | | | |
| Projects in Progress | 2.28 | 1.73 | - | - | 4.01 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **2.28** | **1.73** | **-** | **-** | **4.01** |
| **As at March 31, 2023** | | | | | |
| Projects in Progress | 13.35 | 0.63 | - | - | 13.98 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **13.35** | **0.63** | **-** | **-** | **13.98** |

Note - There are no assets/projects forming part of CWIP which have become overdue or where cost is exceeded compared to their original plans.

**50 Trade Receivables ageing schedule**

| Particulars | Not Due | Less than 6 months | 6 months - 1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|
| **As at March 31, 2024** | | | | | | | |
| (i) Undisputed Trade receivables – considered good | 13.73 | 1.11 | - | - | - | - | 14.84 |
| (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 | - | - | - | - | - | - | - |
| **As at March 31, 2023** | | | | | | | |
| (i) Undisputed Trade receivables – considered good | 2.28 | - | - | - | - | - | 2.28 |
| (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 | - | - | - | - | - | - | - |

**51 Trade Payables aging schedule**

| Particulars | Unbilled | Not Due | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Less than 60 days | 61 days - 90 days | More than 90 days | | | | | |
| **As at March 31, 2024** | | | | | | | | | |
| (i) MSME | - | 2.77 | - | - | - | - | - | - | 2.77 |
| (ii) Others | 23.64 | 332.28 | 144.41 | 654.51 | 0.41 | 0.03 | 0.02 | 0.02 | 1,155.32 |
| (iii) MSME Disputed dues | - | - | - | - | - | - | - | - | - |
| (iv) Others Disputed dues | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2023** | | | | | | | | | |
| (i) MSME | - | 2.42 | - | - | 0.20 | - | - | - | 2.62 |
| (ii) Others | 19.35 | 507.62 | 103.74 | 773.03 | 2.57 | 0.02 | 0.01 | 0.01 | 1,406.35 |
| (iii) MSME Disputed dues | - | - | - | - | - | - | - | - | - |
| (iv) Others Disputed dues | - | - | - | - | - | - | - | - | - |

### 52 Significant accounting judgement, estimates and assumptions

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

**a. Judgements**

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

**b. Estimates and assumptions**

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

**Impairment of non-financial assets**

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

**Taxes**

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

**Defined benefit plans**

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

Further details about defined benefit obligations are given in Note 47.

**Fair value measurement of financial instruments**

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

**Fair value measurement of property, plant and equipments**

The Company measures land, buildings, plant and machinery classified as property, plant and equipment and leasehold land classified as right-of-use assets at revalued amounts with increase 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 and building and plant and 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

### 53 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.

**54** Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached
*for* **B S R & Co. LLP**
Chartered Accountants
**Firm Registration Number : 101248W/W-100022**

**Nachiappan Subramanian**
*Partner*
Membership No. 218727
Place: Chennai
Date: May 20, 2024

For and on behalf of the Board of Directors of
**Chemplast Cuddalore Vinyls Limited**

**Ramkumar Shankar**
Managing Director
DIN : 00018391
Place:Chennai

**Amarnath Ananthanarayanan**
Director
DIN : 02928105
Place:Chennai

**N Muralidharan**
Chief Financial Officer
Place:Chennai

**M Raman**
Company Secretary
Memb No. ACS 06248
Place:Chennai

Date: May 20, 2024